

THE DRAFT PRELIMINARILY APPROVED
by the Board of Directors of
the Open Joint Stock Company
Metals and Mining Company NORILSK NICKEL
(Minutes of Meeting No. ГМК/12-пп-сд of April 10, 2015)



2014 ANNUAL REPORT
OJSC MMC NORILSK NICKEL

V.O. Potanin
CEO and Chairman of the Management Board

G.A. Chulanov
Chief Accountant

ANNUAL REPORT 2014

TABLE OF CONTENTS

- Chairman's Letter
- Chief Executive Officer's statement

CHAPTER 1: ABOUT THE COMPANY

- Norilsk Nickel today
- Geography of the Company's core assets
- Business model
- Key events of 2014
- Milestones in the history: 80th anniversary

CHAPTER 2: OUR STRATEGY

- Focus on tier I assets
- Optimal Value Chain Footprint
- Capital and Investment Discipline
- Social responsibility

CHAPTER 3: BUSINESS REVIEW

- Structure of the Group
- Key operating assets
- Production: mining, enrichment, smelting
- Mineral resources
- Geological exploration
- Sales and distribution
- Transportation and logistics
- Fuel and energy
- Research and development
- Capital investment

CHAPTER 4: CORPORATE AND SOCIAL RESPONSIBILITY

- Human resources
- Social policy
- Occupational health and safety
- Environmental protection

CHAPTER 5: REVIEW OF THE METALS MARKET

- Nickel market
- Copper market
- Palladium market
- Platinum market

CHAPTER 6: REVIEW OF FINANCIAL PERFORMANCE (MD&A)

CHAPTER 7: CORPORATE GOVERNANCE

- General meeting of shareholders
- Board of Directors and its committees
- Executive bodies: CEO and the Management Board
- Remuneration of the executive directors
- Internal control system and risk management
- Integrated safety system of the Company

CHAPTER 8: SHARE CAPITAL AND STOCK MARKET

- Shares
- American Depositary Receipts (ADR)
- Stock market indices
- Dividends
- Taxation of the proceeds from the disposal of securities

CONSOLIDATED FINANCIAL STATEMENTS FOR 2014

GLOSSARY

MEASUREMENT UNITS CONVERSION / RATES OF EXCHANGE IN 2010-2014

DISCLAIMER

CONTACTS

QR Code

APPENDIX 1: Report on compliance with the principles and recommendations set forth in the Corporate Governance Code

APPENDIX 2: Transactions with interested parties and major transactions consummated in 2014

CHAIRMAN'S LETTER

Dear Shareholders,

2014 was another challenging year for our Company. While risks associated with sluggish global economic recovery continued, new headwinds caused by the complicated international situation arose, negatively affecting investor sentiment towards emerging markets.

I want to highlight that delivering results the right way is a responsibility that our Company takes seriously. We seek to achieve increasingly higher levels of HSE performance throughout all our assets. Upon the completion of HSE audit launched in September 2013, we have developed a number of specialized training courses across all production sites.

Nevertheless, Norilsk Nickel demonstrated an exceptional resilience to these challenges and delivered strong financial and operating results and industry leading shareholder returns. I am proud of the progress our team has made to transform Norilsk Nickel into an effective and lean organization. We controlled what we could control, and despite a mixed performance of metal prices, we improved the position of the business to deliver sustainable shareholder value in the years ahead. Earlier in October 2013, we established a number of priorities to drive a stronger focus on value – and ended the year having met or exceeded our commitments.

First, our focus on prudent and profitable investments started to bear fruit. While all key investment projects planned for 2014 were successfully completed, improved payment terms with contractors, tighter procurement procedures and a favourable foreign exchange rate allowed us to scale down CAPEX to USD 1.3 billion.

Second, cost control initiatives and working capital optimization resulted in the expansion of EBITDA margin to 48% and a solid free cash flow of USD 4.7 billion. We also maintained the industry's lowest leverage, with net debt to EBITDA reducing to 0.6 and we continue to reiterate our commitment to a solid financial position and an investment grade balance sheet.

Third, in line with a strategic goal to release non-productive capital we sold mining assets in Australia, signed purchase and sale agreements to sell our assets in Africa and are now fully focused on the development of Tier-1 assets in Russia.

And finally, in 2014 we unveiled the reconfiguration program for our downstream assets. The program entails the modernization of processing facilities, consolidation of smelting and refining capacity to maximize the economies of scale for the operations and a corresponding shutdown of the outdated and pollutive Nickel Plant in the city of Norilsk. It is important to notice that these initiatives received full support from the Russian government, which entered into an agreement with the Company to co-fund the closure of the Nickel Plant with an earlier than expected cancellation of export duties on nickel and copper.

I believe that all the internal transformations we are conducting right now, coupled with a compelling metal basket, position us strongly among global mining majors. I am sure that positive momentum we've created will continue in the form of lower costs, improved liquidity and enhanced free cash flow.

While we remain confident in our long-term perspectives, we know that forecasting in a sometimes unpredictable environment can be difficult. Therefore, we remain focused on the things we can control and on ensuring that every action we take solidifies the competitive position of our Company today and in the years to come.

In conclusion I would like to express my thanks to all our employees for their hard work, effort and dedication, to our customers for their continued trust and loyalty, and to our shareholders for their continued interest and support.

Gareth Penny

Chairman of the Board of Directors
MMC Norilsk Nickel

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

The time has come to sum up our achievements in 2014, and I am pleased to tell you about the results we have reached due to the strenuous and concerted efforts of all Norilsk Nickel employees.

HEALTH, SAFETY AND ENVIRONMENT

Norilsk Nickel reiterates its commitment to mitigate adverse environmental impacts. Implementation of a project aimed at reducing sulfur dioxide emissions is the core element of our environmental strategy. The first important steps have already been taken, including the decision to decommission the Nickel Plant and upgrade the Talnakh Enrichment Plant, with these projects constituting an essential stage of the program for comprehensive improvement of the environmental situation in Norilsk. We have also completed the feasibility study for the construction of a sulfur capture facility at the Nadezhda Metallurgical Plant and prepared the required design documentation for upcoming state expert review.

The occupational safety of all Norilsk Nickel employees stands as our key priority. We are continuously improving the industrial and occupational safety systems, having decreased the total accident rate by nearly two-fold last year compared to 2013. We regret to say that there were fatalities during the past year; however, we will do our utmost to achieve zero deaths at our production facilities.

SOCIAL RESPONSIBILITY

Norilsk Nickel regards sustainable development and social responsibility as top priorities: in 2015 when the Company celebrates its 80th anniversary, we remain committed to funding our social infrastructure and human capital assets.

We invested RUB 1.5 billion in implementation of programs aimed at co-financing apartments for the most valuable employees in areas with favorable climatic conditions in Russia. In addition, we continue financing community projects designed to improve the quality of life of the population. Last year we allocated roughly RUB 2.7 billion for these purposes.

Our plans for 2015 include a pay rise for employees of production divisions under the Collective Bargaining Agreement, a commitment to maintain the existing social and charitable initiatives, cooperation with federal and regional authorities to implement the relocation programs and projects targeting Norilsk city infrastructure development.

FINANCIAL PERFORMANCE

Although high volatility on commodity markets remains a highly adverse negative factor for the global mining industry, the situation that emerged in 2014 was generally favorable for the Company.

The export ban imposed by the Indonesian government on nickel ore in January 2014 triggered structural changes in the nickel industry and lent substantial, albeit short-term, price support. Meanwhile, the decreased supply of platinum group metals from South Africa owing to a 5-month miners' strike and discontinued PGM sales by the Russian State Reserves Agency (Gokhran) boosted

palladium prices. Thus, the revenue of Norilsk Nickel increased by 3% to about USD 12 billion due to the positive changes in the Company's two strategic metal segments and steady sales volumes.

The large-scale transformation we embarked upon in 2013 yielded major headway in the evolution of our corporate culture and business management quality, which had a direct positive impact on the profitability and cash flow of Norilsk Nickel.

Compared to 2013, EBITDA surged 35% to an impressive USD 5.7 billion, while net profit showed a 3-fold increase, totaling USD 2.0 billion. EBITDA margin reached 48%, confirming our leadership as one of the most profitable companies in the global metals and mining industry.

The adoption of more efficient internal control procedures helped us overshoot our working capital reduction target. The actual decrease over the year amounted to over USD 1.9 billion. The decline in working capital, coupled with a more disciplined approach to capital allocation, allowed us to double the free cash flow, which reached USD 4.7 billion.

Notably, we never forget to share the fruits of our success with shareholders by regularly disbursing high dividends, and we intend to stick to this guideline going forward.

We take pride in reporting one of the sector's lowest leverage ratios, having reduced net debt/EBITDA to 0.6x. We believe that a conservative approach to debt is the cornerstone of the company's financial stability, and it is pivotal amid such a challenging macroeconomic environment.

STRATEGY IMPLEMENTATION

As you may recall, in autumn 2013 the Board of Directors approved the underlying principles of our strategic vision, thus laying the groundwork for sustainable development of the Company. That being said, we continued to develop further our strategy, focusing on specific actions aimed at improving business performance, and in May 2014 we unveiled the reconfiguration program for our downstream assets.

First and foremost, we decided to update and expand capacity for the Talnakh Enrichment Plant and embarked on implementation of the project. In January 2015, we launched the first start-up complex featuring state-of-the-art flotation equipment. By 2016, we intend to put a second complex into operation, thereby boosting the processing capacity from 7.5 to 10 million tonnes of ore per annum and enhancing the quality of the ore concentrate.

Second, we started to consolidate our smelting facilities. We decided to shut down the obsolete Nickel Plant in Norilsk to increase substantially the efficiency of our smelting operations and, most importantly, to improve significantly the environmental situation in the city and, ultimately, the quality of life of its residents. We continue to invest in the expansion of capacity of the Nadezhda Metallurgical Plant in order to compensate for the decommissioned facilities and keep nickel production levels steady.

Third, we devised an optimal configuration of our refining operations. While shutting down the Nickel Plant, we are upgrading our facilities in Monchegorsk in Kola Peninsula by rolling out advanced chloride leaching technology. Future plans include discontinuing low-margin tolling operations and using in-house feedstock at all our facilities (including Harjavalta).

By and large, the reconfiguration aims not only to produce economic benefits, but also to keep metal production volumes unchanged and reduce the environmental impact.

I would like to point out that all our key investment projects scheduled for 2014 have been successfully completed. Total capital expenditure amounted to USD 1.3 billion, down compared to 2013 due to the improved terms of payment offered to contractors and suppliers, more stringent procurement procedures and favorable currency exchange rates. Norilsk Nickel's capex for 2015 is estimated at RUB 105 billion, and will enable the company to fully fund the downstream modernization program in the Polar Division and Kola MMC, while ramping up high IRR brownfield projects, as well as Greenfields such as the Skalisty mine, and the Chita project.

Let me conclude by saying that the results of our work in 2014 vindicate the strategic course we set in motion. I would like to thank all those who contributed to the success of our Company, while expressing my confidence that by working together, we can and will achieve all goals set for 2015.

Vladimir Potanin
Chief Executive Officer
MMC Norilsk Nickel

CHAPTER 1: ABOUT THE COMPANY

NORILSK NICKEL TODAY

THE NORILSK NICKEL GROUP is a leader in the metals and mining industry of Russia, the world's largest nickel and palladium producer, and one of the largest platinum and copper producers. In addition, the companies operating within the Group produce cobalt, rhodium, silver, gold, iridium, ruthenium, selenium, tellurium and sulfur.

The Group's production subdivisions are located on three continents in five countries of the world – Russia, Australia*, Botswana, South Africa* and Finland. The key production subdivisions are located in Russia – the Polar Division and Kola MMC.

** The asset sale transactions were closed in Q1 and Q2 2015.*

THE CORE ACTIVITIES OF THE GROUP ARE: prospecting, exploration, mining, enrichment and processing of minerals, production, marketing and sales of base and precious metals.

MISSION

Norilsk Nickel's mission is to produce output required by society – base and precious metals – in the most efficient and safe way possible on a sustainable long-term basis, thereby contributing to the social progress and prosperity of society, sustainable development of the regions where the Company has a footprint, the well-being of their population, and to raise living standards of the Company's employees.

COMPETITIVE ADVANTAGES

While commanding leadership among world producers of nickel, palladium, platinum, copper and many other metals, the Company is one of the major players on the global metals market. By using its own international logistics network, the Company supplies its products to more than 40 countries worldwide.

THE COMPANY'S STATUS IN THE INDUSTRY

Nickel producers, % No. 1 in nickel production Norilsk Nickel – 13 Vale – 13 Jinchuan – 8 Xstrata – 7 BHP – 5 SMM – 4 Other producers - 50	Palladium producers, % No. 1 in palladium production Norilsk Nickel - 44 Anglo Platinum - 20 Impala Platinum - 11 Stillwater - 6 Vale – 6 Lonmin – 3 Other producers – 10
Rhodium producers, % No. 3 in rhodium production Anglo Platinum - 40	Platinum producers, % No. 3 in platinum production Anglo Platinum - 39

Implats - 19 Norilsk Nickel -16 Lonmin - 9 Northam –4 Other producers - 12	Impala Platinum - 21 Norilsk Nickel - 14 Lonmin - 8 Northam – 5 Other producers - 13
Copper producers, % No. 12 in copper production Codelco - 10 Freeport – 10 BHP Billiton – 9 Glencore – 8 Anglo American – 4 Antofagasta – 4 Southern Copper - 4 Rio Tinto – 3 KGHM – 3 First Quantum – 2 Vale - 2 Norilsk Nickel – 2 Other producers - 39	Cobalt producers, % No. 4 in cobalt production a Glencore – 23 Freeport Cobalt - 15 ENRC - 10 Norilsk Nickel - 5 Jinchuan - 5 SMM – 4 Vale - 4 Sherritt - 3 Other producers - 31

MINERAL RESERVES

Ore

Proven and probable reserves¹ – 1 bn tonnes

Measured and indicated resources – 2.7 bn tonnes

Ni

Proven and probable reserves – 7.8 mln tonnes

Measured and indicated resources – 17.0 mln tonnes

Cu

Proven and probable reserves – 12.8 mln tonnes

Measured and indicated resources – 24.6 mln tonn

Pd²

Proven and probable reserves – 96.8 mln troy ounces

Measured and indicated resources – 193.2 mln troy ounces

Pt²

Proven and probable reserves – 25.9 mln troy ounces

Measured and indicated resources – 54.2 mln troy ounces

Notes:

¹Proven and probable reserves are included in mineral resources

²Exclusive of PGM reserves (resources) in foreign countries

OPERATING HIGHLIGHTS

Nickel, kt

2014	274 (from Russian feed 223, from 3d party feed 51)
2013	285 (from Russian feed 219, from 3d party feed 66)
2012	300 (from Russian feed 223, from 3d party feed 77)

Copper, kt

2014	368 (from Russian feed 346, from 3d party feed 22)
2013	371 (from Russian feed 346, from 3d party feed 25)
2012	364 (from Russian feed 344, from 3d party feed 20)

Palladium, koz

2014	2,749 (from Russian feed 2,582, from 3d party feed 167)
2013	2,661 (from Russian feed 2,530, from 3d party feed 131)
2012	2,732 (from Russian feed 2,624, from 3d party feed 108)

Platinum, koz

2014	657 (from Russian feed 597, from 3d party feed 63)
2013	651 (from Russian feed 604, from 3d party feed 647)
2012	683 (from Russian feed 658, from 3d party feed 25)

FINANCIAL HIGHLIGHTS

Revenue, USD million

2014	11,869
2013	11,499
2012	12,366

Net income, USD million

2014	2,000
2013	765
2012	2,143

Gross profit margin, %

2014	52
2013	43
2012*	49

Earnings per share*, USD

2014	25.1
2013	16.3
2012	19.2

**Net profit adjusted impairment*

EBITDA, USD million

2014	5,681
2013	4,198
2012	4,932

EBITDA margin, %

2014	48
2013	37
2012	40

Net debt, USD million

2014	3,537
2013	4,584
2012	3,986

Revenue breakdown by metals, %

Revenue breakdown by markets, %

Nickel	43
Copper	23
Palladium	21
Platinum	8
Gold	5

Europe	50
Asia	32
North America	9
Russia	9

CORE ASSETS ON THE MAP

In Russia the main production divisions of the Group are the following vertically integrated companies:

- Polar Division of MMC Norilsk Nickel
- Kola Mining and Metallurgical Company

The Polar Division is located on the Taimyr Peninsula, above the Arctic Circle and is a Tier-1 production asset of the Company. The Division is linked to suppliers and customers through transportation via the Yenisei River, the Northern Sea Route, and by air.

Four mines of the Polar Division mine sulfide copper-nickel ores at the Oktyabrskoye, Talnakh and Norilsk-1 fields. These ores contain nickel, copper, cobalt, platinum group metals, gold, silver and other minerals.

Kola MMC, which is located on the Kola Peninsula, is a major industrial company in the Murmansk Region; it is completely integrated into the transport infrastructure of the Northwestern Federal District of Russia.

Kola MMC develops the Zhdanovskoye, Zapolyarnoye, Kotselvaara and Semiletka deposits. These mines are rich in sulfide disseminated ores containing nickel, copper, cobalt, platinum group metals, gold, silver and other minerals.

Norilsk Nickel's Harjavalta Plant operates in **Finland**. It is the only nickel-refining plant in the country.

Australia-based assets of Norilsk Nickel are:

- Thunderbox mine and nickel assets «Lake Johnston», «Cawse» and «Avalon»*
- Black Swan and Silver Swan (nickel production and processing of sulphide-nickel ores)**
- Licensed development of the Honeymoon Well deposit (production of sulphide-nickel ores).

The Tati Nickel Mining Company***, which produces nickel and processing sulfide-nickel ores, is located in **Botswana**; Norilsk Nickel owns an 85% stake in Tati Nickel.

In South Africa, Norilsk Nickel owns a 50% equity position in Nkomati**** - a company that produces nickel and processing sulphide-nickel ores. African Rainbow Minerals is Norilsk Nickel's partner in the joint venture.

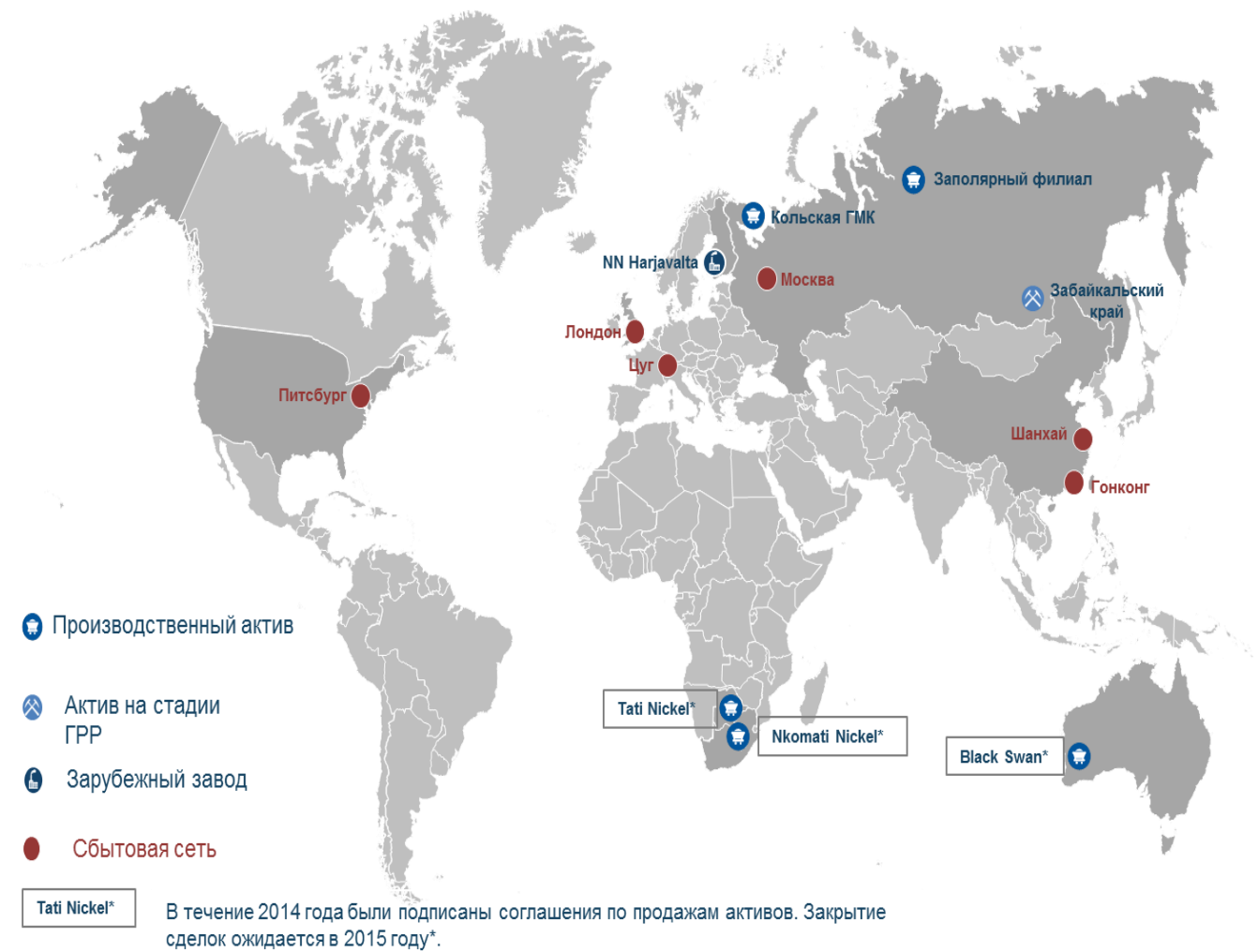
**The sale of these assets completed in 2014.*

*** The sale of these assets completed in 1Q 2015.*

**** The sale of these assets completed in 2Q 2015.*

***** The closure of this deal is planned for 2Q 2015.*

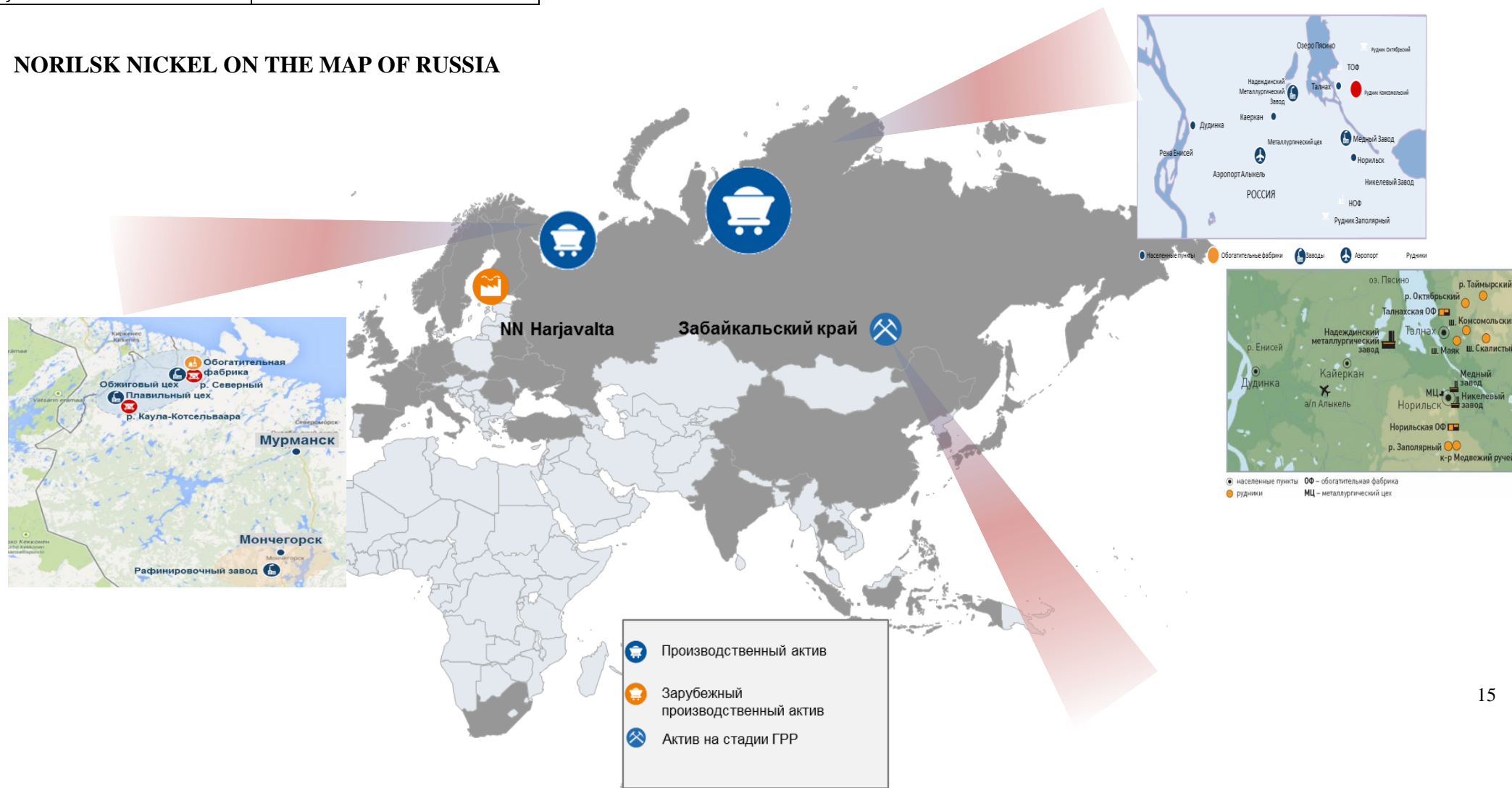
NORILSK NICKEL ON THE WORLD MAP



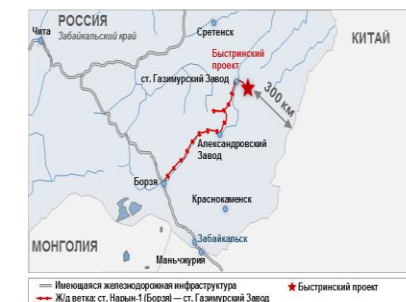
Polar Division	Kola MMC
Moscow	Zabaikalye Territory
London	Zug

Shanghai	Hong Kong
Pittsburg	
Production asset	
Geological exploration project	
International plant	
Sales network	
2014 agreements were signed for assets sale. The transactions are scheduled for consummation in 2015*	

NORILSK NICKEL ON THE MAP OF RUSSIA



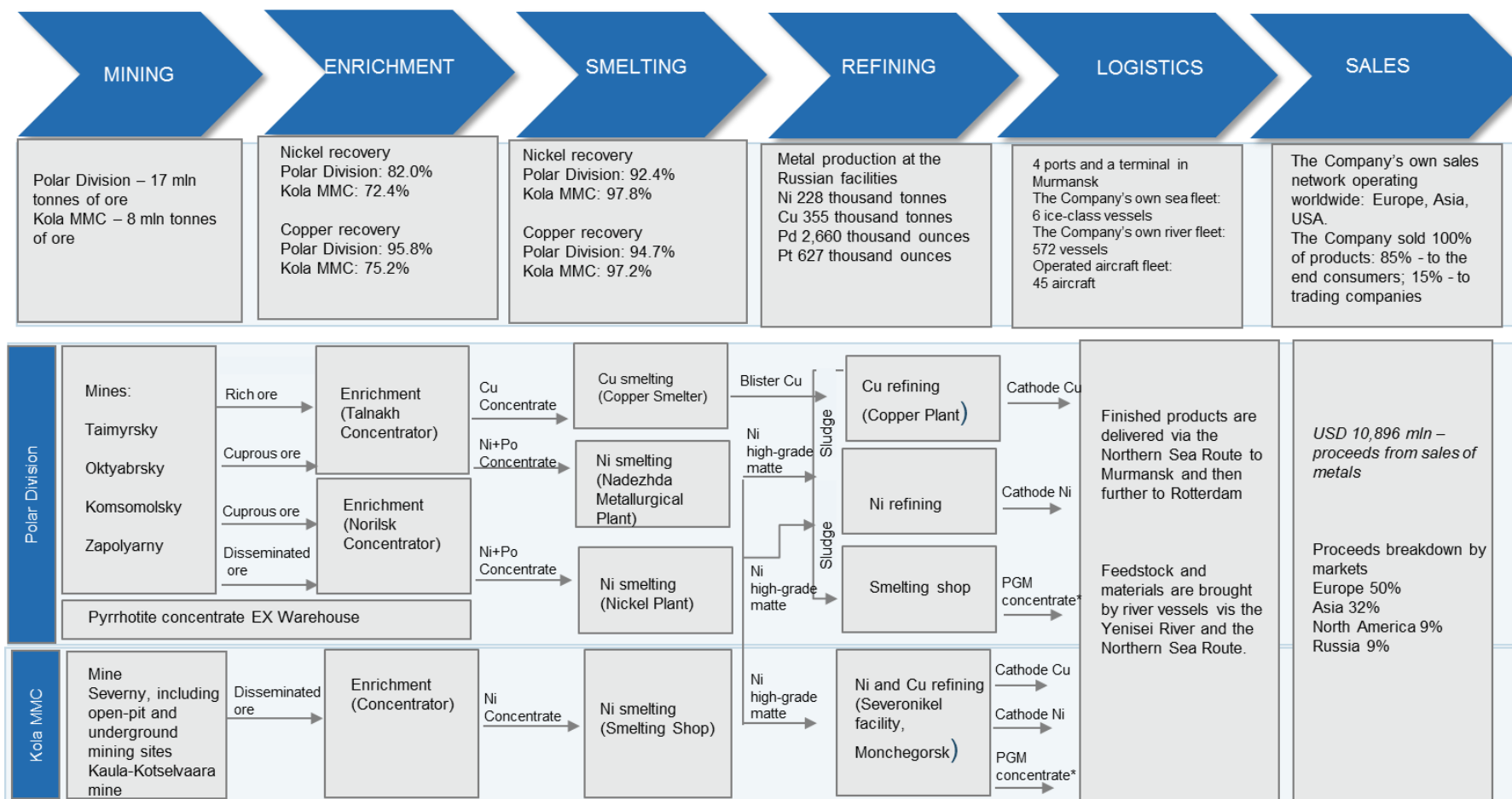
<p> Lake Pyasino Oktyabrsky mine Talnakh Enrichment Plant Nadezhda Metallurgical Plant Talnakh Komsomolsky mine Kaerkan Dudinka Yenisei River Smelting shop Copper Plant Norilsk Nickel Plant Alykel Airport RUSSIA Norilsk Enrichment Plant Zapolyarny mine Cities and towns Enrichment plants Plants Airport Mines </p>
Zabaikalye Territory
<p> Enrichment plant Calcinating shop Severnny mine </p>



Smelting shop Kaula-Kotselvaara Severomorsk Murmansk Monchegorsk Refining plant
Production asset International production asset Geological exploration project
Lake Pyasino Taimyrsky mine Oktyabrsky mine Talnakh Enrichment Plant Komsomolsky mine Nadezhda Metallurgical Plant Yenisei River Talnakh Mayak mine Skalistsy mine Dudinka Kaerkan Copper Plant Alykel Airport Smelting shop Norilsk Nickel Plant Norilsk Enrichment Plant Zapolarny mine Medvezhy Ruchey Towns and cities Mines Enrichment plant Smelting shop
RUSSIA

Chita
Zabaikalye Territory
Sretensk
CHINA
Bystrinsky project
Gazimur-Zavodsky
300 km
Aleksandrovsky Plant
Borzya
MONGOLIA
Krasnokamensk
Zabaikalsk
Manchuria
Existing railway infrastructure
Bystrinsky project ———
Rail spur: Naryn-1 station (Borzya) – Gazimursky
Plant station

BUSINESS MODEL



* The precious metals produced by the Polar Division and Kola MMC are refined on the tolling terms and conditions by the Gulidov Krasnoyarsk Non-Ferrous Metals Plant.

KEY EVENTS OF 2014

JANUARY

Norilsk Nickel announced the disposal of its gold mining assets in Western Australia to Saracen Metals Pty Ltd (Saracen), a wholly-owned subsidiary of Saracen Mineral Holdings Limited, for USD 40 million.

The company joined the Anti-Corruption Charter of Russian Business, which is intended to help the business community to work out measures aimed at countering corruption in the corporate sector.

MARCH

Norilsk Nickel and the Federal Drug Control Service of Russia (FDCS) entered into a cooperation agreement targeting joint programs on the prevention of illegal drug trafficking and use of narcotics.

APRIL

Rosatom State Nuclear Energy Corporation and MMC Norilsk Nickel signed an agreement on cooperation in social and economic development of the Zabaikalsk region with a focus on the region's mining industry.

Cancellation of export duties on nickel and copper.

MAY

At Investor Day in London, Norilsk Nickel showcased the first results of its implementation of the new corporate strategy, which was adopted in 2013. The Company also announced a downstream modernization and reconfiguration program.

Norilsk Nickel and Russian Grid entered into a cooperation agreement on implementation of measures aimed at improving reliability of the operation of the Taimyr Peninsula energy system and its connection to Russia's Unified National Power Grid.

Norilsk Nickel signed an agreement with federal and regional authorities on a special-purpose investment program aimed at accelerated shutdown of the obsolete Nickel Plant in Norilsk. The agreement calls for expediting the investment program under which Norilsk Nickel is closing down nickel production facilities which are not subject to reconstruction in 2014-2016. The special-purpose investment program, aimed at shutting down the Nickel Plant, will be implemented concurrently with a comprehensive technical refurbishment program at the Norilsk production site.

Norilsk Nickel entered into an agreement to sell its idled nickel production facilities - Avalon and Cawse in Western Australia – to Wingstar Investments Pty.

JUNE

Norilsk Nickel held an Annual General Meeting at which shareholders approved the Company's 2013 Annual Report, annual financial statements, new nominees to the Board of Directors and dividend of 248.48 rubles per ordinary share for 2013.

JULY

Norilsk Nickel announced that it signed the purchase and sale agreement to sell its idled nickel production facilities - Black Swan and Silver Swan in Western Australia – to Poseidon Nickel Limited.

JULY

Norilsk Nickel announced the signing of an agreement to sell its idled nickel production facilities - Black Swan and Silver Swan in Western Australia – to Poseidon Nickel Limited.

AUGUST

Igor Ryshkel was appointed General Director of Kola MMC, a subsidiary of Norilsk Nickel.

SEPTEMBER

Norilsk Nickel announced the signing of an agreement to sell its nickel production facility - Lake Johnston in Western Australia – to Poseidon Nickel Limited.

OCTOBER

Norilsk Nickel and BCL Limited announced the signing of agreements under which Norilsk Nickel sells its Africa-based assets to BCL, including a 50% interest in the Nkomati Nickel and Chrome Mine joint venture in South Africa and an 85% interest in Tati Nickel Mining Company in Botswana.

The Board of Directors of Norilsk Nickel recommended paying out 9M 2014 interim dividend of 762.34 rubles per share.

NOVEMBER

The Board of Directors of Norilsk Nickel endorsed the Company's Anticorruption Policy. The document sets out the underlying principles and addresses compliance with anticorruption statutes, prevention, identification and elimination of the factors causing and promoting corruption.

DECEMBER

The Board of Directors of Norilsk Nickel approved the Company's draft budget for 2015. The document was prepared in line with the Company's corporate strategy aiming to reinforce Norilsk Nickel's leadership in the global metals and mining industry in terms of return on investment and free cash flow generation.

MILESTONES IN THE HISTORY: 80TH ANNIVERSARY

Strong and courageous people

1893-1985. Nikolay Nikolayevich Urvantsev, an outstanding explorer of the Arctic Region, holding a PhD in earth and mineral sciences, honored worker of science and technology of Russia, who discovered commercial copper and nickel ore deposits in Taimyr Peninsula.

1901-1956. Avraamy Pavlovich Zavenyagin, the first Director of the Norilsk Combine; during his three years in office – from 1938 to 1941 – when the groundwork of the city of Norilsk and the Norilsk Combine, later named after him, was laid.

1924. Vladimir Ivanovich Dolgikh, Director of the Norilsk Combine from 1962 to 1969. The development of Talnakh, the world's largest nickel-copper-palladium deposits, commenced by virtue of his efforts, giving a boost to further growth of the Norilsk Combine and deployment of rich resources in the Far North. Mr. Dolgikh made invaluable contribution to development of the country's metals and energy industry during the Soviet era.

1930-2003. Boris Ivanovich Kolesnikov, Director of the Norilsk Combine from 1973 to 1988. During his tenure, the Talnakh Enrichment Plant and Kureyskaya HPP were put into operation; the factory was switched over to gas, while the Oktyabrsky and Taimyrsky mines were commissioned. The Nadezhda Metallurgical Plant, which was later named after him, was designed, built and launched.

Copper-nickel deposits on the Taimyr Peninsula have been known since the 17th century.

In 1935 the Council of People's Commissars of the USSR adopted the decision to build the Norilsk Integrated Factory.

In 1942 the first converter matte was produced and **in 1943** the nickel electrowinning shop started operating at the Norilsk Combine.

In 1953 Norilsk was granted city status. The Norilsk Combine accounted for 35% of nickel, 12% of copper, 30% of cobalt and 90% of total PGMs produced in the Soviet Union.

In 1965 the world's largest nickel-copper sulphide ore deposit - Oktyabrskoye – was discovered.

In 1981 Phase I of the Talnakh Enrichment Plant was put into operation. During the same year, the Nadezhda Metallurgical Plant was commissioned.

In 2001 the Norilsk Mining Company was renamed into the Norilsk Nickel Metals and Mining Company and its shares were listed on the RTS and MICEX stock exchange. In June 2001, Level I American Depositary Receipts (ADRs) were issued against the Company's shares.

In 2006 Norilsk Nickel spun off its gold-mining assets into Polyus Gold, in which the Company had consolidated all of its gold-mining assets.

In 2009 Norilsk Nickel launched its own fleet vessels with icebreaking capacity, built to Arc7 class standards, the first time this class was assigned for the first time ever in the history of Arctic navigation.

JANUARY 2015

The first stage of upgraded Talnakh Concentrator, involving newly installed advanced floatation cells, was launched in Norilsk.

CHAPTER 2: THE COMPANY'S STRATEGY

Recapping New Strategy: Focus on Tier I Assets, Value and Investment Discipline



FOCUS ON THE FIRST-TIER ASSETS

Geography of the Company's assets

Tier I Asset Criteria



The Company's first-tier assets match invariably high criteria:

✓	Large Scale:	> USD1bn revenue
✓	High Margins:	>40% EBITDA margin
✓	Long Reserve Life:	>20 years

Asset Development Strategies:

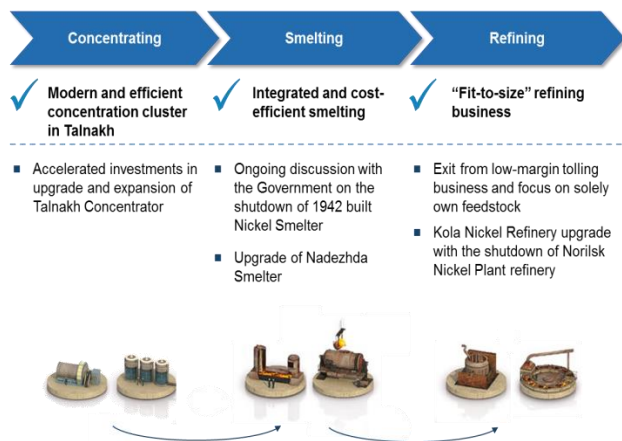
- **Polar Division** – Debottlenecking upstream, restructuring downstream, development of profitable growth projects
- **Kola Division** – Ongoing strategic review with decision on target configuration to be made by in 2015
- **Chita Project** –confirmed by Investment Committee as Tier I asset, to be funded on the basis of non-recourse project financing
- **Non-core and international assets** – Disposal process ongoing, first transactions closed

Refocusing on Tier I Assets: Portfolio Update

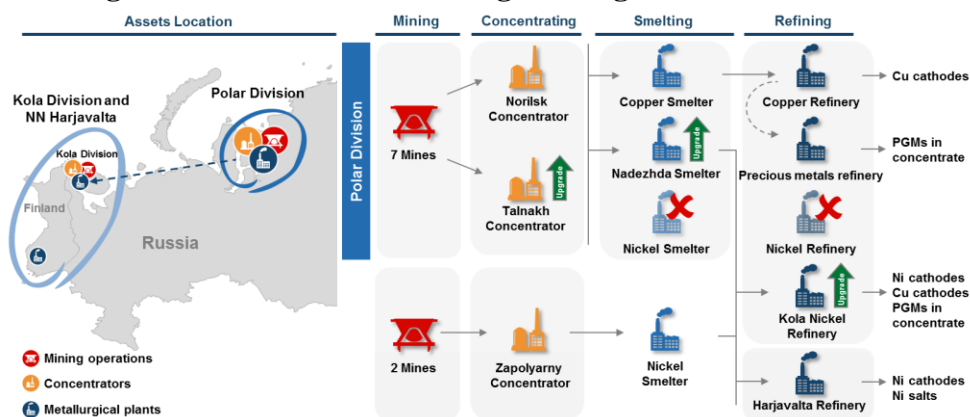
	Tier I Asset Criteria			Geological Potential of the Region
	Large Scale (>USD1bn Revenues)	High Margins (>40% EBITDA margin)	Long Reserve Life (>20 years)	
Polar Division (Taymyr peninsula)	✓	✓	✓	✓
Kola Division (Kola peninsula)	✓	?	✓	?
Chita Copper Project	MEETS THE CRITERIA OF TIER I ASSET ✓		✓	✓
International and Non-core Assets	✗	✗	✗	✗

OPTIMIZING VALUE CHAIN FOOTPRINT

Key Value Chain Initiatives



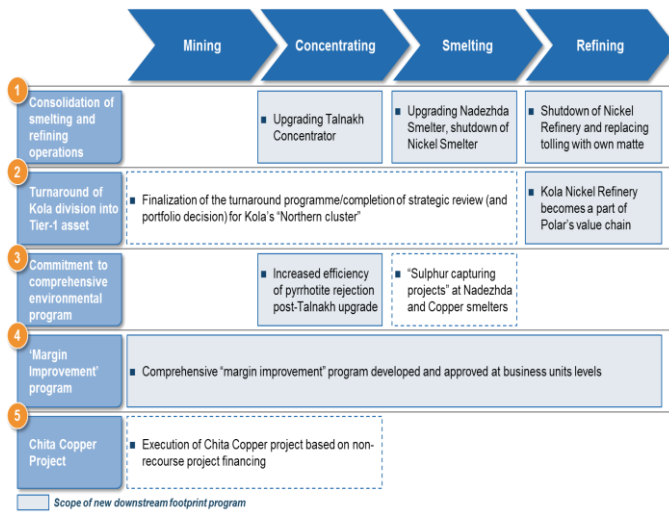
Working flow chart based on the target configuration



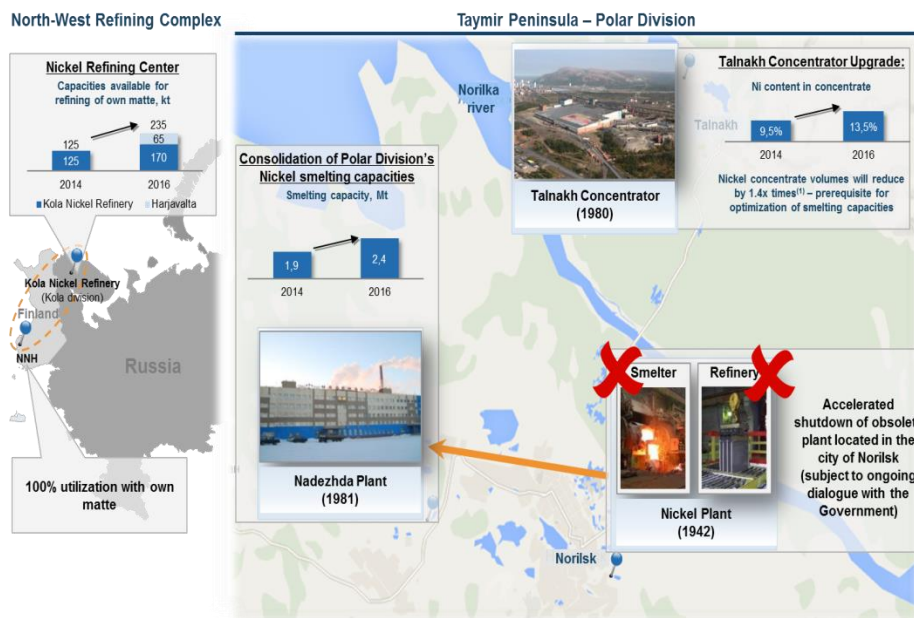
- Closing down of the Nickel Plant of the Polar Division in 2016 – the Company is signed an agreement with federal and regional authorities on a special-purpose investment program.
- Upgrading of the Talnakh Enrichment Plant, Nadezhda Metallurgical Plant and the Monchegorsk site.
- The refining operations at the Monchegorsk site and Harjavalta nickel refining plant (Finland) are integrated into the production chain of the Polar Division
- The unprofitable tolling of customer-owned feedstock is replaced with processing of the Company's own feedstock

- Shutdown of Nickel Plant at Polar Division by 2016 – ongoing dialogue with the Government
- Upgrade of Talnakh Concentrator, Nadezhda Smelter and Kola Nickel Refinery
- Kola Nickel Refinery to be completely integrated into Polar Division's value chain
- Low-margin tolling of third party material to be replaced with own feedstock

Mapping Key Initiatives on the Value Chain



The consolidation of the smelting operations will result in economy of scale, more technologically and innovatively geared production and reduction in environmental impact



Accelerated Shutdown of Nickel Plant at Polar Division

- Nickel Plant – the oldest asset in the Company's portfolio with high level of technological and physical obsolescence
- Subject to completion of a joint initiative with the Government, Nickel Plant will be shut down by 2016, which would allow Norilsk Nickel to streamline production footprint and improve environmental situation in the city of Norilsk

Launch:	1942
Location:	Norilsk
Smelting Capacity:	1 000 kt of concentrate p.a.
Refining Capacity:	120 kt of nickel per annum
Ageing of equipment:	65% ⁽¹⁾
Number of employees:	3 500 people
SO ₂ Emissions:	up to 400 kt per annum



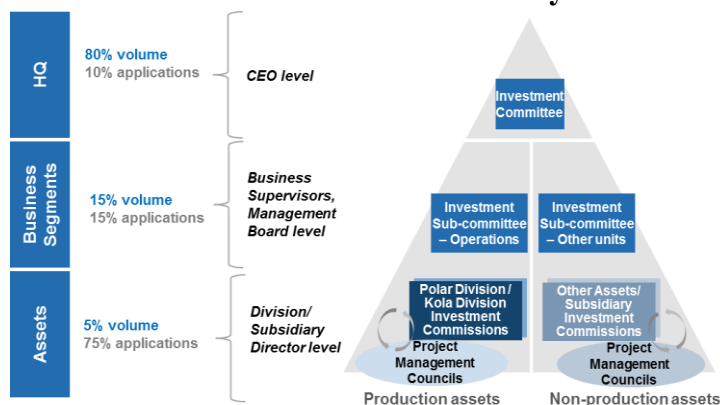
CAPITAL AND INVESTMENT DISCIPLINE

The Company builds its philosophy around the return on invested capital (ROIC) by using segment information disclosed in its financial reports and thorough analysis of each element of the value generation chain to estimate actual amount of value.

The growth of the ROIC indicator is fueled by the corporate culture giving top priority to responsibility for the capital and efficient investment management

Release of Non-Productive Capital	<p>Focus on sustainable improvement in capital returns and release of non-productive capital to shareholders – proceeds from the sale of non-core assets exceeded USD 0.5 billion</p> <ul style="list-style-type: none"> ■ Ongoing working capital optimization with more than USD2.0bn of capital already released in 2014
Investment Discipline	<ul style="list-style-type: none"> ■ Best-in-class investment governance system being rolled out ■ Delivery on USD1.8bn CapEx guidance for 2014 ■ Low risk / high return evolving investment portfolio
New Performance Management System	<ul style="list-style-type: none"> ■ New performance management introduced – throughout the organization, shareholder value-accretive metrics (e.g. EVA in sales and marketing) ■ To date – outperforming internal efficiency targets ■ Streamlined organization – cutting down overhead costs, commercial and administrative costs

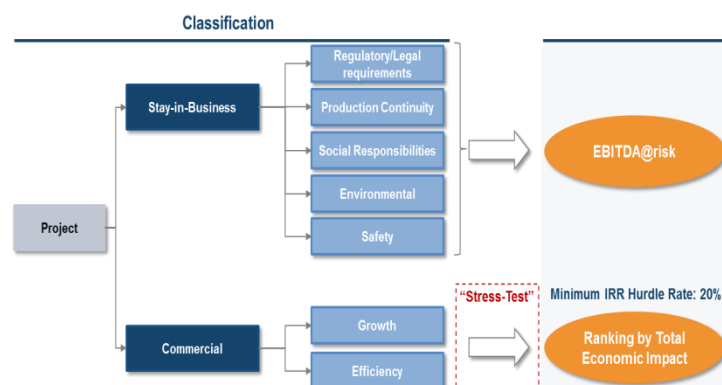
Best-in-Class Investment Governance System



New Approach to the Investment Process:

- Competition of the investment projects and programs for financial resources
- Uniform method of ranking growth and stay-in-business investments
- Conservative approach to evaluation of project parameters
- Cross-sectional design review/assurance

Different tools and methods are used for assessment and ranking different types of capital projects in terms of their priority.



SOCIAL RESPONSIBILITY

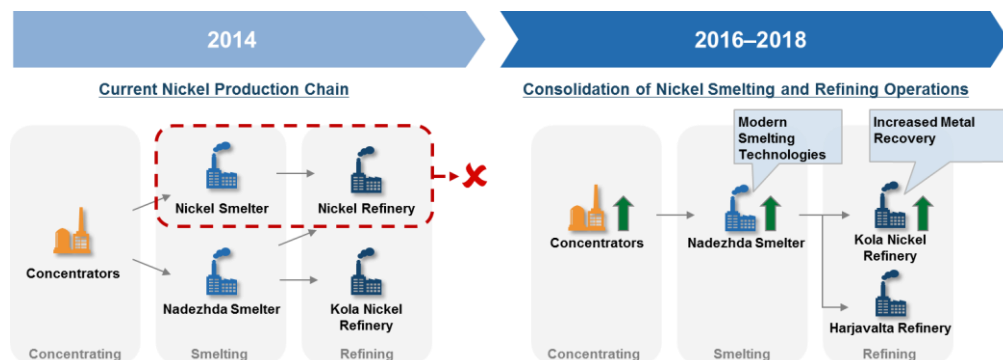


In 2014 the Company signed cooperation agreements with a number of public organizations for the purpose of implementing its Integrated Program intended for closing down of the obsolete nickel

production facilities in Norilsk and solution of the related environmental and social problems. The agreements address closing down of outdated and physically worn-out production facilities in Norilsk. The implementation of the Agreements will help to improve the environmental health and will have a favorable effect on the social and economic situation in the region.

According to preliminary estimates SO₂ emissions reduction by 15% as a result of the shutdown of Nickel Plant and the modernisation of Talnakh Enrichment Plant, thus substantially decreasing the maximum permissible SO₂ concentrations in the residential area of Norilsk.

Consolidation Targets – Economies of Scale and Reduction of Environmental Footprint



CHAPTER 3: BUSINESS REVIEW

ORGANIZATIONAL STRUCTURE OF THE GROUP: FIXED ASSETS

Metals and Mining Subdivisions and Assets	Sales & Distribution	Geological Exploration	Fuel and Energy Assets	Transportation and Logistics Subdivisions and Assets	Research and Development Subdivisions and Companies	Supporting Businesses
Polar Division	Normetimpex	Norilskgeologiya	Norilskenergo	Polar Transportation Branch	Kola MMC Gipro Nickel Institute	Norilsk Supporting Complex
Kola MMC	Metal Trade Overseas (Switzerland)	Pechengageologiya	Taimyreneergo	Murmansk Transportation Branch	Polar Division – Norilskproekt Institute	Taimyr Fuel Company
Bystrinskoe Mining Company	Norilsk Nickel Europe (United Kingdom)	Vostokgeologiya	NTEC	Arkhangelsk Transportation Branch	Polar Division – Engineering Support Center	Scrap Recycling Plant
Bugdainsky mine	Norilsk Nickel Asia (China)	Geokomp	Norilskgazprom	Krasnoyarsk Transportation Branch		Polar Construction Company
Norilsk Nickel Harjavalta (Finland)	Norilsk Nickel USA (CIHA)	Severnaya Zvezda	Taimyrgaz	Yenisei River Shipping Company		Norilsknickelremont
Tati Nickel (Botswana)	Norilsk Nickel Marketing (Shanghai) (China)	Shirinskoye		Arkhangelsk Commercial Seaport		
Honeymoon Well (Australia)				Norilsk Airport		
				Taimyr Airline		
				Krasnoyarsk River Port		
				Lesosibirsk Port		
				Norilsk Nickel Logistics (Netherlands)		
			North Chrome Company		Norilsk Avia	
		Solonechenskoye Mining Company		Nordavia		

		Vuruchuaivench				
		Sretenskaya Copper Company				

KEY OPERATING ASSETS

POLAR DIVISION



Lake Pyasino
Taimyrsky mine
Oktyabrsky mine
Talnakh Enrichment Plant
Komsomolsky Mine
Nadezhda Metallurgical Plant
Talnakh
Kaerkan
Dudinka
Yenisei River
Mayak Mine
Skalisty Mine
Smelting Shop
Copper Plant
Norilsk Nickel Plant
Alykel Airport
Norilsk Enrichment Plant
Zapolyarny Mine
Medvezhy Ruchey
Cities and Towns
Enrichment Plants
Mines
Smelting Shop

KEY OPERATING ASSETS

Key Operating Assets of the Polar Division

The Polar Division is the Group's flagship subsidiary with its full metal production cycle, ranging from ore mining to shipment of finished products to consumers. It has the Company's largest deposits. The mines of the Polar Division produce more than 17 mtpa of ore.

The Polar Division of Norilsk Nickel is located on the Taimyr Peninsula in Russia, above the Arctic Circle. The Division is linked to suppliers and customers through transportation via the Yenisei River, the Northern Sea Route, and by air.

Mining assets of the Polar Division

Deposit/Mine	Type of Mine	Ores⁽¹⁾
Oktyabrskoye deposit		sulphide copper and nickel ores
<i>Oktyabrsky mine</i>	<i>underground</i>	<i>rich, cuprous and disseminated ores</i>
<i>Taimyrsky mine</i>	<i>underground</i>	<i>rich</i>
Talnakh deposit		sulphide copper and nickel ores
<i>Komsomolsky mine⁽³⁾, including</i>		
<i>Komsomolsky shaft^(2, 3)</i>	<i>underground</i>	<i>cuprous and disseminated</i>
<i>Mayak shaft⁽³⁾</i>	<i>underground</i>	<i>rich, disseminated</i>
<i>Skalistly shaft⁽³⁾</i>	<i>underground</i>	<i>rich</i>
Norilsk-1 deposit		sulphide copper and nickel ores
<i>Zapolyarny mine⁽⁴⁾, including</i>		
<i>Zapolyarny open pit⁽⁴⁾</i>	<i>open pit mine</i>	<i>disseminated</i>
<i>Zapolyarny shaft⁽⁴⁾</i>	<i>underground</i>	<i>disseminated</i>

Notes:

- (1) *Rich ores have an elevated content of base and precious metals; cuprous ores have a higher copper content compared to nickel; disseminated ores have a lower content of all metals.*
- (2) *The Komsomolsky Mine operates within the Talnakh deposit and the eastern area of the Oktyabrskoye deposit.*
- (3) *In 2010, the Talnakh Mining Department was reorganized as the Komsomolsky Mine comprising three shafts: Komsomolsky, Skalisty, and Mayak.*
- (4) *In 2010, the Norilsk-1 was reorganized as the Zapolyarny Mine. The Medvezhy Ruchey Mine was integrated into the Zapolyarny Mine as its open pit.*

The Talnakh and Oktyabrskoye deposits are developed by the Taimyrsky, Oktyabrsky and Komsomolsky Mine (Komsomolsky, Skalisty and Mayak shafts). The mining process is based on layer and chamber systems with air-set backfilling of the excavated area. The Norilsk-1 deposit is developed by the Zapolyarny Mine by using open-pit and underground mining. Underground development of the deposit is being carried out by using systems of a floor forced collapse of mined rock, single-stage excavation and sublevel caving.

Enrichment facilities:

Talnakh Enrichment Plant
Norilsk Enrichment Plant

Smelting facilities:

- Nadezhda Metallurgical Plant
- Nickel Plant
- Copper Plant
- Smelting shop (part of the Copper Plant)

Product range of the Polar Division:

- primary nickel (cathodes and granulated)
- copper cathodes
- cobalt metal
- precious metal concentrates
- commercial sulfur

Ore is enriched at the Talnakh and Norilsk enrichment plants.

The Talnakh Enrichment Plant processes rich and cuprous ores from the Oktyabrskoye deposit to produce nickel, copper and pyrrhotite concentrates. The main stages of processing are: crushing, breaking, flotation and thickening.

The Norilsk Enrichment Plant is responsible for processing all disseminated and cuprous ores from the Talnakh and Oktyabrskoye deposits to produce nickel and copper concentrates. The main stages of the process are: crushing, breaking, gravitational and flotation enrichment, thickening.

Thickened concentrates are shipped From the Talnakh and Norilsk Enrichment Plants by hydrotransport to smelting facilities for further processing.

The Polar Division's smelting operations are carried out at the Nadezhda Metallurgical Plant, Nickel Plant and Copper Plant.

The Nadezhda Metallurgical Plant is responsible for processing all nickel and pyrrhotite concentrates from the Talnakh Enrichment Plant, part of the pyrrhotite concentrate previously stored at the Kayerkan coal pits and all copper concentrates derived from the converter matte separation site of the calcination shop at the Nickel Plant to produce converter matter, anode copper and elemental sulfur. Pyrrhotite concentrate from the Talnakh Enrichment Plant and Kayerkan coal pits is further leached in the hydro-smelting shop to produce steam-cured sulfide concentrate. Concentrates from the Talnakh Enrichment Plant, steam-cured sulfide concentrate and Kayerkan coal pits are delivered to the flash smelting furnaces. The matte is converted into high-grade converted matte.

The Nickel Plant processes all nickel concentrates from the Norilsk Enrichment Plant, part of the pyrrhotite concentrate previously stored at the Kayerkan coal pits and part of the converted matte of the Nadezhda Metallurgical Plant to produce commercial nickel and cobalt.

The Copper Plant processes all copper concentrates from the Norilsk and Talnakh Enrichment Plants, as well as anode copper from the Nadezhda Metallurgical Plant to produce commercial copper, elementary sulfur and sulfuric acid for technical needs of the Polar Division. The Smelting Shop, a subdivision of the Copper Plant, recycles sludge from the copper and nickel electrowinning plants to produce concentrates of precious metals, silver metal and selenium.

Precious metals produced by the Polar Division are refined by a tolling contractor – the Gulidov Krasnoyarsk Non-Ferrous Metals Plant.

KOLA MMC



Norway Enrichment Plant Calcination Shop Severny Mine Smelting Shop	
Barent Sea	
Zapolyarny Nickel Kaula-Kotselvaara Mine Murmansk Murmansk Region Monchegorsk Refining Plant Finland Cities and Towns Mines	

Key Operating Assets of Kola MMC

Kola MMC is the Company's second largest production asset.

Kola MMC is located on the Kola Peninsula; it is an industrial company in the Murmansk Region and it is completely integrated into the transportation infrastructure of the Northwestern Federal District.

Mining assets of Kola MMC

Deposit/Mine (section)	Type of Mine	Ores
Zhdanovskoye deposit		sulphide copper and nickel ores
Severny. Open pit mine section ⁽²⁾	open pit mine	disseminated
²⁾ Severny, underground mine section ^{(1,}	underground mine	disseminated
Zapolyarnoye deposit		sulphide copper and nickel ores
²⁾ Severny, underground mine section ^{(1,}	underground mine	disseminated

Kotselvaara and Semiletka deposits

sulphide copper and nickel

Kaula-Kotselvaara mine ⁽³⁾

underground
mine

disseminated

Note:

- (1) In 2005 the Severny-Gluboky mine was combined with the Severny mine.
- (2) In 2010 the Central quarry was combined with the Severny mine as an open pit mining section. The underground mining operations at Severny-Gluboky and Severny were assigned to the Severny combined mine as an underground mining section.
- (3) In December 2013 the Kaula-Kotselvaara mine was combined with the Severny mine as a mine

Kola MMC develops the Zhdanovskoye, Zapolyarnoye, Kotselvaara and Semiletka deposits. In the Severny mine, including the Kaula-Kotselvaara shaft –sulfide disseminated ores containing nickel, copper and other valuable components are produced.

Enrichment facilities

- Enrichment Plant

Smelting facilities

- Smelting Shop
- Refining Shop
- Metallurgical Shop
- Nickel Electrowinning Shop

Product range of Kola MMC

- Primary nickel (cathodes)
- Cathode copper
- Carbonyl nickel
- Electrolytic cobalt
- Cobalt concentrate
- Precious metal concentrates
- Sulfuric acid

The ore is processed at the Enrichment Plant into collective copper and nickel concentrates, which further on undergo briquetting, pelletizing and roasting. Concentrates from Nkomati are also briquetted. Cakes and roasted pellets are delivered to the Smelting Shop for processing. In addition, the Smelting Shop processes Boliden matte, and copper cake from Norilsk Nickel Harjavalta (NNH). The final product of the Smelting Shop is high-grade converter matte.

The refining facilities of Kola MMC in Monchegorsk process high-grade converter matte from the Smelting Shop, high-grade converter matte from the Polar Division, and copper cake from NNH. The main products are electrolytic nickel and copper, carbonyl nickel, electrolytic cobalt, cobalt concentrate, concentrates of precious metals and sulfuric acid.

Precious metals produced by Kola MMC are refined by a tolling contractor – the Gulidov Krasnoyarsk Non-Ferrous Metals Factory.

INTERNATIONAL ASSETS

FINLAND

Norilsk Nickel Harjavalta



Norwegian Sea	
Norway	
Barents Sea	
Sweden	
Finland	
Russia	
Harjavalta Plant	
Oslo	
Stockholm	
Helsinki	
Russia	
Stockholm	
Oslo	
Tallinn	
St.Petersburgh	
City/or town	
plant	

Harjavalta Oy, a subdivision of Norilsk Nickel, became part of the Group after the acquisition of the nickel business of OM Group on March 1, 2007. Norilsk Nickel Harjavalta Oy is the only nickel-refining plant in Finland.

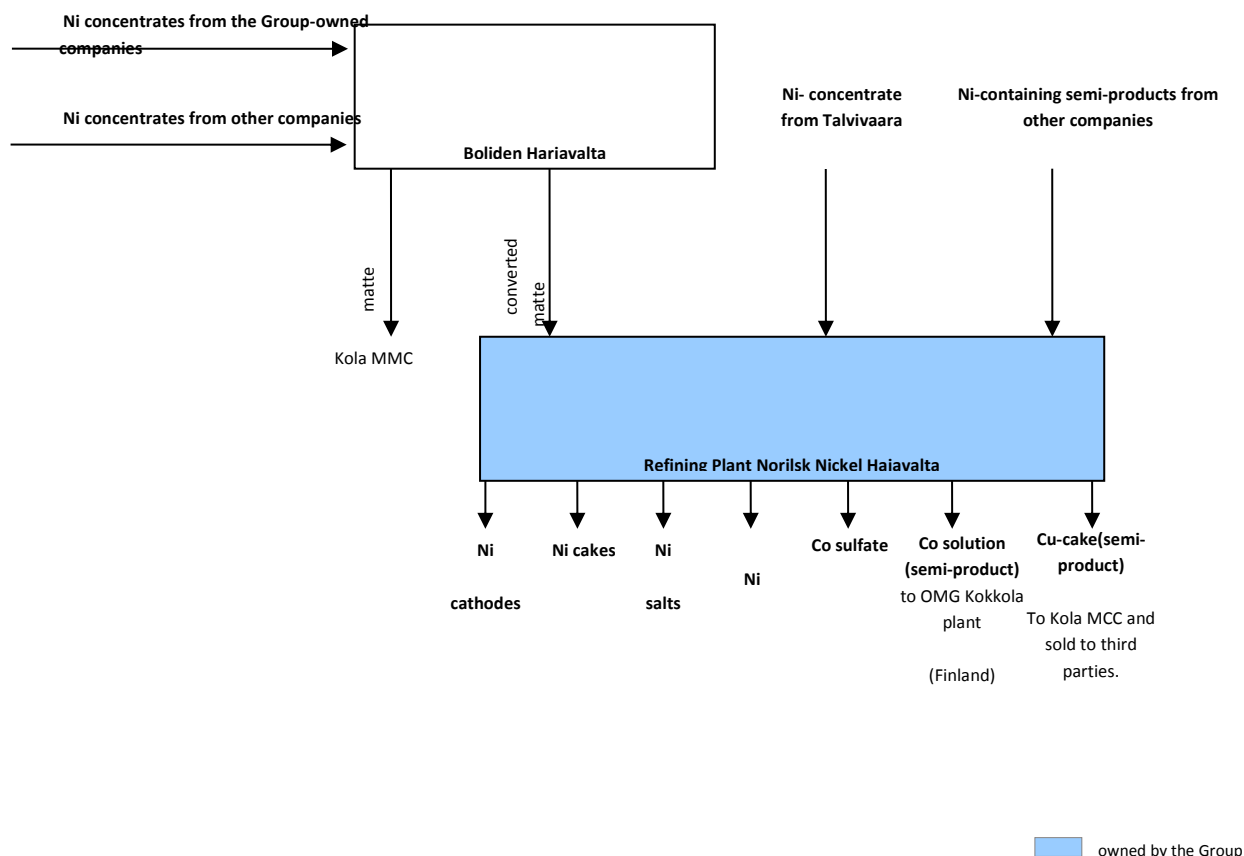
The plant was put into operation in 1959 and its capacity was expanded in 1995 and in 2002 when the Chemical Plant was commissioned.

The Harjavalta Plant processes raw feedstock from the Group's African subdivisions as well as nickel-containing semi-products from third-party suppliers. Concentrates undergo preliminary processing under a tolling agreement with the Boliden Harjavalta Oy smelting plant that shares the Suurteollisuuspuisto industrial park with the Norilsk Nickel Harjavalta Plant Oy in Finland. Other semi-products with high nickel content are delivered directly to Norilsk Nickel Harjavalta Oy.

The nickel refining capacity of Norilsk Nickel Harjavalta Oy totals 66 ktpa. The technology used – sulfuric acid leaching of nickel semi-products – makes it possible to reach metal recovery levels exceeding 98% through one of the most advanced technologies in the metals and mining industry.

Norilsk Nickel Harjavalta Oy manufactures commercial products, including nickel cathodes, cakes and salts, semi-products, including copper cake containing platinum group metals and cobalt solution for further processing by third parties.

Production Flow Chart of Norilsk Nickel Harjavalta Oy



AUSTRALIA

The Australian assets became part of the Group as a result of the acquisition of Lion Ore Mining International Ltd and the nickel business of OM Group in 2007.

Operations at the Australian sites and facilities were halted in 2009 due to unfavorable economic conditions. In 2011, ore mining and nickel concentrate production were resumed at Lake Johnston.

In April 2013, ore mining and enrichment at Lake Johnston were suspended and the facility was placed on standby. At the end of 2013, the decision was made to sell all the Australian assets by the end of 2016 in accordance with the Group's approved and revised strategy.

During 2014, the Company sold its Australian gold mining assets, including Thunderbox mine and enrichment plant as well as Lake Johnston, Cawse and Avalon nickel assets.

In July 2014 the Company signed a purchase and sale agreement to sell its nickel production facilities - Black Swan and Silver Swan in West Australia - to Poseidon Nickel Limited. The deal was closed on March 27, 2015.

As regards its currently existing operations in Australia, the Group holds a license for development of the Honeymoon Well Deposit. The Honeymoon Well deposit is represented by the solid and vein structure of Wedgetail sulfide nickel mineralization, as well as the following areas of disseminated sulfide nickel mineralization: Hannibals, Corella, Harrier, Harakka.

AFRICA

The Group's African operations include Tati Nickel Mining Company (TNMC) in Botswana and Nkomati in South Africa. The assets became part of the Group as a result of the acquisition of Lion Ore Mining International Ltd. in 2007.

Norilsk Nickel owns an 85% interest in the TNMC production complex, while the government of Botswana has 15% control of the company.

Nkomati is a joint venture between the Group and African Rainbow Minerals, in which the Group has 50% control. Nkomati is the largest producer of nickel concentrates on the African continent. In addition to nickel, the concentrate contains copper, cobalt, chrome and PGMs.

In October 2014 the Group announced that it signed an agreement under which its Africa-based assets - Tati Nickel Mining Company and Nkomati will be sold to BCL Limited.

Tati Nickel Mining Company sale transaction was closed in April, 2, 2015/ The sale transaction regarding Nkomati is expected to be closed in Q2. 2015

PRODUCTION CHAIN: extraction flow chart, enrichment flow chart, nickel production flow chart, copper production flow chart

PRODUCTION: MINING, ENRICHMENT, SMELTING

The Group's ore output¹ (kt)

	2014	2013	2012
Russia	25,182	24,779	24,624
Polar Division	17,044	16,738	16,676
Kola MMC	8,138	8,041	7,948
Australia			
Lake Johnston ²	0	230	954
Botswana			
Tati Nickel	9,179	10,669	9,617
The Group's total, exclusive of South Africa	34,361	35,678	35,195
South Africa¹			
Nkomati	3,734	4,383	5,758
The Group's total	38,095	40,061	40,953

Notes:

- (1) The performance results of Nkomati are based on the Group's 50% stake and are recorded in the financial statements as the performance results of the associate.
- (2) The asset was sold in November 2014.

The Group's average metal grades

Asset	Nickel, %			Copper, %			PGM, g/t		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Russia									
Polar Division	1.29	1.32	1.30	2.08	2.13	2.13	6.77	7.13	7.38

Kola MMC	0.65	0.67	0.67	0.27	0.28	0.29	0.08	0.09	0.09
Australia									
Lake Johnston	-	1.38	1.25		-	-	-	-	-
Botswana									
Tati Nickel	0.15	0.16	0.19	0.11	0.12	0.15	-	-	-
South Africa									
Nkomati	0.36	0.37	0.34	0.13	0.13	0.13	-	-	-

Enrichment recovery ratios (%)

Asset	Nickel			Copper			PGM		
	2014	2013	2012	2014	2013	2012	2014	2012	2011
Russia									
Polar Division	82.0	82.0	82.5	95.8	96.0	96.2	81.4	80.6	82.0
Kola MMC	72.4	72.5	71.8	75.2	74.9	74.4	-	-	-
Australia									
Lake Johnston	-	75.7	71.8	-	-	-	-	-	-
Botswana									
Tati Nickel	44.9	48.3	58.6	45.0	52.0	58.4	-	-	-
South Africa									
Nkomati	75.9	77.8	69.8	89.0	90.8	80.5	-	-	50.1

Recovery ratios in smelting and refining (%)

Актив	Nickel			Copper			PGM		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Russia									
Polar Division*	92.4	91.5	91.8	94.7	94.1	94.7	93.3	93.0	93.2
Kola MMC**	97.8	97.7	97.8	97.2	97.3	97.3	95.1	95.8	96.8
Finland									
Harjavalta**	97.1	96.4	98.3	97.1	96.4	94.8	97.0	97.0	96.9

Note:

*Recovery in smelting (from the concentrate to finished products).

**Recovery of metals in refining (from converted matte to the finished products).

The Group's production of commercial metals¹

	2014	2013	2012
Polar Division			
Nickel, tonnes	122,390	122,700	124,000
Copper, tonnes	297,552	296,760	295,610
Platinum, koz	500	504	529
Palladium, koz	2,065	2,007	1,989
Kola MMC			
Nickel, tonnes	106,048	109,098	109,632
from Russian feed	100,834	96,573	99,153
from 3 ^d party feed	5,214	12,526	10,479
Copper, tonnes	57,391	62,342	56,856
from Russian feed	48,345	48,977	48,616
from 3 ^d party feed	9,046	13,365	8,240
Platinum, koz	127	123	131
from Russian feed	95	100	129
from 3 ^d party feed	32	23	2

Palladium, koz	595	574	639
<i>from Russian feed</i>	517	523	635
<i>from 3^d party feed</i>	78	51	4
TOTAL FOR RUSSIA			
Nickel, tonnes	228,438	231,798	233,632
Copper, tonnes	354,944	359,102	352,466
Platinum, koz	625	628	660
Palladium, koz	2,660	2,581	2,628
Australia to third-party companies²			
Nickel, tonnes	0	2,826	8,975
Botswana³			
Nickel, tonnes	3,207	6,416	12,215
Copper, tonnes	2,475	5,412	10,292
Palladium, koz	18	43	84
Platinum, koz	3	7	14
Finland			
Nickel, tonnes	42,602	44,252	45,518
Copper, tonnes ⁴	10,598	6,549	1,006
Palladium, koz ⁴	71	39	21
Platinum, koz ⁴	29	16	9
The Group's total			
Nickel, tonnes	274,247	285,292	300,340
Copper, tonnes	368,016	371,063	363,763
Palladium, koz	2,749	2,661	2,731
Platinum, koz	657	651	683

Notes:

(1) All information is based on a 100% ownership of subsidiaries.

(2) Lake Johnston operations were suspended and the facility was temporarily shut down in Q2 2013.

(3) The data on commercial products (concentrates for third parties), net of the concentrates intended for processing within the Group;

(4) The data on commercial products (metals in copper cake) intended for third parties, net of copper cake intended for processing in Kola MMC;

The aggregate figures given in "Total" may differ from the rounded sums. Some figures may differ slightly from the previously published data.

RUSSIAN ASSETS

In 2014, the ore mining operations in the Polar Division and Kola MMC were performed in accordance with the approved mining plans and schedules.

POLAR DIVISION

Mining assets, Polar Division

Deposit/Mine	Type	Ores
Oktyabrskoye deposit		sulphide copper and nickel ores
<i>Oktyabrsky mine</i>	underground	rich, cuprous and disseminated ores
<i>Taimyrsky mine</i>	underground	rich ores
Talnakh deposit		sulphide copper and nickel ores
<i>Komsomolsky mine</i>	underground	cuprous and disseminated ores
<i>Mayak mine</i>	underground	rich and disseminated ores

<i>Skalisty mine</i>	underground	rich ores
Norilsk-1 deposit		sulphide copper and nickel ores
<i>Zapolyarny mine</i>	open pit mine	disseminated ores
<i>Zapolyarny mine</i>	underground	disseminated ores

Ore output, mines of the Polar Division, t

	Type of ore	2014	2013	2012
Polar Division				
Oktyabrskoye deposit				
Oktyabrsky mine	<i>Rich</i>	1,891,800	2,098,350	2,159,600
	<i>Cuprous</i>	2,938,400	2,822,520	2,485,400
	<i>Disseminated</i>	290,134	78,500	250,352
	Total	5,120,334	4,999,370	4,895,352
Taimyrsky mine	<i>Rich</i>	3,614,544	3,415,002	3,359,662
Talnakh and Oktyabrskoye deposits				
Komsomolsky mine	<i>Rich</i>	1,041,521	1,029,640	1,010,550
	<i>Cuprous</i>	2,484,095	2,600,000	2,512,000
	<i>Disseminated</i>	2,035,231	1,956,650	1,847,931
	Total	5,560,847	5,586,290	5,370,481
Norilsk-1 deposit				
Zapolyarny mine	<i>Disseminated</i>	2,748,718	2,737,917	3,050,963
including Zapolyarny open pit mine	<i>Disseminated</i>	1,542,052	1,535,745	1,849,402
Zapolyarny mine	<i>Disseminated</i>	1,206,666	1,202,172	1,201,561
Polar Division, total				
	<i>Rich</i>	6,547 865	6,542,992	6,529,812
	<i>Cuprous</i>	5,422,495	5,422,520	4,997,400
	<i>Disseminated</i>	5,074,083	4,773,067	5,149,246
	Total	17,044,443	16,738,579	16,676,458

Ore production

In 2014, the total volume of ore mined at the mines and quarries of the Polar Division was 17 mt, exceeding by 1.8% or 306 kt the output in 2013. Increase in ore output compared with the previous year was in line with the annual production plan.

Changes in 2014 output vs. 2013:

- output of cuprous ores remained unchanged, while output of rich ores increased slightly
- output of disseminated ores increased by 6.3%, or 301 kt due to higher production of disseminated ores from the Oktyabrsky (+211 kt), Komsomolsky (+ 79 kt) and Zapolyarny (+11 kt) mines.

Ore enrichment

The enrichment plants of the Polar Division processed 16.5 mt of all types of ore (rich, cuprous and disseminated) vs. 16.6 mt in 2013.

In 2014, the Norilsk Enrichment Plant reported an increase in processing of sulphide ores to 8.9 mt (vs. 8.7 mt in 2013). As regards the processing of core of all types, the recovery of metals in the collective nickel and copper concentrates increased by 0.65% (from 72.10% in 2013 to 72.75% in 2014) and by 0.19% (from 91.73% in 2013 to 91.92% in 2014), respectively. The quality of copper concentrate in terms of copper content improved by 0.44% - from 22.96% in 2013 to 23.40% in 2014; the quality of nickel concentrate in terms of nickel content improved by 0.1% - from 3.7% in 2013 to 3.8% in 2014.

In 2014, the Talnakh Enrichment Plant processed 7.7 mt of sulphide ores (vs. 7.9 mt in 2013). The reduction in output compared to 2013 resulted from lower quantities of rich ores produced in the mines and higher quantities of disseminated ores. The quality of nickel concentrate in terms of nickel content improved by 0.2% - from 8.4% in 2013 to 8.6% in 2014. The copper recovery in copper concentrate increased by 1.08% compared to 2013 - from 75.91% in 2013 to 76.99% in 2014.

Smelting

In 2014, the Company's smelting facilities continued to go through the upgrade process, which involved streamlining production processes and improving maintenance of the process equipment. In the first half of 2014, the flash smelting furnace at the Nadezhda Metallurgical Plant was shut down for a 75-day overhaul. The Vanyukov furnace was shut down for a scheduled 75-day overhaul at the Copper Plant of the Polar Division during the second half of 2014.

In 2014, the smelting facilities increased the output of recovered metals to 92.4% (91.5% in 2013) by using work-in-process inventories with a high level of completion.

Production

In 2014, production of electrolytic nickel totaled 122 kt, nearly matching output in 2013.

The production of cathode copper in 2014 reached 298 kt, thus exceeding output in 2013 by 792 tonnes (+0.3%).

Platinum and palladium output in 2014 totaled 500 koz and 2,065 koz, respectively, thus exceeding the level of 2013 by 2%, or by 54 koz of platinum and palladium, in total. The Smelting Shop and the Gulidov Krasnoyarsk Non-Ferrous Metals Plant contributed to the expansion of output by using their work-in-process inventories.

Ore production breakdown by the mines of the Polar Division (%)

Mining operations	Ore output	Metal output in ore
--------------------------	-------------------	----------------------------

		nickel	copper	PGM
Oktyabrsky	30.0	32.4	48.4	40.9
Taimyrsky	21.2	38.7	24.9	17.4
Komsomolsky	32.6	25.0	23.5	29.4
<i>Komsomolsky mine</i>	<i>22.0</i>	<i>9.8</i>	<i>12.6</i>	<i>17.5</i>
<i>Skalisty mine</i>	<i>5.9</i>	<i>13.2</i>	<i>8.0</i>	<i>8.1</i>
<i>Mayak mine</i>	<i>4.7</i>	<i>2.0</i>	<i>2.9</i>	<i>3.8</i>
Zapolyarny	16.2	3.9	3.2	12.3
<i>Zapolyarny opet pit mine</i>	<i>9.1</i>	<i>2.0</i>	<i>1.6</i>	<i>6.0</i>
<i>Zapolyarny mine</i>	<i>7.1</i>	<i>1.9</i>	<i>1.6</i>	<i>6.3</i>
Total	100.0	100.0	100.0	100.0

Kola MMC

Mining assets of Kola MMC

Deposit/Mine	Type of Mine	Ores
Zhdanovskoye deposit		sulphide copper and nickel ores
<i>Severnny open-pit mine</i>	<i>open-pit mine</i>	disseminated
<i>Severnny underground mine</i>	underground	disseminated
Zapolyarnoye deposit		sulphide copper and nickel ores
<i>Severnny underground mine</i>	underground	disseminated
Kotselvaara and Semiletka deposits		sulphide copper and nickel ores
<i>Kaula-Kotselvaara mine (since December 2013 a mine of Severny mine)</i>	underground	disseminated

Ore production at the mines of Kola MMC

Kola MMC		2014	2013	2012
Zhdanovskoye deposit				
<i>Severnny open-pit mine</i>	<i>Disseminated</i>	723,505	476,833	2,058
<i>Severnny underground mine</i>	<i>Disseminated</i>	6,134,630	6,081,295	6,037,175
	Total	6,858,135	6,558,128	6,039,233
Zapolyarnoye deposit				
<i>Severnny mine, underground mine</i>	<i>Disseminated</i>	599,308	695,101	738,655
Kotselvaara and Semiletka				

deposits				
<i>Kaula-Kotselvaara mine (since December 2013 Severny mine)</i>	<i>Disseminated</i>	680,824	787,935	1,170,120
Total for Kola MMC		8,138,267	8,041,164	7,948,008

Ore production

The total output of ore produced by mines and quarries of Kola MMC in 2014 was 8.1 mt, thus exceeding the level of 2013 by 1.2% or 97 kt. The increase in the ore output resulted from the increased production at the open-pit and underground mine sections at the Severny mine (Zhdanovskoye deposit), as it was stipulated in the production plan.

Ore production breakdown by the mines of the Kola MMC (%)

Mining operations/Mine	Ore Output	Metal output in ore		
		nickel	copper	PGM
<i>Severny mine</i>	100.00	100.00	100.00	100.00
<i>Severny open-pit mine</i>	8.9	4.8	4.8	2.2
<i>Severny mine, (Zhdanovskoye deposit)</i>	75.4	62.8	59.9	49.8
<i>Severny underground mine (Zapolyarnoye deposit)</i>	7.3	24.1	25.9	33.1
<i>Kaula-Kotselvaara mine (since December 2013 Severny mine)</i>	8.4	8.3	9.	14.9
Total	100.0	100.0	100.0	100.0

Ore enrichment

The enrichment plant of Kola MMC processed 7.9 mt of ore in 2014, meeting its annual target. The recovery rate of copper into collective concentrate of the plant exceeded the level of 2013 by 0.34%, having increased from 74.88% in 2013 to 75.22% in 2014; the recovery rate of nickel into collective concentrate was 72.42%, nearly the same as in the previous year (72.51% in 2013).

At the same time, in 2014 the plant reported a decrease in the output of nickel and copper in the plant's concentrate compared to 2013, which was due to overall deterioration in the quality of the processed ores. In 2014, the concentrate quality decreased by 0.13% compared to the previous year - from 8.14% in 2013 to 8.01% in 2014 in terms of Ni content. Copper content in the concentrate decreased by 0.05% compared to the previous year - from 3.52% to 3.47%.

Smelting

In 2014, the smelting facilities of Kola MMC continued to go through the upgrade process, which involved streamlining the production processes and improving maintenance of the process equipment.

In 2014 Kola MMC carried out the following furnace overhauls:

- the fluidized bed furnace was put into a 196-day overhaul in the refining shop
- the fluidized bed furnace was put into a 99-day overhaul in the smelting shop and the reverberatory furnace was shut down for a 308-day overhaul

Production

In 2014, the output of nickel metal totaled 106 kt, down 3 kt (-2.8%) vs. 2013 due to a reduction in low-margin tolling operations. In the meantime, output of 38 kt from own feedstock matched the level of 2013.

The output of cathode copper in 2014 totaled 57 kt, down 5 kt (-7.9%) compared to 2013 due to reduced copper cake supplies from Harjavalta. On the other hand, the output of 16 kt from own feedstock matched the level of 2013.

In 2014, the output of platinum and palladium totaled 127 koz and 595 koz, respectively, thus exceeding both the 2014 target and 2013 output by 4%, or 25 koz. The Gulidov Krasnoyarsk Non-Ferrous Metals Plant contributed to output growth by using its work-in-process inventories.

INTERNATIONAL ASSETS

FINLAND, Norilsk Nickel Harjavalta Oy

Supply of feedstock

FINLAND, Norilsk Nickel Harjavalta Oy

Supply of feedstock

The main supplies of feedstock in 2014 included nickel concentrate from Nkomati (South Africa, deliveries within the Company), nickel concentrate from Mirabela (Brazil), nickel concentrate from Titania (Norway), nickel concentrate from Kevitsa (Finland), nickel sulphide concentrate from Talvivaara (Finland), converted high-grade matte from Vale INCO (Brazil), converted high-grade matte from BCL (Botswana). The total quantity of concentrates processed at the smelting facilities of Boliden Harjavalta Smelter (hereinafter referred as BOHA) was 241 kt. Concentrates were processed in 2014 under a tolling agreement with BOHA. The decrease in output of smelted concentrates in 2014 compared to 2013 was due to technological problems in BOHA's smelting facilities in 2014. A 3.8 kt decrease in the production of commercial nickel in 2014 compared to 2013 was attributable to a reduction in feedstock supplies for refining operations.

Capacity utilisation at Boliden Harjavalta Oy and Norilsk Nickel Harjavalta Oy

	2014	2013	2012
Concentrates and pyrite smelting, kt	241	255	248
Refining capacities utilisation, % of max	65.9	69.7	69.4

Recovery of metals in smelting, %

	Nickel			Copper		
	2014	2013	2012	2014	2013	2012
Boliden Harjavalta	97.1	96.4	98.3	95.4	96.4	94.8

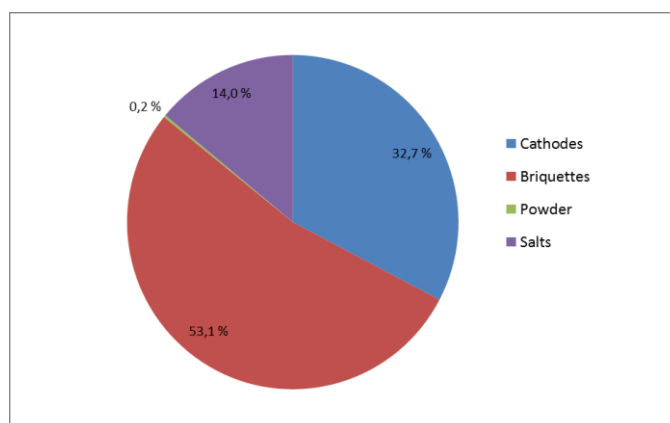
Smelter		
---------	--	--

Recovery of metals in refining, %

	Nickel			Copper			Platinum			Palladium		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Norilsk Nickel Harjavalta Oy	97.1	97.5	96.9	99.3	99.3	99.5	99.3	99.3	99.6	99.3	99.3	96.6

A slight decrease in the output of nickel recovered in 2014 against 2013 – from 97.5% to 97.1% - resulted from increased quantities of ferruginous matte in processing and increased quantities of dump waste products as well as from an emergency discharge of 66 tonnes of nickel solution into river water in July 2014.

Commercial nickel produced by Norilsk Nickel Harjavalta, %.



100 % = 42,6 kt

Metal output by Norilsk Nickel Harjavalta

In 2014, Norilsk Nickel Harjavalta produced 42.6 kt of commercial nickel, including 13.9 kt of cathodes, 22.6 kt of briquettes, 96 tonnes of nickel powder, 5.8 kt of nickel salts and 0.87 kt of nickel solution. The sales of copper cake to third parties totaled 10.6 kt.

The main factor causing a 4% reduction in nickel output compared to 2013 was lower supply of feedstock from third-party companies.

A decrease in the production of commercial copper and PGM in copper cake in 2014 compared to 2013 resulted from higher supplies of copper cake to Kola MMC.

Metal output by Norilsk Nickel Harjavalta

	2014	2013	2012
Commercial nickel, tonnes	42,602	44,251	45,518

Commercial copper in copper cake, tonnes	10,598	14,830	11,439
PGM in commercial copper cake, kg	3,223	4,145	2,770

AUSTRALIA

At the end of 2013, a decision was adopted by the Board to sell all the existing Australian assets by year-end 2016 in accordance with the Group's new corporate strategy.

The following assets were sold in 2014: Thunderbox, Waterloo, Bannockburn, Warrida Well, Lake Johnston, Cawse and Avalon.

AFRICA

Botswana, Tati Nickel Mining Company

In 2014, the total output of the ore produced by Tati Nickel was 9,179 kt, with average nickel content reaching 0.15%.

By the end of 2014, the output of nickel in concentrate amounted to 6.4 kt, down 20.5% compared to output in the previous year. The reduction in output was mainly due to lower nickel content in the ore.

South Africa, Nkomati

In 2014 Nkomati mined 4.3 mt of ore (based on the Group's 50% stake) with nickel content averaging 0.38%. The Group's share in the total output of nickel concentrate was 11.9 kt, thus remaining unchanged against the previous year.

MINERAL RESOURCES

RUSSIA

The economic reserves and mineral ore resources of all of Norilsk Nickel's deposits in the Taimyr (Polar Division) and Kola (Kola MMC) peninsulas changed during the fiscal year due to the mining operations, mining losses, operational exploration, and the reclassification of resources as reserves at the sites of newly commissioned production facilities. In addition, the changes resulting from re-estimation and adjustment of the size of the commercial reserves for Kola MMC's group of deposits were taken into consideration.

As of 2014, the proved and probable ore reserves of deposits in the Taimyr and Kola Peninsulas amounted to approximately 862 mt, containing 7.5 mt of nickel, 12.6 mt of copper, and 4 kt (128.3 mt) of platinum group metals. The measured and indicated resources of mineral deposits in the Taimyr and Kola peninsulas amounted to 2,016 mt, which contained 14.5 mt of nickel, 23.8 mt of copper, and 8.1 kt (258.8 mozt) of platinum group metals.

Information on the ore reserves and mineral resources at the Company's disposal as of December 31, 2014 is based on the results of the analysis and prompt conversion of data regarding the ore and metal reserves of Russian divisions, calculated according to Russian classification (5-gr Form Report) into the JORC Code categories. The calculations are made in accordance with the requirements of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code), and the Russian Code for the Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves (NAEN Code), and subject to the rules and regulations developed by Micon International Co Limited while auditing reserves of the deposits of the Company's Polar Division in 2013.

Polar Division deposits (Taimyr Peninsula)

The Polar Division of Norilsk Nickel develops the reserves of three nickel-copper-sulfide ore deposits in accordance with the issued licenses: Talnakh and Oktyabrskoye, which form the Talnakh ore cluster, and the Norilsk-1 deposit included in the Norilsk ore cluster.

In 2014, the balance of aggregate ore reserves was reduced by 264.8 kt of nickel and 450.5 kt of copper.

Following verification of the boundaries of ore bodies and recalculation of the useful components within the existing boundaries in 2014, the operational exploration of copper and nickel ores within the boundaries of the producing deposits (Oktyabrskoye, Talnakh, and Norilsk-1) resulted in the improved appraisal of ore reserves that increased by more than 6.1 mt, nickel by 112.8 kt, copper by 351.9 kt, and platinum group metals by 75.7 tonnes.

The measured and indicated mineral resources of copper and nickel in the Polar division consist of more than 1,662 mt of ore, over 12.0 mt of nickel, 22.6 mt of copper, and over 8.0 kt (about 257.9 moz) of platinum group metals.

Overall, the Company's deposits on the Taimyr Peninsula (the Talnakh, Oktyabrsky, and Norilsk-1 deposits) offer vast geological potential and should help to maintain reserves at the required level, because there are significant mineral resources in the areas of the operating mines. The reserves of rich and cuprous ore from current mines will be replaced mainly with inferred resources on the flanks of developed deposits. The prospects for the development of mining are attributed to as yet untapped rich ore deposits, as well as disseminated and cuprous ore horizons, which will be successively and actively incorporated into the development. Approved projects for the preparation of new deposits and horizons in the Talnakh ore cluster, as well as positive geological exploration results should enable the Company to maintain a sustainable mineral resource base in the foreseeable future.

Kola MMC deposits (Kola Peninsula)

The following deposits of the Pechenga ore field are currently being developed at the Severny mine: Zhdanovskoye, Zapolyarnoye, Kotselvaara, and Semiletka (the Kaula-Kotselvaara underground shaft). In addition, the Severny mine is developing the Sputnik, Bystrinskoye, Tundrovoye, and Verkhneye deposits.

In 2014, the mining and engineering specifications as well as the size of commercial reserves of the Zhdanovskoye, Tundrovoye, and Zapolyarnoye deposits were adjusted, as part of the new reserve development project documentation.

According to the results of operational exploration at the Zhdanovskoye and Zapolyarnoye deposits conducted in 2014, copper-nickel ore reserves totaling approximately 6.8 mt, with an average nickel content of 0.77% and an average copper content of 0.31% were reclassified as higher categories.

In 2014, the aggregate extracted and lost balance-sheet ore reserves of Kola MMC were 57.4 kt of nickel and 23.9 kt of copper.

The aggregate proved and probable ore reserves of Kola MMC's deposits total approximately 148 mt, containing approximately 0.9 mt of nickel and over 0.4 mt of copper. The measured and indicated mineral nickel and copper resources on the Kola Peninsula amount to over 354 mt, containing about 2.4 mt of nickel and 1.2 mt of copper.

As a result of all changes, proved and probable reserves at Kola MMC's deposits totaled about 148 mt of ore containing about 0.9 mt of nickel, and over 0.4 mt of copper. In addition, measured and indicated mineral copper and nickel resources on the Kola Peninsula amounted to over 354 mt of ore, 2.4 mt of nickel, and 1.2 mt of copper.

The size of the available mineral resource base will allow Kola MMC to maintain its current level of metal output for the foreseeable future.

ORE AND MINERAL RESERVES ON THE TAIMYR AND KOLA PENINSULA AS OF DECEMBER 31, 2014.

Region, deposit, ore type	Ore, kt	Metal content						Metal					
		Ni %	Cu %	Pd g/t	Pt g/t	Au g/t	Σ Pt g/t	Ni kt	Cu kt	Pd koz	Pt koz	Au koz	6PGM koz
Taimyr Peninsula													
Proved ore reserves													
Talnakh ore cluster	346,867	0.75	1.62	3.93	1.06	0.22	5.20	2,614	5,605	43,822	11,824	2,462	57,948
including rich ore	43,823	2.55	3.34	5.80	1.14	0.12	7.36	1,118	1,463	8,167	1,611	176	10,363
including cuprous ore	31,309	1.00	4.03	9.47	2.25	0.54	11.85	314	1,263	9,530	2,268	545	11,925
including disseminated ore	271,735	0.43	1.06	2.99	0.91	0.20	4.08	1,182	2,879	26,125	7,945	1,741	35,660
Norilsk -1 deposit (disseminated ore)	25,953	0.35	0.49	3.96	1.62	0.18	5.88	90	128	3,306	1,349	148	4,903
Probable ore reserves													
Talnakh ore cluster	319,518	1.20	2.01	4.53	1.11	0.27	5.91	3,840	6,408	46,490	11,384	2,782	60,743
including rich ore	93,772	2.82	3.31	6.47	1.32	0.25	8.24	2,643	3,106	19,500	3,969	744	24,853
including cuprous ore	54,351	0.76	3.30	7.24	1.88	0.59	9.32	413	1,796	12,645	3,293	1,038	16,290
including disseminated ore	171,395	0.46	0.88	2.60	0.75	0.18	3.56	784	1,506	14,345	4,122	1,000	19,600
Norilsk -1 deposit (disseminated ore)	21,582	0.28	0.36	4.33	1.74	0.19	6.42	60	78	3,001	1,223	133	4,458
Total proved and probable reserves	713,920	0.93	1.71	4.21	1.12	0.24	5.58	6,604	12,219	96,619	25,780	5,525	128,052
Measured and indicated resources													
Talnakh ore cluster	1,584,609	0.74	1.40	3,56	0,97	0,22	4,73	11 767	22 234	181 343	49 291	11 015	241 034
including rich ore	119,256	3.21	3.90	7.35	1.48	0.24	9.36	3,832	4,656	28,189	5,685	937	35,884
including cuprous ore	72,429	1.04	4.36	9.82	2.46	0.70	12.50	750	3,156	22,872	5,735	1,633	29,105
including disseminated ore	1,392,924	0.52	1.04	2.91	0.85	0.19	3.93	7,185	14,422	130,282	37,871	8,445	176,045
Norilsk -1 deposit (disseminated ore)	77,070	0.35	0.48	4.58	1.84	0.19	6.79	272	372	11,341	4 556	475	16,835
Total measured and indicated resources ы	1,661,679	0.72	1.36	3.61	1,01	0.22	4.83	12,039	22,606	192,684	53,847	11,490	257,869
Total inferred resources	453,239	0.88	1.83	4.36	1,11	0.26	5.71	4,004	8,298	63,518	16,170	3,808	83,236
Kola peninsula (disseminated ore)													
Proved ore reserves	65,996	0.55	0.24	0.03	0.02	0.01	0.05	364	155	60	44	18	107
Probable ore reserves	81,887	0,62	0.32	0.03	0.02	0.01	0.06	509	260	85	60	31	155
Total proved and probable reserves	147,883	0.59	0.28	0.03	0.02	0.01	0.05	873	415	146	105	50	261
Total measured and indicated resources	354,489	0.68	0.33	0.05	0.03	0.02	0.08	2,424	1,160	528	349	189	940

Total inferred resources	144,880	0.63	0.31	0.04	0.03	0.01	0.07	914	450	182	119	59	316
---------------------------------	----------------	-------------	-------------	-------------	-------------	-------------	-------------	------------	------------	------------	------------	-----------	------------

Notes

¹ Data regarding the mineral resources and ore reserves of the deposits of the Taimyr and Kola peninsulas were classified according to the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC code), created by the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists, and the Minerals Council of Australia, subject to the terminology recommended by the Russian Code for Public Reporting of Exploration Results, Mineral Resources, Mineral Reserves (NAEN Code)

² Data regarding the reserves and resources is based on the balance-sheet reserves of A, B, C₁ and C₂, categories (according to the terminology of the State Committee for Mineral Reserves) as of the end of the given calendar year

³ Figures given as "Total" may differ from the sum of individual numbers due to rounding. Certain values may in some instances vary slightly from previously published values

⁴ The six platinum group metals (PGMs) are platinum, palladium, rhodium, ruthenium, osmium, and iridium. Hereafter in the annual report, troy ounces are used as a weight measure for PGMS and gold

⁵ Proved and probable ore reserves are included in mineral resources

⁶ Ore losses applied ranged from 1.6 % to 26% and dilution from 6% to 31.9%.

INTERNATIONAL ASSETS

Botswana, Tati Nickel

- Selkirk and Phoenix nickel-copper sulfide deposits constitute part of the Tati ore district.

Measured and indicated mineral resources at the Selkirk deposit total 124 mt of ore with an average nickel and copper content of 0.23% and 0.27%, respectively.

As of year-end 2014, measured and indicated resources totaled 106.0 mt of ore with an average nickel and copper content of 0.21% and 0.17%, respectively.

South Africa, Nkomati

- The Nkomati disseminated copper-nickel sulfide ore deposit constitutes part of the Bushveld complex.

As of mid-2014, proved and probable ore reserves totaled 114.5 mt of ore, including nickel – 360.1 kt (0.32%), copper – 133.4 kt (0.13%), and PGM 3.4 moz (0.9 g/t). The changes in the status of reserves resulted from mining operations and re-estimation of resources, which was carried out by the Nkomati geological service.

AUSTRALIA

Honeymoon Well

- Deposits of disseminated nickel sulfide ores – Hannibals, Harrier, Corella and Harakka
- Deposit of continuous and vein ores – Wedgetail

The total measured and indicated mineral resources at the Honeymoon Well deposit are estimated at 173 mt of ore with an average nickel content of 0.67%.

INTERNATIONAL ASSETS: ORE AND MINERAL RESERVES AS OF DECEMBER 31, 2014

	Ore	Metal content			Metal		
	kt	Ni (%)	Cu (%)	4PGM (g/t)	Ni kt	Cu kt	4PGM koz
Sulphide Nickel							
Botswana							
Selkirk							
Measured and indicated resources	124,000	0.23	0.27	0.57	285	335	2 272
Inferred resources	11,300	0.27	0.3	0.56	30.2	34.3	203
Phoenix							
Measured and indicated resources (including proved and probable reserves)	106,000	0.21	0.17	-	222.6	180.2	-
Inferred resources	10,756	0.18	0.14	-	18.9	15.1	-

South Africa							
Nkomati							
Proven and probable reserves	114,500	0.31	0.12	0.92	360.1	132.2	3,384
Measured and indicated resources	241,860	0.34	0.13	0.98	830.0	313.7	6,422
Australia							
Honeymoon Well (nickel sulphide ores)							
Measured and indicated resources	173,300	0.68	-	-	1,180.5		
Inferred resources	11,900	0.68	-	-	80.92	-	-
Honeymoon Well (nickel laterite)							
Inferred resources	339,000	0.81	-	-	2,745.9	-	-

GEOLOGICAL EXPLORATION

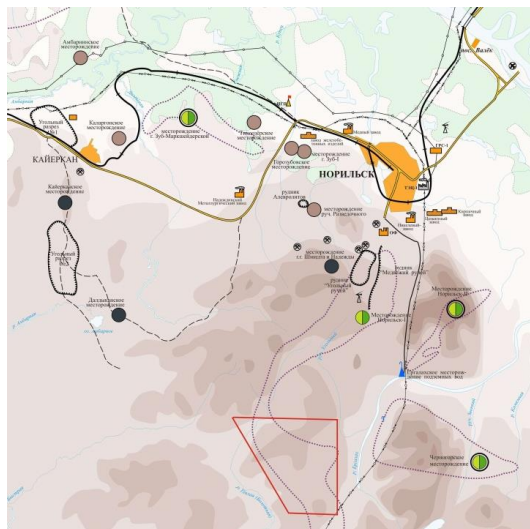
RUSSIA

TAIMYR PENINSULA

The geological exploration carried out on the Taimyr Peninsula is aimed at replacing nickel, copper, platinum-group metals and other mineral reserves existing in the area of the Polar Division in order to maintain the uninterrupted operation of the Company's metals and mining complex in the Norilsk Industrial District.

The exploration is carried out at the following sites: the Maslovskoye deposit, deep horizons and flanks of the Oktyabrskoye and Talnakh deposits, and the northern flank of the Norilsk-1 deposit. Prospecting and appraisal of coking coal are carried out in the Syrdasaiskaya area in the northwest of the Taimyr Peninsula; prospecting and appraisal of industrial limestone are carried out in the Verkhne-Tomulakhskaya area in the Norilsk Industrial District.

In 2014, the Company started prospecting and appraisal of sulfide ore deposits in the Lebyazhninskaya, Razvedochnaya, Mogenskaya, Khalilskaya, Yuzhno-Khalilskaya and Nirungdinskaya areas in the Norilsk Industrial District.



УСЛОВНЫЕ ОБОЗНАЧЕНИЯ



LEGEND

Railroad
Highway
Unpaved road
Winter road
Power transmission lines (Norilsk – Dudinka, Norilsk – Talnakh)
Power transmission line Norilsk – Khantaika
Messoyakha – Norilsk gas pipeline
Norilskgeologiya
Industrial facilities
Gas distribution stations
Meteorological stations
Airfields
Position of the main shafts of the Komsomolsky mine
Position of the main shafts of the Taimyrsky mine
Position of the main shafts of the Mayak mine
Position of the main shafts of the Oktyabrsky mine
Portals of operating coal adits
Portals of exploratory adits
Contours of open-pit workings
Copper-nickel ore deposits
Operating
Off-balance
Coal deposits
Deposits of building materials
Ambarninskoye (cement limestone)
Kalargonskoye (cement limestone)
Razvedochnaya deposit (silt rocks)
Kharaelakhskoye (sand-gravel-pebble mixtures)
Lukove creek (mortar sand)
Gorozubovskoye (anhydrites, plaster stones)

Groundwater deposit

Contours of ore-bearing intrusions
Working site

Ambarninskoye
Open-pit coal n
NORILSK
KAYERKAN
Kayerkanskoeye

Maslovskoye deposit

The deposit is located in the Norilsk Industrial District, 12 km south of the Medvezhy Ruchey quarry within the Norilsk -1 deposit.

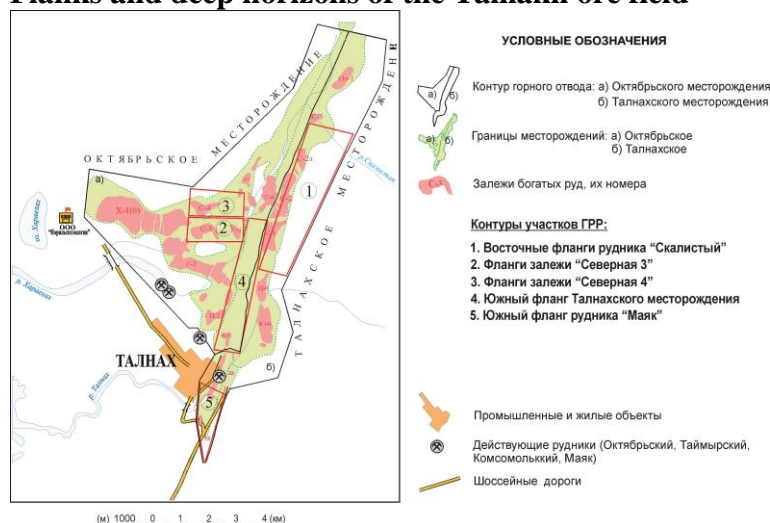
Based on the results of geological exploration carried out in 2006–2009, the disseminated ore reserves at the Maslovskoye deposit were entered in the public register. Estimated reserves of disseminated ores prove that the Maslovskoye platinum-copper-nickel deposit is one of the largest deposits of this kind. In 2010, the discovery of the Maslovskoye deposit was officially confirmed by the certificate. After the certificate was awarded, the Company applied for a license permitting it to use subsoil resources for prospecting and production of platinum-copper-nickel ores.

Areas of rich vein and disseminated ores were found among disseminated ores at the Maslovskoye deposit. In 2013, the deposit area was estimated for the availability of rich vein and disseminated ores. In 2014, the Company carried out additional work to study geological, hydrogeological and mining conditions of its operation.

Balance reserves of the Maslovskoye deposit

	Mineral reserves of categories C ₁ +C ₂	Metal content in ore
Ore, mt	215	
Palladium, koz	32,262	4.56 g/t
Platinum, koz	12,479	1.78 g/t
Nickel, kt	728	0.33 %
Copper, kt	1,122	0.51 %
Cobalt, kt	34	0.016 %
Gold, koz	1,304	0.19 g/t

Flanks and deep horizons of the Talnakh ore field



OKTYABRSKOYE DEPOSIT TALNAKH DEPOSIT TALNAKH	LEGEND
	<p>Mineral allotment area limits:</p> <p>a) Oktyabrskoye deposit b) Talnakh deposit</p> <p>Boundaries of the deposits: a) Oktyabrskoye b) Talnakh</p> <p>Reserves of rich ore; reference numbers</p> <p>Area limits for geological prospecting and exploration:</p> <p>1. Eastern flanks of the Skalisty mine</p>

	2. Flanks of Severnaya 3 deposit 3. Flanks of Severnaya 4 deposit 4. Southern flank of the Talnakh deposit 5. Southern flank of the Mayak mine Industrial and residential sites Operating mines (Oktyabrsky, Taimyrsky, Komsomolsky, Mayak) Highways (m) (km)
--	---

Since 2009, the Company has carried out geological exploration within the limits of the mining allotments at the Oktyabrskoye and Talnakh deposits, outside the boundaries of the registered reserves, looking for rich and cuprous ores. In 2010, the reserves within the allotment limits on the western flank of the Oktyabrsky Mine were estimated.

Geological exploration is carried out on the northern flanks of the Taimyrsky Mine, eastern flanks of the Skalisty Mine, field of the Mayak Mine, and the southern flank of the Talnakh deposit. The boreholes identified bodies of copper-nickel sulfide ores. In 2015-2017, the expected increment in the reserves will amount to about 500 kt of nickel.

To extend the service life of the Medvezhy Ruchey quarry at the Norilsk-1 deposit, the Company continues geological exploration aimed at transferring the reserves intended for underground mining operations from reserves to open-pit mining operations.



bt of coal, including 75 bt of



Syrdasayskaya area

The Syrdasayskaya area lies on the Taimyr Peninsula in the Taimyr Dolgano-Nenets municipal district of the Krasnoyarsk Region, 110 km southeast of Dixon settlement. It is the best explored part of the Taimyr coalfield, with resources estimated at 186 coking coal.

Based on the prospecting carried out over 2008-2014, 27 coal layers were identified, ranging in thickness from 0.2 to 17.62 meters, and from 7 to 10 km in length. P₁+P₂ coal resources are estimated at 5.05 bt, including P₁ open-pit mining resources, which were estimated at 3.7 bt. Coals of coking grades, mainly K, ZH, KZH, GZH and KO, account for more than 90%. The exploration results are recorded in the report.

Prospecting and appraisal of copper-nickel sulfide ores in new areas

In 2014, the Company received licenses permitting it to use subsurface for geological exploration – prospecting and appraisal of copper-nickel sulfide deposits in the Lebyazhninskaya, Razvedochnaya, Mogenskaya, Khalilskaya, Nizhne-Khalilskaya and Nirungdinskaya areas in the Dolgano-Nenets municipal district of the Krasnoyarsk Region. Projects for prospecting and exploration work have been prepared.

Kara Sea	
DIXON	
Syradasaiskaya area	
Yenisei Bay	
Pyasina	
Pura	
Agapa	
460 km	
KARAUL	
DUDINKA	
Kheta	
Lake Pyasono	
TALNAKH	
Lake Lama	
Dudinka	
Bolshaya Kheta	
Yenisei	
ALYKEL	
NORILSK	
200 km	

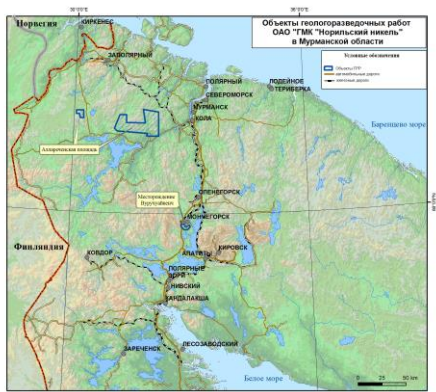
MAPS OF THE AREAS

Prospecting and appraisal of limestone in the Verkhne-Tomulakhskaya area

The section is located in the Dolgano-Nents municipal district and neighbors the northern boundaries of Talnakh city. The center of the area is 10 km away from the industrial sites of the Oktyabrsky and Taimyrsky mines.

The area has been explored, and a report was prepared. Estimated limestone reserves within the quarries total about 55 mt.

KOLA PENINSULA



Sites of geological exploration, MMC Norilsk Nickel in the Murmansk Region

LEGEND

Sites of geological prospecting

Motor roads

Railroads

Norway

KIRKENES

ZAPOLYARNY

POLYARNY

SEVEROMORSK

MURMANSK

KOLA

LYUDEINOYE

TERIBERKA

Barents Sea

Allarechenskaya area

Vuruchuaivench deposit

OLENEGORSK

MONCHEGORSK

Finland

KOVDOR

KIROVSK

APATITY

POLYARNYE ZORI

NIVSKY

KANDALAKSHA

LESOZAVODSKOY

ZARECHENSK

White Sea

In 2014, the Company continued geological exploration in two areas of the Kola Peninsula: Allarechenskaya and Monchegorsk ore district (the Vuruchuaivench deposit).

Geological exploration was completed in the Solenoozerskaya area with no commercial ore mineralization discovered.

Allarechenskaya area

In 2010 – 2014 the Company carried out a ground geological and geophysical survey as well as drilling operations to verify data on the mixed anomalies identified during airborne geophysical, ground geochemical and geophysical operations in 2007 – 2009. The boreholes identified more than 10 intrusive hyper-basic massifs; the massifs contained a Pechenega-type copper-nickel ore body with commercial nickel content.

Prospecting and appraisal work in the Allarechenskaya area is scheduled for completion in 2015. The results will be summarized in the work completion report.

Vuruchuaivench deposit

The Vuruchuaivench platinum group metal deposit is located in the central part of the Kola Peninsula and Murmansk Region, 10 km from Monchegorsk and 5 km from the industrial site of the Severonickel Plant owned by Kola MMC.

In 2008, a platinum group metal deposit was discovered during the geological exploration, which started back in 2004. The Company applied for a license permitting prospecting and mining operations within the deposit area.

In 2013, the Company completed its feasibility study on provisional exploratory requirements and a report estimating the reserves within the entire deposit. The reserves were reviewed through state expert examination and recorded in the Company's books.

In-place mineral reserves of the Vuruchuaivench deposit

Mineral reserves of categories C₁ +C₂

Ore, mt	83.6
Nickel, kt	248.2
Copper, kt	164.9
Cobalt, kt	10.9
Platinum, koz	569
Palladium, koz	2,781
	144



Условные обозначения

- Месторождения
- Видовые площади: 1. Сретенская, 2. Кутыминская, 3. Будинская
- Перспективная площадь
- автомагистральные дороги
- железные дороги

Gold, koz

OTHER REGIONS IN RUSSIA

Chita Project (Zabaikalye territory)

General map of the southeast of Zabaikalye

Since 2007, geological exploration has been carried out within five subsoil allotments in the Zabaikalsk Territory under an investment project of the public-private partnership known as Development of Transport Infrastructure for the Development of Mineral Resources in the Southeast of the Zabaikalsk Territory.

In addition to development of the deposits and construction of mining and concentration plants, the investment project includes construction of railway infrastructure for comprehensive development of mineral resources in the Zabaikalsk Territory. During the implementation of the project, the Company embarked on construction of a large mining complex in the Zabaikalsk Territory, within the Bystrinskoye copper-iron-gold and Bugdainskoye molybdenum deposits. Pursuant to RF Government Executive Order No. 1872-r dated October 25, 2010, the Kultuminskoye, Lugokanskoye and Solonechenskoye deposits were excluded from the Chita investment project as unviable for development under current conditions.

Republic of Buryatia
Lugokanskoye deposit
Solonechenskoye deposit
CHERNYSHEVSK
Kultuminskoye deposit
SRETENSK
CHITA
KARYMSKOYE
NERCHINSK
SHIPKA
Bystrinskoye deposit
BALEI
Shelopugino
Gazimursky Plant
Nerchinsky Plant
MOGOITUI
Bugdainskoye deposit
AGINSKOYE
OLOVYANNAYA
Aleksandrovsky Plant
Bystrinsko-Shirinskoye deposit
Kalga
PRIARGUNSK
KRASNOKAMENSK
China
BORZYA
Duldurga
Aksha
Nizhny Tsasuchei
ZABAIKALSK
Mongolia
Scale

Legend
Deposits
Licensed sites 1. Sretenskaya 2. Kultuminskaya 3. Lugokanskaya
Prospect site
Motor roads
railroad

Bystrinskoye deposit

The Bystrinskoye deposit is located in the Gazimursky Plant District of the Zabaikalsk Territory. The nearest residential areas are Novoshirokinsky settlement, 14 km northeast of the deposit and Gazimursky settlement – the district center - 25 km northwest of the deposit.

Reserves of the Bystrinsky deposit by categories B+C₁+C₂

	Mineral reserves
Ore, mt	292
Copper, kt	2,073
Gold, koz	7,596
Silver, koz	34,083
Magnetite iron ore, mt	67

In 2010, front-end engineering and design were completed for the further construction of a mining and concentration plant servicing the Bystrinskoye deposit.

In 2011, the Company started building access railroads and motor vehicle roads to the future mining and concentration plant.

In 2012, a geological engineering survey for the facilities of the Bystrinsky mining and concentration plant was completed, and the Gipronickel Institute prepared design documentation for construction of the plant. In 2012, the Company built access roads to the transshipment terminal of the plant, i.e. the Bystrinskaya Station. In 2013, construction of the mining and concentration plant got under way.

In 2013, to increase the reserves ready for further development on the flanks and deep horizons of the deposit, the Company carried out geological exploration, including appraisal and prospecting of the copper-iron-gold ore reserves. The results of the drilling operations showed that commercial mineralization extended both to the flanks of the existing allotments and into deep horizons. The estimated increase in metal reserves is as follows: copper – 1.3 mt, gold – 4 moz, silver – 20.5 moz, and iron – 27.5 mt. In 2014, geological exploration was focused on in-mine exploration and analysis of technical properties of the ores.

Bugdainskoye deposit

The Bugdainskoye molybdenum deposit is located in the Aleksandrovsky Plant District in the Zabaikalsk Territory.

In 2006-2007, the Company carried out geological exploration at the deposit to prepare it for commercial development. In December 2007, the State Reserve Commission confirmed the resources of the deposit as B+C₁+C₂ categories.

Reserves of the “Bugdainskoye” deposit by categories B+C₁+C₂

	Mineral reserves
Ore, mt	812
Molybdenum, kt	600
Gold, koz	360
Silver, koz	6,221
Lead, kt	41

In 2010-2012, the Company conducted an engineering survey focused on the access roads and facilities of the Bugdainsky Mining and Concentrating Plant (Bugdainsky GOK) as well as laboratory research for the Bugdainsky GOK project.

In 2012, the Company started building access roads to the Bugdainsky GOK; design documentation for the plant was being prepared.

In 2013, the design engineering work was completed and the development of the deposit started. In 2014, due to the unfavorable world market prices for molybdenum, the right to use subsoil resources was put on hold for three years at the initiative of the license holder.

Bystrinsko-Shirinskoye gold deposit

The Bystrinsko-Shirinskoye ore gold deposit is located in the Gazimur-Zavodsky District of the Zabaikalsk Territory, 24 km southeast of Gazimur Zavod village. The Bystrinsko-Shirinskoye allotment borders on the Bystrinskoye deposit that is being developed by the Company as part of the Chita Investment Project.

Follow-up exploration of the central part of the Bystrinsko-Shirinskoye deposit and appraisal of the commercial ore body on its flanks and in its deep horizons were conducted to estimate the resource potential of the deposit in 2007-2009.

In 2009, the Company prepared a feasibility study of provisional exploratory standards and a report estimating gold reserves, which successfully passed state expert examination in 2010.

In 2011, the Company started geological exploration on the flanks of the deposit in order to further prepare the feasibility study report on permanent exploratory standards and ramp up reserves.

In 2012-2013, the work was continued. As a result, the boundaries of the deposit were extended; porphyry copper mineralization, together with gold mineralization, was discovered on the western flank. P₁ resources were estimated; office studies were conducted to transfer them to reserves of the C₂ category. The estimated increase in reserves is 1,929 koz of gold, 262 kt of copper and 3,033 koz of silver.

In 2014, trial mining operations in the local allotment were carried out; operations included application of the underground chlorine leaching technology. The initial results of the operations at the Bystrinsko-Shirinskoye deposit revealed that chlorine leaching technology can be used at the deposit. In 2015, the test operations and works on the flanks of the deposit will continue. The estimated increase in the reserves is 1,929 koz of gold, 262 kt of copper and 3,033 koz of silver.

C₂ reserves of the Bystrinsko-Shirinskoye deposit

Ore, mt	2.4
Gold (content 2.6 g/t) koz	196
Silver, koz	84

Sretenskaya area

Sretenskaya area is located in the Sretensky District of the Zabaikalsk Territory, in the vicinity of the district center in the city of Sretensk.

Geological exploration conducted in 2006–2008 detected several prospective mining areas.

In 2011, an appraisal was conducted for the Zergunsky gold ore prospect, which revealed a gold deposit within the prospect site. The Company prepared a feasibility study of provisional exploratory standards and a report estimating gold reserves, which passed the state expert examination in 2012.

In 2012, a certificate confirming the discovery of the deposit was issued to the Company.

In 2013, a license was issued to permit prospecting and mining of gold and associated components.

In 2014, the project for prospecting at the Zergunsky deposit was drafted and approved by expert examiners.

Reserves of the “Zergunskoye” deposit by category C₂

Ore, moz	3.8
Gold (content 2.3 g/t), koz	283
Silver, koz	136

Lugokanskaya area

The Lugokanskaya area is located in the southeastern part of the Zabaikalsk Territory, 200 km northeast of the district center – Gazimur Zavod village.

Exploration conducted in 2006-2008 detected several prospects within the area; the copper, gold and iron resources were estimated as categories P₁ and P₂; in addition the Lugokanskoye and Serebryanoye bodies were found.

Lugokanskoye ore occurrence

In 2014, no geological exploration within the Lugokanskoye gold-copper occurrence was conducted. The estimated resources of the Lugokanskoye ore occurrence are as follows: copper – 302 kt, gold – 1,929 koz and silver – 19,293 koz.

Serebryanoye deposit

InB 2011-2013, the geological exploration was conducted with a follow-up appraisal of the most promising Serebryanoye gold and silver deposit. In 2013, the Company prepared a feasibility study of provisional prospecting conditions and a report estimating the gold and silver reserves; both the feasibility study and the report passed the state expert examination.

Cheren-Zarechnoye ore occurrence

In 2012, an occurrence of gold ore was discovered and localized on the southwest flank of the Serebryanoye deposit in the Cheren-Zarechnoye area. In 2013, the scale of ore occurrence was estimated; gold and silver reserves were appraised and registered as category C₂.

In 2014, a certificate confirming the discovery of the Serebryanoye gold and silver deposit was issued (Serebryanoye and Cheren-Zarechnoye areas). The application for gold and silver prospecting and mining licenses was submitted as follow-up after the discovery of the Serebryanoye deposit.

Total reserves of the Serebryanoye deposit, including the Cheren-Zarechnoye area, are estimated at 1.3 moz of gold and 19.2 moz of silver.

Kultuminskaya area

The Kultuminskaya area is located in the southeastern part of the Zabaikalsk Territory, 100 km northeast of the district center – Gazimur Zavod village.

In 2006-2008, an impressive scope of geological exploration was conducted within the area, including an appraisal of the Kultuminskoye gold-iron-copper deposit. The feasibility study of provisional prospecting conditions and a report estimating the reserves were prepared. In 2009, the reserves were approved by state experts and recorded in the state register. In 2010, the Company was issued a Certificate confirming the discovery of the Kultuminskoye deposit. The Company submitted an application for a license permitting subsoil use for prospecting and mining of gold-iron-copper ores. The geological exploration on the northwestern flank of the deposit in 2014 detected additional by C₂ reserves.

Reserves of the “Kultuminskoye” deposit by categories C₁+C₂

	Mineral reserves
Ore, mt	188
Copper, kt	624
Gold, kt	4,032
Silver, koz	31,437
Magnetite iron, mt	33

INTERNATIONAL ASSETS

BOTSWANA

In 2014, electromagnetic geophysical prospecting was carried out in the Tekwane prospect area adjacent to the Phoenix Mine in the south.

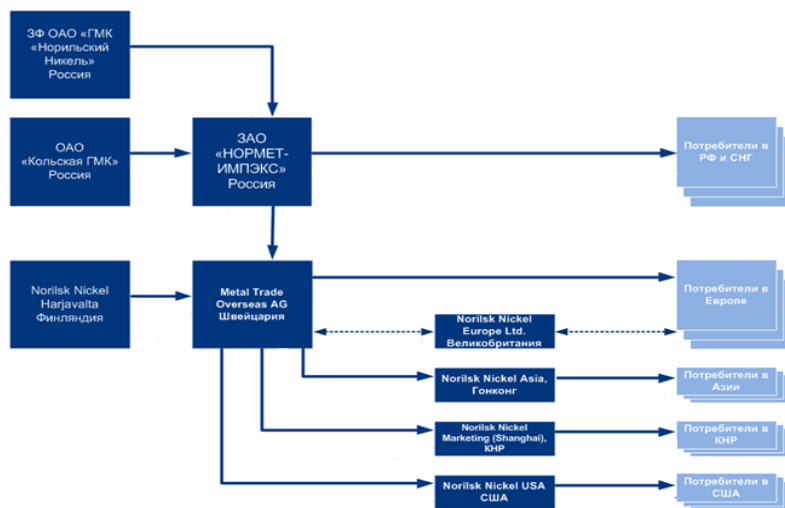
SOUTH AFRICA

In 2014, the Company did not conduct any geological survey for the Doornhoek project at the northwest end of the Uitkomst intrusion.

AUSTRALIA

The assets include 213 licensed areas for nickel and gold. In 2014, geological exploration in the licensed allotments was carried out only to comply with the minimum licensing requirements to keep the licenses effective.

SALES



ЗФ ОАО «ГМК «Норильский Никель», Россия – JSC MMC Norilsk Nickel, Polar Division, Russia

ОАО «Кольская ГМК» - JSC MMC Kola, Russia

ЗАО «НОРМЕТ-ИМПЭК» Россия – JSC NORMET-IMPEKS, Russia

Потребители в РФ и СНГ – Consumers in Russia and CIS

Norilsk Nickel Harjavalta Finland

Metal Trade Overseas AG Switzerland

Norilsk Nickel Europe Ltd. Great Britain

Norilsk Nickel Asia, Hong Kong

Norilsk Nickel Marketing (Shanghai), China

Norilsk Nickel USA

Потребители в Европе - Consumers in Europe

Потребители в Азии - Consumers in Asia

Потребители в КНР - Consumers in China

Потребители в США - Consumers in the USA

Norilsk Nickel has its own global network of sales companies in Russia, Great Britain, China, the USA and Switzerland.

The company regards sales as one of its core activities aimed at generating maximum revenue from selling feedstock products, semi-products and metals, and increasing total profit by promoting global demand for strategic products.

The Company's in-house distribution system makes it possible to pursue an independent marketing policy in the market and to respond flexibly to changes in the world market.

- **Sales footprint: more than 40 countries**
- **Number of supply locations: over 250**
- **Number of buyers of key products (including through distributors): about 440**
- **Number of sales contracts (including spot contracts): over 1,700**
- **Number of shipments to buyers: about 9,000**

The Company has reached its sales targets, having sold 100% of the goods produced in 2014 at global market prices. The Company maintained its footprint on all major consumer markets.

Most products were sold to end consumers and gaining direct access to them is one of Norilsk Nickel's top priorities. Thanks to its developed customer base, the Company was able to sell 100 % of the products in 2014 at a set price level on the nickel market characterized by surplus and weak external business activity.

Thus, once again the Company proved its reputation as a most reliable supplier. The customer satisfaction index regarding the quality of products and services remains at a high level.

Customer loyalty is a critical factor in achieving sales targets. Taking advantage of it, the Company can enter into long-term contracts regardless of the market environment, thus confidently looking forward to the future.

AVERAGE SELLING PRICES OF METALS PRODUCED BY RUSSIAN ENTERPRISES FROM THEIR OWN RAW MATERIALS IN 2014

Metal	2014	2013	Change, %
Nickel (USD per tonne)	17,072	15,156	13%
Copper (USD per tonne)	6,931	7,397	(6%)
Palladium (USD per troy ounce)	804	725	11%
Platinum (USD per troy ounce)	1,388	1,481	(6%)

Metal sales*

	2014	2013	2012
Finished products			
<i>Russian entities</i>			
Nickel, kt	228	232	234
Copper, kt	356	358	352
Palladium, koz	2,667	2,579	2,629
Platinum, koz	629	629	652
<i>Finland</i>			
Nickel, kt	42	45	46
Semiproducts			
<i>Australia</i>			
Nickel, kt	-	2	6
<i>Botswana</i>			
Nickel, kt	3	7	7
Copper, kt	2	5	5
<i>Finland</i>			
Co Copper, kt	11	7	1
GROUP TOTAL			
Nickel, kt	273	286	293
Copper, kt	369	370	358
Palladium, koz	2,746	2,645	2,676
Platinum, koz	660	651	665

Note:

**Not including the material, purchased at the market.*

Base metal sales by region in 2014 - % of turnover

Nickel Europe- 42% Asia – 44% America – 9% Russia and CIS – 5%

Copper Europe - 66% Asia – 17% Russia and CIS – 17%

Platinum Europe – 42% Asia – 37% America – 14% Russia and CIS – 7%

Palladium Europe - 51% Asia – 32% America – 16% Russia and CIS – 1%

TRANSPORTATION AND LOGISTICS

Key transportation and logistics facts and figures in 2014

The Company's transportation and logistics portfolio includes:

- 4 ports: 2 sea ports in Dudinka and Arkhangelsk; two river ports in Krasnoyarsk and Lesosibirsk
- Norilsk Nickel's sea terminal in Murmansk
- The Company's own sea fleet: six heavy-duty ice-class vessels
- The Company's own railway facilities and locomotive fleet: 118 fitting platforms, 1 shunting field-engine, one Yermak electric locomotive, and 1 2M62 diesel locomotive
- The Company's own river fleet: 572 units (including 177 self-propelled vessels, 395 towed vessels)
- Aircraft fleet: 45 aircraft

Norilsk Nickel owns a unique Arctic transport fleet consisting of five container vessels – the Norilsk Nickel type and Yenisei heavy-duty ice-class tanker (ARC 7 under the PMPC classification). Vessels of these types and classes can safely navigate through Arctic ice up to 1.5 meters thick without being escorted by icebreakers.

In 2014, the total waterborne cargo turnover of Dudinka Port (Polar Transportation Division) was 2.6 mt, including 1.0 mt of cargo shipped via the Northern Sea Route and more than 1.5 mt via the Yenisei River.

The Company's dry cargo fleet provides year-round transportation between Dudinka, Murmansk, Arkhangelsk, Rotterdam and Hamburg sea ports. In 2014, the Company's ships transported 1.1 mt of cargo. In total, 52 voyages were made from Dudinka, including 13 direct voyages to ports of Europe (carrying metal products slated for export).

The Yenisei tanker exports gas condensate to ports of Europe from the Pelyatkinskoye gas condensate field. Over the reporting year, the Yenisei tanker made 10 voyages from Dudinka, including eight voyages to European ports (99.8 kt of gas condensate) and two voyages to Murmansk (25.2 tonnes of gas condensate). The tanker also made two voyages between ports of Europe. During the reporting period, the Yenisei tanker transported 125 kt of cargo for the Company's subsidiaries (gas condensate) and 27.3 kt of third-party cargos.

Development of transportation and logistics infrastructure

In 2014, the total amount of investment made in the transportation and logistics complex of the Company was USD 36 million.

In 2014, the second stage of the construction of the Company's own **Transshipment Terminal in Murmansk** was completed. Since May, all of the Company's cargos transported via Murmansk has been processed only at the Transshipment Terminal of the Company; in total, 64 vessels have been registered and handled; 477 kt of cargo was received and shipped. The Company's Nadezhda diesel-electric ship was upgraded: its container-carrying capacity was increased and its capability of transporting refrigerator containers was improved.

In 2014, the **Polar Transportation Division** put four Liebherr cranes into operation, including:

- two truck cranes with a lifting capacity of 40 tonnes (replacing two Kato truck cranes with a lifting capacity of 30 tonnes)
- mobile crane with a lifting capacity of 42 tonnes (put into operation in Q4 2014)
- overhead traveling crane with a lifting capacity of 60 tonnes (to be put into service by summer river navigation in 2015)

In line with its capital construction project, the Company started building a liquid fuel bunkering barge with a capacity of 1,100 tonnes for the needs of the Polar Division. The barge will be completed in 2015.

In 2015, the Company will continue to upgrade its fleet of loading equipment and machinery (a Kalmar fork lift loader with a lifting capacity of 15 tonnes will be added) and cranes (a Liebherr self-propelled crane with a lifting capacity of 70 tonnes will be put into service).

As part of its upgrade program for container stock, the Company intends to buy 690 all-purpose large-tonnage containers, 1CC ISO size, in order to ship metal products of the Polar Division, packaged and piece cargoes.

The Arkhangelsk Commercial Seaport (74.8% stake) handles transshipment of most of the cargos supplied to the Company's subsidiaries and delivered to the Norilsk Industrial District as well as transshipment of commercial metal products for the domestic market and for export. In 2014, the port started revamping five loading sites, reconverting them into sites for heavy-duty vessels and machines operating within the Ekonomiya loading-unloading area. The scheduled renovation of berth No. 2 in the Ekonomiya loading-unloading area is intended for new types of vessels. Under the investment program, hoisting and lifting machines and equipment have been replaced. In 2015, the renovation will be continued. Other plans for next year include equipping the Ekonomiya and Bakaritsa loading-unloading areas with security and safety systems and devices to provide the required level of transportation safety. The program for upgrading the fleet of handling equipment and machinery includes purchasing of TCM auto-loaders TCM (4 loaders) and a Kalmar reachstacker with a lifting capacity of 45 tonnes.

In 2014, pursuant to its fleet upgrading program aimed at replacement of towed dry cargo vessels, Yenisei River Shipping Company (84.2% stake) finished building its sixth barge with a load-carrying capacity of 3 kt and started building its seventh and eighth barges. Towed vessels of this type are designed to move sand, which is used in smelting operations. In 2014, a barge with a load-carrying capacity of 1 kt was built, while the key facilities of coastal infrastructure are being steadily improved.

In May 2014, the Oracle Transportation Management-based automation system for commodity and transport logistics was made operational. The system is expected to improve the efficiency of cargo transportation planning and management; additionally it will help to streamline record-keeping, day-to-day and managerial accounting and reporting required for economic analysis of transport operations and adoption of management decisions. The system is an integral component of the corporate program aimed at building a resource management system running on SAP ERP. In 2015, the Company aims to switch over to the system of transport and logistics companies of the Norilsk Nickel corporate system and to broaden functions of the system regarding transportation modeling, designing promising business processes and integrating the system into the information systems of contracting parties and suppliers of transportation and logistics services.

As of 2014, the fleet of aircraft operated by the subsidiaries of MMC Norilsk Nickel Group of Companies consists of 45 units, including 18 helicopters and 27 aircraft.

By the end 2014, the airlines had carried 2.0 million passengers and 11.2 kt of cargo, or up 95% and 94% respectively, compared to their performance in 2013:

Parameter	Unit	2014	2013
Norilsk Branch of Taimyr Airline			
Passengers carried	persons	54,799	55,270

Cargo and mail carried	tonnes	2,135	2,359
Number of aircraft operated	units	18	18
Moscow Branch of Taimyr Airlines			
Passengers carried	persons	1,099,413	1,243,360
Cargo and mail carried	tonnes	6,143	6,448
Number of aircraft operated	units	16	16
Nordavia Regional Airlines			
Passengers carried	persons	795,819	765,361
Cargo and mail carried	tonnes	2,963	2,998
Number of aircraft operated	units	11	11

In addition, the Norilsk Branch of Taimyr Airline completed a program of 6,998 flight hours by operating 16 medium-utility helicopters (Mi-8T and Mi-8MTV) and two light-utility helicopters (Mi-2 and AS350 B3), owned by the airline and leased, thus meeting the region's air transportation requirements, including:

- the operating needs of the subsidiaries of the Norilsk Nickel Group of Companies (transportation of personnel, process equipment and life support supplies, airborne monitoring and inspection of production facilities and other services)
- emergency ambulance flights, search and rescue flights: 24-hour air helicopter and crew patrol for search and rescue operations in the event of any airborne incident within a range of 280 km, including the Norilsk Airport area, to comply with the requirements set by the civil aviation regulations and applicable to all the flights made in the region, including flights made by long-range aircraft, and to the operation of Norilsk Airport receiving and dispatching aircraft
- transportation of passengers who use local airlines for trips along significant routes connecting Dudinka, the center of the municipal district, with remote and hard-to-access settlements (about 7.4% of the total flight time)

The Norilsk Branch of Taimyr Airline is the only asset that is able to provide a prompt response to emergency situations that may occur both in the industrial and social life of the region (Norilsk Industrial District and Taimyr-based Dolgano-Nenets Municipal District).

FUEL AND ENERGY: REVIEW

The Company's fuel and energy complex consists of the following subsidiaries and branches:

- **Taimyrgaz, operates the Pelyatinskoye deposit**
- **Norilskgazprom, operates** the Messoyakhskoye, Yuzhno-Soleninskoye and Severo-Soleninskoye gas condensate deposits; it also ships natural gas and condensate to consumers in the Norilsk Industrial District

The Norilsk-Taimyr Energy Company is responsible for generation, transmission and supply of electric and thermal power to consumers by using the facilities of **Norilskenergo** - a branch of Norilsk Nickel and **Taimyrenerg**.

Key facts and figures in the gas complex performance in 2014:

- *Output of natural gas:* 3,797 mln cm
- *Output of gas condensate:* 131 kt
- *Number of hydrocarbon fields:* 4

Norilsk Nickel's subsidiaries produce raw hydrocarbons – natural gas and condensate – at the following fields:

- Pelyatkinskoye gas condensate field
- Severo-Soleninskoye gas condensate field
- Yuzhno-Soleninskoye gas condensate field
- Messoyakhskoye gas field

The Pelyatkinskoye field is owned by the Taimyrgaz subsidiary and is the largest gas condensate deposit developed by Norilsk Nickel. The field currently produces gas to meet the needs of the Norilsk Industrial District. The neighboring fields - Messoyakhskoye gas field, Yuzhno-Soleninskoye and Severo-Soleninskoye gas condensate fields, developed by the Company's subsidiary – Norilskgazprom – are experiencing a decline in their gas production as their reserves have dropped to less than 50%.

The produced gas is sold by Norilsk Nickel and the Norilsk-Taimyr Energy Company as feedstock for generating thermal and electric power and to meet the Company's production needs. The main centers of operation are in the Taimyr Dolgano-Nenets Municipal District in the Krasnoyarsk Region, the Yamalo-Nenets Autonomous District in the Tyumen Region, and Norilsk in the Krasnoyarsk Region. The location of the main sites and infrastructure is highlighted in the map below:

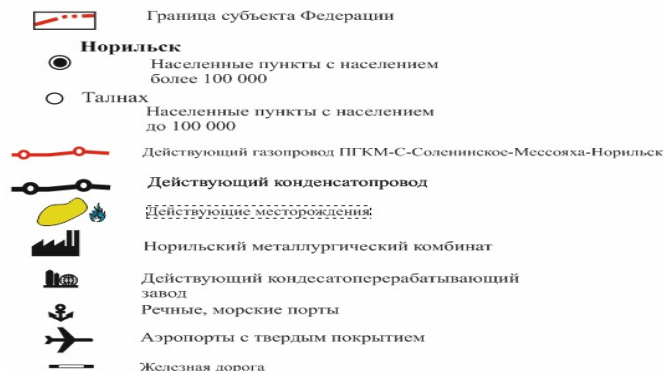


“Pelyatkinskoye” gas condensate field
“Severo-Soleninskoye” gas condensate field
“Messoyakhskoye” gas field
“Yuzhno-Soleninskoye” gas condensate field

Yamalo-Nenets Autonomous District
Krasnoyarsk Region
Yenisei
Ust-Port
Tukhart
Dudinka

Alykel
Talnakh
Kayerkan
Valek
Norilsk
Lake Pyasino

Условные обозначения:



Legend

Boundaries of the region/district

Norilsk

Residential areas with the population of more than 100,000 people

Talnakh

Residential areas with the population of less than 100,000 people

PGKM-S-Soleninskoye-Messoyakha-Norilsk gas pipeline

Condensate pipeline

Existing field

Norilsk Smelting Plant

Condensate Processing Plant

River and sea ports

Hard surface airports

Railroad

Taimyrgaz field

Output of natural gas and gas condensate by Taimyrgaz

	2014	2013	2012
Natural gas, mln m ³	2,460	2,330	1,678
Gas condensate, kt	129	118	90

In 2014, the Pelyatkinskoye field was developed according to the natural gas supply schedule. The target gas and gas condensate output was 2,609 mcm and 135 kt, respectively: The actual gas and condensate outputs were 2,460 mcm and 129 kt, respectively. The actual needs of all consumers in the Norilsk Industrial District were fully met.

Gas output planned by Taimyrgaz for 2015 is 2.3 bcm and the target gas condensate output is 123 kt.

In 2014, one gas well was drilled and two gas wells were put into operation. Contractors continue construction and installation work to stabilize gas supply in the Norilsk Industrial District by increasing the production capacity of the Pelyatkinskoye gas condensate field. An 11-km loop line was

built in the gas pipeline section from the Pelyatkinskoye gas condensate field to the Severo-Soleninskoye gas condensate field. A tie-in was made to the operating gas pipeline. In 2014, Norilsk Nickel implemented measures aimed at compliance with subsoil security, occupational and industrial safety requirements, including adoption of the following plans: an oil product spill emergency response plan (Pelyatka condensate pipeline – Severo-Soleninskoye gas condensate field), an oil product spill emergency response plan (condensate tank farm), an oil product spill emergency response plan (storage facility for fuel, oil and lubricants), and an industrial safety declaration for the Pelyatka – Severo-Soleninskoye gas trunk pipeline, including a loop line in the 0 – 26th km section.

Norilskgazprom deposit

Output of natural gas and gas condensate:

	2014	2013	2012
Natural gas, mln m ³	1,337	1,601	1,648
Gas condensate, kt	2	3	4

In 2014, Norilskgazprom completed a number of important projects as part of the Energy Saving and Energy Efficiency Improvement Program:

- new modular waste water treatment facilities were put into operation at the Severo-Soleninskoye field
- a primary service water filter was put into operation at the Yuzhno-Soleninskoye field
- circulation and sewage pump units were replaced with new Grundfos pumps
- a new standby diesel station was made operational at the Messoyakhskoye field

A large amount of work was completed to improve safety of the gas transportation system and product pipelines:

- the flood-land and river-bed section of the syphon 1G underwater crossing of the gas trunk pipeline across the Norilsk River was replaced
- repair work was carried out on the support and beam elements

NTEK

In 2014:

- Stable and sufficient energy supply was provided to the subsidiaries of Norilsk Nickel Group of Companies, other consumers and residents of towns and settlements in the Norilsk Industrial District. The amount of electricity supplied to power grids of the Norilsk Industrial District from NTEK's HPP in 2014 increased by 9.8 % compared to 2013 as water energy resources reached their long-time average annual levels.
- Preparation for the 2014-2015 heating season was completed. After the extremely low inflow experienced in 2013, the Company took measures aimed at accumulation of water to reach the required levels in the water storage reservoirs and at preparation of the hydro-energy resources of the Ust-Khantaiskaya and Kureiskaya HPPs for the peak winter load on the energy system in 2014 – 2015.
- An inspection of the energy complex in the Norilsk Industrial District (NID) was completed, including the follow-up adoption of the Concept for Development and Upgrade of the NID Energy Complex until 2025. The investment projects were initiated for the purpose of revamping the main energy-generating equipment at NTEK and in order to meet the energy needs of Norilsk Nickel's Polar Division. NTEK is currently implementing a number of projects, including one that involves replacement of the equipment at Ust-Khantaiskaya HPP.

CONSUMPTION OF ENERGY BY THE COMPANY IN 2014

Resource	Unit	Quantity	Cost
-----------------	-------------	-----------------	-------------

			(thousand rubles, net of VAT)
Electric power	‘000kWh	10,357,673	11,751,583
Thermal power (emergency annual reserve)	GCal	8,800,391	6,972,592
Diesel fuel	tonnes	134,478	4,358,366
Natural gas	km ³	3,772,668	8,374,359
Coal	tonnes	171,347	262,397
Motor gasoline	tonnes	2,473	90,177
Fuel oil	tonnes	249,146	2,955,766
Aviation fuel	tonnes	80,580*	2,560,469

*Consumption of aviation fuel includes data for Nordavia and the Moscow Branch of Taimyr Airlines.

RESEARCH AND DEVELOPMENT

The following works can be singled out as the Company’s most significant achievements in 2014:

Area	Results
<i>Development Strategy of the Company</i>	<ul style="list-style-type: none"> - Feasibility study. Optimization of technical solutions for the Company’s Development Strategy until 2025. - Feasibility study on the future configuration of the Company’s production during the transition period until 2017, including a detailed analysis of the required resources. - Feasibility study aimed at selecting the best option for decommissioning of the facilities of the Nickel Plant. - Feasibility study on the facilities of the Talnakh Enrichment Plant for processing of all the ore quantities of the Polar Division of Norilsk Nickel. - Feasibility study. Assessing the efficiency of the production of rare-earth concentrates.
<i>Mining</i>	<ul style="list-style-type: none"> - Completion of R&D aimed at assessing the required ore output and maintaining safe mining operations at the Company’s Polar Division. - Preparing Special Measures (Technological Regulations) and their approval by the RF Federal Service for Environmental, Technological and Nuclear Supervision; the regulations address mining operations and ventilation of underground mine workings in “gas” operations at Norilsk-1, Talnakh and Oktyabrskoye deposits of the Polar Division. - Developing ventilation methods for blind workings in the underground mines of the Polar Division. - Scientific supervision and adjustment of ongoing engineering solutions aimed at safe and efficient production in the Skalisty, Taimyrsky, Komsomolsk and Oktyabrsky copper-nickel sulfide mines. - Preparation of the Technological Regulations for opening up, preparing and mining of disseminated ore reserves at the Oktyabrskoye deposit within the allotment of the Taimyrsky Mine. - Providing geological services related to technical mapping of ores at the Zhdanovskoye deposit to assess the quality of ores and estimate production performance.
<i>Enrichment</i>	<ul style="list-style-type: none"> - Conducting tests and developing methods for the enrichment of copper-nickel sulfide ores from Kola MMC’s future production in the Pechenga

	<p>Industrial District.</p> <ul style="list-style-type: none"> - Feasibility study aimed at selecting an efficient option for the enrichment technology used for copper-nickel sulfide ores at the Enrichment Plant of Kola MMC. - Conducting research for the copper chain of the Norilsk Enrichment Plant of the Production Association of Enrichment Plants (hereinafter referred to as the NEP) regarding separate processing of cuprous ores from the Komsomolsky Mine and cuprous ores from the Oktyabrsky Mine. - Providing services to assess the efficiency of using superfine atomizers (SMD or IsaMill) in the grinding of fine intermediate products during enrichment of copper-nickel ores at the Enrichment Plant of Kola MMC. - Provision of services related to supervision of industrial tests of the ProFlote system in the enrichment of copper-nickel ores.
<i>Smelting</i>	<ul style="list-style-type: none"> - Feasibility study of the selecting the best possible option for processing of waste slags at the Copper Plant. - Developing Technological Regulations for the refining operations at Kola MMC during the transition period (until the completion of the project for the revamping of Nickel Electrowinning Shop -2 by using chlorine leaching technology), taking into account the reactivation of Nickel Electrowinning Shop - 1. - Preparing start-up regulations and guidelines for the production of electrolytic cobalt. - Providing services to improve the methods of briquetting of ore concentrate and industrial testing of briquetting smelting. - Providing services aimed at adopting briquette smelting technology in the ore thermal furnace in safe mode.
<i>Environmental protection</i>	<ul style="list-style-type: none"> -Preparing guidelines for revamping and operating gas duct systems of the slag cleaning furnaces (SCF) at the Nadezhda Metallurgical Plant. - Providing services to prepare permissible discharge limits for pollutants discharged into a natural body of water at the pit sump of the Central quarry. - Providing services to assess the impact of the industrial emissions of Kola MMC (the Zapolyarny and Nickel industrial sites) on the health of the population.

CAPITAL INVESTMENTS

Capital investments of the Group, *USD million**

Description	2014	2013	2012
Industrial facilities:			
<i>Mineral resources/Mining</i>	489	781	558
<i>Enrichment</i>	177	218	48
<i>Metallurgy</i>	93	180	172
<i>Energy</i>	159	191	172
<i>Supporting facilities</i>	32	65	186
TOTAL, industrial facilities	950	1,436	1,136
Non-industrial facilities	43	49	394
Equipment not budgeted in capital construction	261	442	771
Other investments (R&D, automation, etc.)	35	50	375
TOTAL RUSSIA**	1,290	1,977	2,676
Norilsk Nickel International***	8	12	30
Group Total	1,298	1,989	2,706

Note:

*The Company's capital investment in 2012-2014 is based on IFRS (on paid basis), taking into account expenses on mining and development, geological exploration, R&D and feasibility studies, as well as on deployment of automated control systems (IT-projects). The USD capital investments were calculated using the average exchange rate (2014 – RUB 38.42 for USD 1.00; 2013 – RUB 31.85 for USD 1.00, 2012 – RUB 31.09 for USD 1.00).

**Taking into account the expenses related to the projects of Norilskgazprom, JSC (in 2013 the Company's stake increased to 56%)

*** Including Norilsk Nickel Harjavalta, Australia-based facilities and Botswana-based Tati Nickel Mining Company

In 2014, the Company's investments were aimed at unlocking the potential of unique mineral resources on the Taimyr and Kola Peninsulas, while focusing on the Company's Tier 1 asset – the Polar Division. In 2014, the Company increased profitable mining of ore by leveraging off the existing mining infrastructure at the Polar Division, while continuing to upgrade enrichment facilities and streamline operating processes of the smelting complex. In 2014, in order to improve profitability of Kola MMC investments were made in new projects characterized by high levels of return on capital.

The Company also continued to invest in the environmental program for sulphur disposal, in projects involving development of the transportation and logistics complex, and in social programs.

The Group's capital investment in 2014 totaled USD 1,298 million, most of which – USD 1,211 million was used to build industrial facilities and purchase equipment.

RUSSIAN ASSETS

Ore production

In 2014, the Company invested USD 489 million in the development of mining operations. Most of the funds were channeled into construction, revamping and upgrading of mining facilities of the Polar Division (USD 392 million).

Polar Division

In 2014, the Company continued allocating funds to its major projects, namely:

- USD 122 million for implementation of the key projects: Skalisty Mine, Talnakh and Oktyabrskoye deposits
- USD 55 million – Taimyrsky Mine
- USD 54 million – Komsomolsky Mine
- USD 46 million – Oktyabrsky Mine
- USD 18 million – Zapolyarny Mine
- USD 97 million for implementation of other projects

Kola MMC

In 2014, the Company allocated USD 8 million for construction and upgrade of the Severny-Gluboky underground mine to back up and compensate for the shutdown of facilities at the Tsentralny Mine and to maintain the optimum production level at the processing facilities of Kola MMC.

Chita Project

The Company allocated USD 89 million to implementation of the Chita Project aimed at development of polymetallic deposits in the Zabaikalsk region.

Enrichment

Polar Division and Kola MMC

In 2014, investment in the development of enrichment operations in the Polar Division and Kola MMC totaled USD 177 million, including:

- USD 171 million for upgrading the production facilities at the Talnakh Enrichment Plant
- USD 6 million for revamping the enrichment facilities in the Polar Division and Kola MMC

Smelting

Polar Division

In 2014, the Company's capital investment in development of the smelting operations of the Polar Division totaled USD 53 million, including:

- USD 22 million allocated to revamping of the Nadezhda Metallurgical Plant to increase pyrometallurgical production to 2.4 mtpa
- USD 18 million allocated to technical solutions and design documentation for recovery of elemental sulphur from off-gases at the Nadezhda Metallurgical Plant
- USD 13 million allocated to technical solutions and design documentation for recovery of elemental Sulphur at the Copper Plant, to implementation of major construction projects at the Copper Plant and to construction of a tailings dump at the Nadezhda Metallurgical Plant

Kola MMC

In 2014, capital investment in the smelting operations of Kola MMC totaled USD 40 million, including:

- USD 30 million was allocated to implementation of a project for electrolytic cobalt production
- USD 10 million was allocated to revamping the nickel electro-winning shop in Monchegorsk

Investment in power generation facilities

Total investment in power generation facilities was USD 159 million. Most of the investment funds were aimed at providing Kola MMC, Polar Division and the population of the Norilsk Industrial District with electricity and heating, water supply and removal.

Investment in power generation facilities included:

- USD 69 million allocated for improvement of stability and reliability of gas supply to the Norilsk Industrial District
- USD 56 million for development of the Pelyatkinsky gas condensate field
- USD 20 million for improvement of stability and reliability of the Norilsk Industrial District
- USD 13 million for revamping of the emergency control system as part of the shutdown program for the Nickel Plant

Investment in support facilities

Total investment in support facilities was USD 32 million. Most of the funds were allocated to implementation of projects aimed at launching new assets, maintenance and upgrade of sales, commerce and logistics facilities and projects of the Company.

Equipment not included in construction cost estimates and capitalized major repair works.

In 2014 the Company invested USD 261 million in equipment not included in construction cost estimates and in capitalized major repair works.

Non-industrial construction

In 2014, the Company allocated USD 43 million for construction of non-industrial facilities to improve infrastructure, living conditions and recreational opportunities offered to Company employees.

Other investment (R&D, geological exploration, and automation).

In 2014, the Company invested USD 35 million in geological exploration, designing automated control systems for the Polar Division and Kola MMC, implementation of research and technical projects.

FLAGSHIP PROJECTS

SKALISTY MINE



Project footprint: The Skalisty mine is located on the Taimyr peninsula, on the border of the Norilsk Industrial District, on the outskirts of Talnakh.

Project overview: The project aims to boost the existing annual ore output from 0.95 mt to 1.95 mt by 2017, with subsequent increase to 2.4 mtpa by 2023, by recovering rich cupriferous ore reserves from the Talnakh C₁ and C₂ deposits and the Oktyabrsky C-6 deposit.

Main characteristics:

- Output – 2.4 mtpa of rich ore
- Reserves – 58 mt of ore
- Capital investment in 2014 – RUB 4.7 billion
- Investment balance (2015-2025) – RUB 58.3 billion,
- New workplaces – 600
- IRR> 50%

Average metal grade:

- Ni – 2.8%
- Cu – 3.3%
- Pt – 1.7 g/t
- Pd – 7.8 g/t

Project timeline:

- Capacity commissioning of 650 kt – 2015
- Production ramp-up to 1.95 mt by 2017
- Completion of ventilation shaft construction –10 by 2017
- Completion of skip-cage shaft construction –1 by 2019
- Production ramp-up to 2.4 mt by 2023

Current status:

- The total amount of work completed since the beginning of construction is 51%
- Excavation work exceeding 2.4 km was completed in 2014
- Construction of the main ventilation system of a shaft of BC-10 was completed
- 490 meters of ventilation shaft-10 was sunk (1,137 meters out of 2,053 completed) in 2014
- 302 meters of skip-cage shaft-1 was sunk (452 meters out of 2,053 completed) in 2014

CHITA PROJECT

Project footprint: The Bystrinsky deposit is located within the Gazimuro-Zavodsky region of the Zabaykalsk region.

Project overview: The purpose of the project is to excavate a pit and erect an ore mining enrichment plant in order to expand production.

Main characteristics:

- Output – 10 mt per year
- Reserves – 294.5 mt of ore
- Capital investment in 2014 – USD 89 million

- Capital investment balance for 2015-2017 (net of investment in railway and power infrastructure) is USD 870 million
- New workplaces – 3,115
- IRR >40%

Average metal grade:

- Cu 0.7%
- Fe 23%
- Au 0.84 g/t

Production volumes (per year):

- 66 kt of copper in concentrate
- 3.1 mt of iron in magnetite concentrate (68% Fe)
- 219 koz of gold in concentrate

Infrastructure:

- Naryn 1 (Borzya) – Gazimursky Plant railway. To date, 90% of work at the site has been completed. The project is to be implemented in the form of a public-private partnership using funds provided by the Russian Federation Investment Fund: public financing is 75% and Company financing is 25%. In November, 2014 the new general contractor for completing the works was selected. The road is scheduled for commissioning in early 2016.

- 220 kV high-voltage line. Current stage – preparation of design documentation. Agreements have been reached between the Government of the Russian Federation, Norilsk Nickel and FGC UES on financing of the project by the Company with the subsequent repurchase of the constructed property by FGC UES.

**The road is scheduled for commissioning in early 2016.*

Project timeline:

- Commissioning of Naryn-1 (Borzya) - Gazimursky Plant railway- 2016
- Commissioning of ore mining and dressing plant – 2017
- Commissioning of the 220 kV high-voltage line – 2017
- ore mining and dressing plant reaches nameplate capacity – 2019

Current status: work completed since the commencement of construction- 24%

- A positive state expert report on the project design documentation (access roads, ore mining and dressing plant facilities) has been received
- The contract for delivery of equipment for the ore dressing plant has been signed
- Stripping works started at the Verkhneildikansky and Bystrinsky 2 quarries
 - In 2014, regular flights commenced between Chita and Gazimursky Zavod
 - In 2014, the dam of the water storage reservoir was erected on the Gosudareva River
 - In 2014, access roads were built as the preliminary stage for the construction of production facilities

In 2014, construction of a worker's settlement got under way

Talnakh Enrichment Plant



Project footprint: The Talnakh Enrichment Plant is located in the city of Talnakh, in the Norilsk Industrial Region.

Project overview: The purpose of the project is to ramp up output of rich and cupreous ores processed at TEP from 7.7 mt to 10.2 mtpa, including improvement of enrichment efficiency.

Main characteristics:

- Output – 10.2 mt
- Boosting the content of nickel in nickel concentrates from 8.6 % to 13.5%
- Reducing expenses on metallurgical extractions due to a 12% decrease in sulphidic weight in the incoming concentrate (starting in 2016)
- 16% increase of sulfur extraction in final tailings
- Total capital investment in the project is RUB 43 billion
- Capital expenditure in 2014 – RUB 6.6 billion
- Capital investment balance – RUB 27 billion
- New workplaces – 148 employees
- IRR > 40%

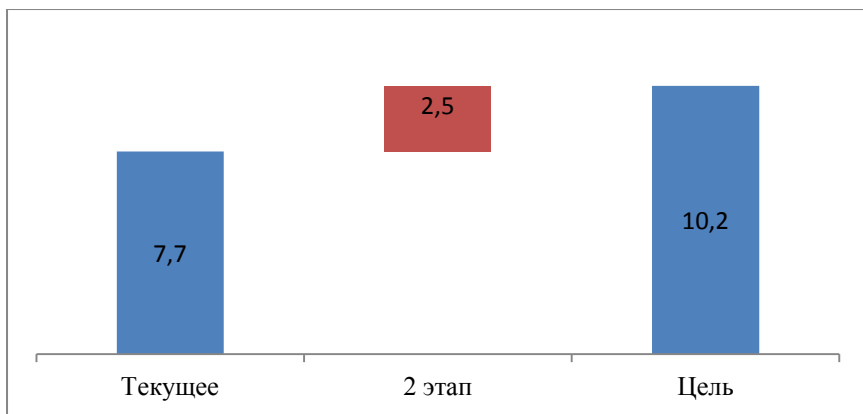
Project timeline:

- First start-up complex – installation of advanced floatation equipment. Completion of works in 2014 and commercial start-up in Q1 2015
- First stage of tailings dump - completion of works and commissioning in 2016
- Second start-up complex – expansion of processing capacities and improvement of concentrate quality due to improved operational efficiency. Completion of works and commissioning is slated for 2016.

Current status:

- First start-up complex has been completed
- Second start-up complex – work completed since the beginning of project implementation stands at 9%. The main processing equipment has been purchased in full, expansion of the main building of the processing plant has been carried out, pouring concrete on the foundation for installation of floatation machines is still in progress, while the foundation for the first volume mill of semi-autogenous grinding has been completed
- First stage of the tailing dump – the scope work performed to date stands at 19%. The construction of dams for hydraulic engineering facilities has been completed in full

Output of Talnakh ore enrichment plant, mln tonnes per year

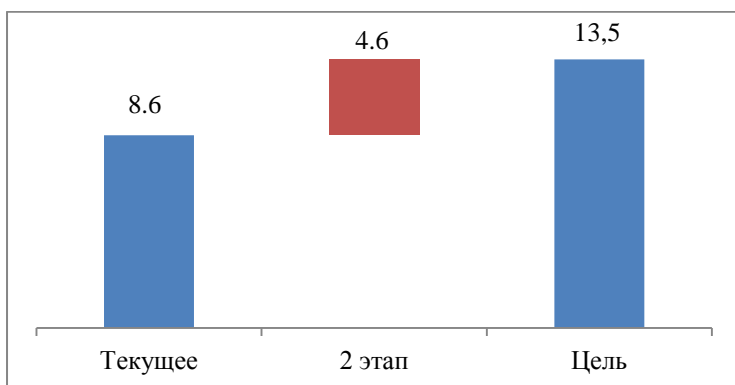


Текущее – current

2 этап – stage 2

Цель – aim

Ni content in concentrate, %



Текущее – current

2 этап – stage 2

Цель – aim

TAIMYRSKY MINE



Project footprint: The underground Taimyr mine produces rich copper-nickel ores from the Oktyabrsky deposit located in the south of the Taimyr peninsula within area in the municipality of the city of Norilsk in an industrial zone of the Talnakh mining district.

Project overview: The project aims to develop the mineral resource base, expand the service life of the mine and achieve production of rich ore ranging from 3.5 mt of ore to 3.9 mt by 2022.

Main characteristics:

- Output - 3.5 mt of ore as of year-end 2014; 3.9 mt of ore by 2022
- Ore reserves – 85.5mt
- Capital investment in 2014 – RUB 2.1 billion
- Capital investment balance for 2015-2022 – RUB 22 billion
- New workplaces – 158
- IRR> 50%

Average metal grade:

- Ni – 2.28%
- Cu – 2.32%
- PGM – 4/9 g/t

Current status:

Work completed since the start of construction - 30%.

Work is being performed on schedule. Over 4.8 km of underground mining workings were excavated in 2014.

OKTYABRSKY MINE



Project footprint: The Oktyabrsky Mine produces rich, disseminated and cupreous ores at the Oktyabrsky deposit located in the south of the Taimyr peninsula, within the municipality of the city of Norilsk in an industrial zone of the Talnakh mining district.

Project overview: The project aims to maintain the current level of cupreous and disseminated ores from from 5.0 mt to 5.2 mt by 2023.

Main characteristics:

- Output – 5.0-5.2 mt of ore as of now
- Ore reserves – 95.0 mt (including 12 mt of rich ore)
- Capital investment in 2014 – RUB 1.8 billion
- Capital investment balance for 2015-2023 – RUB 13.2 billion
- IRR> 50%

Average metal grade:

- Ni – 0.63%
- Cu – 2.73%
- PGM – 5.0 g/t

Current status:

- Work completed since the start of construction - 27%
- Work is being carried out on schedule
- In 2014, more than 2.3 km of underground mining workings were excavated
- In 2014, 1.2 mt of capacity was commissioned

KOMSOMOLSKY MINE (*Excluding Skalisty mine*)

Project footprint: The Komsomolsky Mine is located within the Norilsk Industrial Region on the outskirts of Talnakh.

Project overview: The project aims to maintain current production levels of the Komsomolsky mine by developing and producing rich, cupreous and disseminated ores of the Oktyabrskoye and the Talnakh deposits.

Main characteristics:

- Maintaining the current production level - 3.8-4.1 mt of ore to 2020.
- Reserves – 24.5 mt of ore
- Capital investment in 2014 – RUB 2.3 billion
- Capital investment balance for 2015-2020 – RUB 12.2 billion.
- New workplaces – 100
- IRR > 50 %

Average metal grade:

- Ni – 1.0%
- Cu – 1.4%
- PGM – 4.1 g/t

Current status:

Work completed since the start of construction - 36%

Work is being carried out on schedule. In 2014, over 4.7 km of underground mining workings were excavated.

INTERNATIONAL ASSETS**Norilsk Nickel Harjavalta**

In 2014, the capital expenditure of Norilsk Nickel Harjavalta totaled USD 7.8 million

Capital investment (USD million)

	2014	2013	2012
Capital investment,	7.8	8.2	21.3

Most of the funds were allocated to upgrade grinding operations and launch an integrated project aimed at re-configuration of the Company's refining facilities. This strategically significant project is slated for implementation in 2015.

The remaining funds were earmarked for projects aimed at streamlining production costs and projects targeting maintenance of fixed assets.

AUSTRALIA

In 2014, the Company made no investments in its Australia-based operations. During the reporting year, the scope of work was reduced to a minimum and was intended to maintain the assets in good saleable condition.

AFRICA

Tati Nickel Mining Company in Botswana

In 2014, the scope of work was reduced to a minimum and was intended to maintain the assets in good saleable condition.

- Overhaul of crushing equipment
- Extension of the conveyor system at the tailings dump of the DMS complex
- Construction of facilities for temporary concentrate storage
- Updating of the IT-system

CHAPTER 4: CORPORATE AND SOCIAL RESPONSIBILITY

HUMAN RESOURCES

The successful growth of Norilsk Nickel Group hinges on its employees. The Company's personnel management strategy is aimed at creating a competitive, highly professional, responsible and cohesive workforce. The top priority of social policy is to maintain social stability of the workforce engaged in the Group's production subdivisions and in the regions where the Company operates. The successful implementation of social policy is a prerequisite for the Company's long-term sustainable growth.

The average headcount of the Group's production subdivisions in 2014 stood at 80,000 in Russia and 2,000 at foreign companies. Most of the employees at the Group's Russian subsidiaries (Russia accounts for 71% of total headcount) work in Norilsk and the Taimyr (Dolgan-Nenets) municipal districts. In addition, 17% of the employees of the Russian subsidiaries of the Group work in various locations of the Kola Peninsula and the North-West Federal District.

The long-term personnel strategy, as set forth in the Human Capital Development Program, was approved in 2014 at a meeting of the Board of Directors of Norilsk Nickel. The Comprehensive Program outlined priorities for the development of human capital, which are essential for implementation of the business strategy. The focal points of the Program are: segmentation of human resources and targeted management of the various segments, thereby increasing the return on capital invested in employees; adoption of optimum models that capture the use of labor resources; adaptation of the company's culture, stronger focus on the proactive approach, personal initiative, team unity and

compliance with high standards of industrial safety; consolidation of the Company's talent pool; transformation of the HR function in accordance with international practice, separation of business partner HR roles, the Peer Review Center, HR Shared Service Center and Expertise Enhancement within the framework of each specific role.

One of the priorities in the Company's Human Capital Development Programme is to improve employee performance. Since 2014, the Company has been deploying the Employee Performance Management System, which includes the 360 degree review of key performance indicators and competencies. In 2014, this Project involved top managers of the Norilsk Nickel Group's main production subdivisions and the Company's Headquarters. Top 100 and Top 500 categories Heads of the Company's Headquarters, the Polar branch, as well as the Company's main subsidiaries and associates.

The next step was undertaken in early 2015 by setting up appointment and remuneration committees, discussing the performance of employees who had passed the assessment, and making decisions on their further advancement or development.

The Employee Performance Management System is planned to be further used for the next levels of management in 2015.

The HR Function Automation Project as part of the SAP HCM system was launched in 2014. This system has been used at the Company's Head Office since January 1, 2015 and the system will be phased in at Kola MMC on July 1, 2015.

Work is also in progress in the following key areas related to personnel management: training and attracting skilled employees to the extent required to perform production tasks.

Ongoing activities:

- A project aimed at introducing an alternative recruiting method
- Career Start-up, a corporate program aimed at drawing in university graduates with industry education, was attended by 283 people
- training, retraining and professional development: more than 54,000 employees of Norilsk Nickel Group's enterprises were retrained in 2014, including more than 17,000 young people under the age of 30. Over 30,000 employees were taught in corporate training centers.

Note: compared with 2013, the number of employees who went through training increased by 11% as a result of the Company's strategic plans. In this regard it was necessary to maintain the compliance of the necessary skill level of personnel with workplace requirements.

During the implementation of the Human Capital Development Programme in 2014, the Company started to update its talent pool system. Building a talent pool for the key positions of line managers in the Company's mining, enrichment, smelting and refining units, the development of transparent and realistic succession models in offices and positions, investing in the development of employees are seen as a long-term investment that contributes to the implementation of the Company's strategic plans.

During the implementation of the Human Capital Development Programme of the Company in 2014, the Company has started the work on updating the talent pool system. Building of a talent pool for the key positions of operation managers of mining, enrichment, smelting and refining units of the Company, the development of transparent and realistic models of succession in offices and positions,

investing in the development of employees are seen as long-term investment that contributes to the implementation of the strategic plans of the Company.

Dynamics of average headcount for the Group

	2014	2013	2012
Russian Federation	79,897	83,005	81,973
USA	10	10	9
Europe	290	297	315
Asia	12	13	17
Australia	15	73	106
South Afric	883	842	862
Botswana	748	756	798
Burundi	-	-	-
Indonesia	-	2	2
Total	81,855	84,998	84,082

A reduction in headcount at Russian companies started back in 2013, and the number of staff stood at 80,400 as of the end of December 2013.

A 3.7% headcount reduction in 2014 was due to downsizing efforts (1,261 employees), structural changes at the Company (810), as well as modifications in the scope of work and other reasons (1,072).

The headcount distribution of employees of Russian subsidiaries of the Group

Russia	79,897	100 %
Taimyr Peninsula	56,566	71%
Kola Peninsula and Northwest	13,921	17%
Krasnoyarsk Territory	4,205	5%
Moscow and other regions of Russia	5,205	7%

The gender distribution of employees of Russian enterprises of the Group, %

	100 %
Men	70%
Women	30%

The average wages of employees of the Group in Russia (in USD)

	2014	2013	2012
USD	1,963	2,365	2,201
thousand RUR	75.4	74.5	68.5

The reduction of wages in 2014 in USD is due to the growth of US dollar exchange rate.

Breakdown of the Group's incentive package in Russia in 2014

In addition to salary, the Company's incentive package includes a social package.

The largest portion of incentives consists of reimbursement for the travel expenses of employees and their families in the Far North areas to vacation destinations and back. Since 2012 such compensation has been provided by the Company on an annual basis (previously the Company paid travel costs once every two years). The Company's expenses on the incentive package for Russian enterprises in 2014 amounted to over USD 160 million, or USD 2,000 per employee a year.

Breakdown of the Group's incentive package in Russia in 2014 (%)

Base pay 92.2%

Social package 7.8%

Premium campaign /moral incentives

In 2014, 4,836 employees of the Group were awarded for outstanding production achievements and longstanding and diligent work, including 28 people honored with state awards; 354 people recognized by various ministries and state agencies; 929 employees who received awards from regional and municipal authorities; and 296 people who were given awards from various subsidiaries of the Company.

SOCIAL POLICY

Social partnership

In 2014, social and labor relations at the Company's Russian subsidiaries were regulated on the basis of social partnership with employee representatives - trade unions as well as social and labor councils.

As of the end of 2014, 12% of the Group's staff were trade union members.

Percentage of Group employees belonging to trade unions

Company Name	% of the employee headcount
Enterprises of the Norilsk Nickel Group, located in the municipality of Norilsk and Taimyr Dolgan-Nenets Municipal District	8%
Gipronickel Institute	9%
Kola MMC	19%
Krasnoyarsk shipyard	24%
Nordavia-RA	25%
Zapolyarye Health Resort	33%
Lesosibirskiy Port, JSC	50%
Krasnoyarsk River Port	50%
Yenisei River Shipping Company	55%
Arkhangelsk Commercial Seaport	64%

Trade
union
organizatio

ns of the employees of the Company's subsidiaries located in the city of Norilsk, Taimyr Dolgan-Nenets Municipal District, Murmansk Region, and city of Sochi were united in the Interregional Public Organization (IRPO) – a trade union of Norilsk Nickel workers consisting of over 7,000 members.

All large companies have social and labor councils. The Corporate Social and Labor Council of Norilsk Nickel Group's subsidiaries was organized in 2006, uniting by its activities 60,000 employees of the Company's subsidiaries located in the city of Norilsk and Taimyr Dolgan-

Nenets Municipal District of the Krasnoyarsk Territory. The Social and Labor Council of Kola MMC, which is comprised of representatives of the social and labor councils operating in each of the internal divisions, represents more than 81% of workers.

In order to regulate social and labor relations, the following working bodies of the collegial decision-making operating at the Company's enterprises: The Collective Bargaining Commission, The Labor Dispute Commission, The Social Benefits Commission/Committee, The Social Insurance Commission, and the Occupational Safety Commission.

Under the current social partnership system at the Company's subsidiaries, representatives of the employees may openly discuss the operational and social programs implemented by their companies.

Social and labor relations are regulated pursuant to the legislation of the Russian Federation and are set forth in collective bargaining agreements and local regulations.

In 2014, the following activities were conducted:

- new collective bargaining agreements were drafted and adopted in Arkhangelsk Commercial Seaport and Lesosibirsky Port
- the validity terms of collective bargaining agreements were extended in Airport Norilsk Airport, Zapolyarye Health Resort, Norilskgazprom, Krasnoyarsk River Port, and Gipronickel Institute
- in December a Social Partnership Agreement between Norilsk Nickel and Inter-Regional Public Organization - the trade union of Norilsk Nickel workers. This Agreement regulates the relationships between Norilsk Nickel as the employer and IRPO representing the interests of workers, determines the procedure and organization of joint actions to achieve the strategic objectives and the formation of new systemic approaches to implementation of an effective social policy.

In 2014, the tenth two-day annual Corporate Forum of Norilsk Nickel was held with participation of the management. The forum was held during the plenary session dedicated to the Company's revised Development Strategy, functional strategies for units and social and labor relations.

PENSION PROGRAMS

Retirement Plans

Pension programs

As a socially responsible employer, Norilsk Nickel's employment packages offer employees the opportunity to accumulate pension savings in advance by joining pension plans. The Company also takes care of its retirees.

The most popular programs in 2014 were the Cumulative Share Pension" and the Complementary Corporate Pension. Under the Cumulative Share Pension, the Company and the employee make equal contributions. The Complementary Corporate Pension creates incentives for pre-retirement age employees with a high level of achievement and a long-term employment record with the Company.

Cumulative Share Pension (2014)		Complementary Corporate Pension (2014)	

Budget, USD	Number of participants, people	Budget, USD	Number of participants, people
13.0	20,241	7.9	520

Budget of the programme "Accumulated Share Pension" million USD

2014	13.0
2013	17.2
2012	24.9

Our Home and My Home programs

In 2014, the Company continued to offer the corporate social programs "Our Home" and "My Home".

Our Home has been in place since 2010 and is intended for employees of the Polar Division, Polar Transportation Division of the Company and Kola MMC. My Home was first available in 2011 and serves the staff of 13 corporate structures operating in the territory of Norilsk, Taimyr Dolgan-Nenets Municipal District and the Murmansk Region.

Both programs address a pressing issue – the shortage of strategically important key personnel and the importance of building a stable personnel core at the subsidiaries of Norilsk Nickel Group located in the Far North.

The Company purchases apartments in regions with favorable climate conditions and provides them to key personnel on terms of co-financing: Norilsk Nickel pays up to one half of the price of an apartment while an employee pays the balance within a certain period of employment with the Company (from 5 to 10 years). Ownership of the apartment is assigned to the employee at the end of his/her participation in the program, but the employee may live in as soon as it is received. The price of the apartment remains unchanged during the employee's participation in the program.

Under the program, apartments are purchased in the Moscow, Tver and Krasnodar regions. Since the inception of the program, 1,861 apartments have been assigned to the employees of the Company's subsidiaries, Kola MMC, and corporate structures. Since the inception, the Company has purchased 2,300 residential facilities, including 560 apartments in 2014.

As the programs are popular among the employees and can be used as an efficient tool in personnel management, implementation of the programs will continue. The Company's obligations to its employees to purchase up to 550 apartments annually are set forth in the Company's Collective Bargaining Agreement for 2012-2015.

Relocation program implemented in cooperation with state authorities

In 2014, the Company continued participating in a long-term program for relocating people living in the cities of Norilsk and Dudinka of the Krasnoyarsk Territory to areas with favorable climatic conditions in the Russian Federation.

The program targets relocation of 11,265 families over 10 years (1,126 families annually), with those living in Norilsk and Dudinka, and officially registered in municipalities eligible for resettlement under state programs. The company participates in the program as a charity provider. The total amount of Company's donations under the program will amount to **USD 216 million**. Since the program was launched, the Company has transferred to the budget of the Krasnoyarsk Territory about USD 96

million, including **USD 22 million** in 2014. In 2011-2014 **3,875** families purchased apartments and moved to the "heartland", including **3,210** families from Norilsk and **665** families from Dudinka.

Altogether, 1,124 certificates were issued in 2014 for the purchase of residential property within the limit provided by the Ministry of Construction and Municipal Housing Economy of the Krasnoyarsk Territory.

Healthcare programs for employees

Over the years, the Company and its subsidiaries have been implementing a program of rehabilitation and health resort treatment for employees and their family members. Life in the severe climatic conditions of the Far North, as well as the specific features of labor at the Company require special care of the workers' health, so the staff rehabilitation programs are among the top priorities of the Company's social policy.

For many years, one of the main holiday destinations of employees working for the subsidiaries of the Norilsk Nickel Group and their families has been the industry-sponsored Zapolyarye Health Resort in Sochi. In 2014, this sanatorium welcomed more than 16,000 people. About 9,000 vacationers stayed at other health facilities run by Norilsk Nickel.

Health programs for children aim to protect and improve the health of employees' children, prevent disease, and create appropriate conditions for recuperation, recreation, and summer activities for children. An important social factor was the Company's management decision to offer free transportation to children's summer camps for the children of employees. All in all, about 1,600 children participated in this program in Anape and Sofiko in Greece.

Funding for health care resorts and vacation facilities available to employees, million USD

2014	41.8
2013	46.1
2012	48.3

Social programs for additional benefits and guarantees

Attracting young specialists and skilled workers from other regions of Russia and the Commonwealth of Independent States, who have professions and qualifications highly sought after on the local Northern market, to work at the Group's subsidiaries located in the Norilsk industrial region, is a long-term and invariable policy intended to meet the needs of the Company's subsidiaries for skilled personnel.

In 2014, 1,254 people signed up for the program Assistance to New Employees in Adapting to the New Place of Residence in the City of Norilsk and the Taimyr Dolgan-Nenets Municipal District. As part of the program, the Company helps to create comfortable living conditions for employees and reimburse their expenses associated with living arrangements in the new place of residence.

Budget of social programmes for provision of additional benefits and guarantees, million USD

2014	6.2
2013	10.2
2012	9.4

Programs for sporting and mass public events

The program of sports and mass public events is implemented in order to strengthen corporate solidarity, develop corporate culture, promote a healthy lifestyle and interest workers and their families in regular physical training and sports.

In 2014, the Norilsk Industrial District hosted corporate competitions: Marathon of Health - Norilsk Nickel Ski Track, a corporate alpine skiing competition (which was organized for the first time), a corporate race dedicated to Metallurgist's Day, and a corporate mini-football tournament. Outing tournaments called Dad, Mom and Me Are a Sporty Family! and other corporate tournaments including swimming, basketball and volleyball were organized in Sochi and Monchegorsk. During the corporate basketball competitions held together with a CSKA team a master class was arranged for children training at the children's junior sports school in the Murmansk region, as well as a seminar for coaches.

Employees of branches, representative offices and Russian subsidiaries take part in corporate sports and mass public events. These events organized in the Norilsk industrial area involve not only workers of Norilsk Nickel, but also members of local communities.

Budget of programmes of sporting and mass participation events, million USD

2014	2.0
2013	2.6
2012	2.5

Charity programs and development of social infrastructure

The Company's charity programs make a practical contribution to the development of the Polar Region: seeking to improve the quality and living conditions of the population, establishing and improving the institutions of civil society, the revival of spiritual values and national traditions, construction of infrastructure facilities, support for educational and healthcare institutions, culture and sports.

In 2014, the Company moved towards new forms of interaction with the local community, having validated the transition from the traditional point donations and mentoring to the practice of social investments. Startup of the New World of Possibilities charity program gave an impulse to the development of public initiatives in the regions where the Company operates.

The system of competition-based selection serves not only for identifying, but also for implementing the best and the most interesting projects, for achieving specific results in solving social problems; it also created an opportunity for the most effective investment of resources and support of innovative ideas. The Company's cooperation with public authorities and local communities in the social sector has been successful, as shown by the charitable program New World of Opportunities and the impressive number of awardees - 91 people – of a contest for social projects that attracted 300 applications.

Partnership. Innovations. Development, a social technology forum held in Norilsk and Monchegorsk in November-December 2014, outlined the outlook for further development of the regions where the Company has a footprint. At 15 sites and attendance by 2,500 representatives of the local community, the following important topics were discussed: implementation of socially useful initiatives, the implementation of social business model, creation of the image of the territory and the development of urban space, career guidance, scientific and technical creativity of young people.

Building a powerful technology platform for the successful implementation of innovative technologies, as well as the development of scientific and technological potential and engineering concept within the framework of the Innovation is the company's contribution to the development of

scientific and technical progress in the regions where it operates as well as to the development of children and young people who are able to gain new knowledge and turn ideas into scientific and practical innovations. As a part of the contest for the creation of FabLab, which is a “production laboratory”, a concept which is widespread in Europe and the United States, sites will be created in the city of Norilsk and Monchegorsk, and training of project teams will be organized in the FabLab Polytech (Saint Petersburg). Of the 450 participants of online quizzes of ArktikPRO, a scientific and technological marathon, the top 20 students took part in the winter scientific and technical school in St. Petersburg. In addition 4,500 schoolchildren took part in the career-oriented marathon, and seven educational institutions are offering career guidance projects for Norilsk Nickel grants.

In addition to the implementation of activities aimed at supporting various categories of the local community over several years, the Company has played an active role in the construction and reconstruction of social infrastructure facilities in the regions where it operates in order to create an accessible and comfortable environment for working and living.

Norilsk Nickel contributes to the social development of the city of Norilsk and Taimyr municipal district both through agreements with state authorities and local agencies and by implementation of its own socially oriented business projects.

Budget of charity programmes and social infrastructure development, million USD

2014	70.1
2013	61.5
2012	35.6

OCCUPATIONAL HEALTH AND SAFETY

The Company’s CEO has signed the Policy of MMC Norilsk Nickel on Occupational Health and Safety", which proclaims the principle of priority given to the life and health of employees over operational performance and declares the interest of the Company’s management in creating safe and healthy working conditions for all employees, and in maintaining sustainable employee motivation for safe workplace behavior.

Improvement of the occupational health and safety management system

In 2014, in the process of improving the occupational health and safety management system, the Company’s Department of Occupational Health and Safety worked out the following **corporate standards**:

- Behavioral safety audit
- Isolation of energy sources
- Working at heights
- Hazard identification, risk assessment and risk management in the field of occupational health and safety
- Provision of employees with personal protective gear
- Safety requirements for the entry and exit of people when they use motor transport at the Company’s enterprises
- Procedure for organization and execution of hazardous works

The standards will be adopted by the Company’s Russia-based subsidiaries in accordance with the approved procedure.

The Company has developed and implemented Regulations on conducting an audit of the occupational health and safety management system by a second party, on the basis of which appropriate audits have been arranged and conducted.

In addition, guidelines have been devised to set up the working groups responsible for certification of workplaces; these guidelines were used for certification conducted in the subdivisions of the Company's Russian subsidiaries.

In the Russian enterprises, an OHS status monitoring system has been established and is up and running, including the following facets of control and preventive functions: behavioral safety audits, multi-stage monitoring of occupational health and safety (OHS), target inspections of OHS status; operational inspections of OHS status; comprehensive inspections of OHS status.

The Company has developed training programs in the field of occupational health and safety and conducted training in special adaptation course for newly hired employees and employees with an employment term of less than three years.

In accordance with the Federal Law dated 21.07.1997 № 116-FZ "On occupational safety of hazardous production facilities" (taking into account the changes made to the Federal Law dd. 04.03.2013 № 22-FZ), the decree of the Government of the Russian Federation dated 26.06.2013 № 536 "On approval of requirements for the Documentation Provision of the Safety Management Systems", the Company has approved and put into effect the documented Regulation on Occupational Safety Management System of OJSC MMC Norilsk Nickel(P CIMS 121-214-2014).

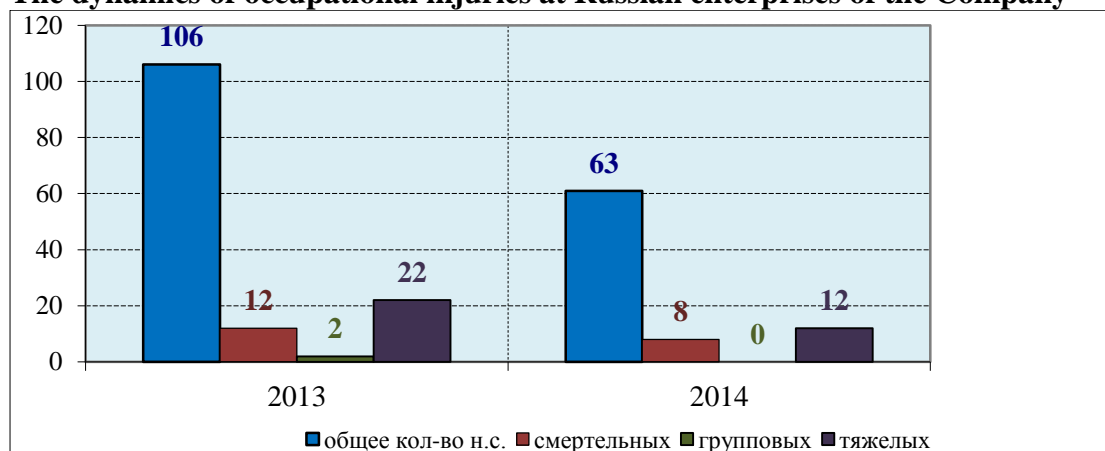
As a result of the organizational, methodological, control and preventive activities adopted in the Company's units in 2014 a decrease in occupational injuries was achieved in relation to 2013.

In 2014, the overall rate of injury and occupational diseases was reduced by 42% compared to the previous year. In 2014, 63 accidents occurred, against 106 accidents in 2013.

The number of serious accidents also decreased by 45% (from 22 accidents in 2013 to 12 accidents in 2014) and accident fatalities by 33% (from 12 accidents in 2013 to 8 accidents in 2014). In 2014, no group accidents occurred.

More information about activities in the field of occupational health and safety is set out in the Report on Corporate Social Responsibility of the Company for 2014.

The dynamics of occupational injuries at Russian enterprises of the Company



Общее кол-во н.с.
Смертельных
Групповых
тяжелых

overall number of accidents
fatal
group
serious

The dynamics of the frequency rate of occupational injuries at the Russian enterprises of the Company¹



Группа	Group
Цветная металлургия	Non-ferrous metal industry
РФ	Russian Federation

- 1) The frequency rate of occupational injuries is calculated as the number of accidents recorded in the books per 1,000 employees of the enterprise.

More information about activities in the field of occupational health and safety is set out in the Report on Corporate Social Responsibility of the Company for 2014.

ENVIRONMENTAL PROTECTION

Norilsk Nickel management pays special attention to environmental safety and environmental protection. The main activities of the Group in minimizing the environmental impact of its activities at production units are as follows:

- compliance with the requirements of the applicable laws and international agreements, international standard ISO 14001:2004, industry and corporate regulations governing the activities of Norilsk Nickel in the field of environmental protection
- stage-by-stage reduction of emissions of hazardous substances; expanding the areas and solutions in production waste reuse
- judicious use of natural resources
- implementation of advanced technologies
- planning of operating activities with due consideration of the need for compliance with established standards of negative environmental impact

The priority areas of the environmental management program in 2014 were as follows: implementation of measures aimed at reducing adverse impact on the environment, implementation of industrial environmental monitoring and compliance with legislative requirements.

In addition to these areas of environmental management, the Company devotes attention to the conservation of biological diversity in the areas where it operates.

Group's expenses on environmental protection, million USD

Name of indicators	2014 г.	2013 г.	2012 г.
Environmental costs, incl .:	502	556	597
<i>Current expenses on environmental protection</i>	<i>366</i>	<i>441</i>	<i>435</i>
<i>Capital expenses on environmental protection</i>	<i>136</i>	<i>115</i>	<i>162</i>

Main results of implementation of the environmental management system in 2014

The Environmental Management System (EMS) of Norilsk Nickel has been successfully operating since 2005 in the following areas: Production, project management, storage, shipment, including by sea transport, and sale of products (nickel, copper, cobalt, precious metals, sulfur, selenium, tellurium).

In 2014, the EMS continued to function within the framework of the Corporate Integrated Quality Management and Environmental Management Systems of the Company (CIMS). This made it possible to coordinate the work in the areas of environment and quality with work in other fields, including management of production, finance, occupational health and general safety. This approach helps increase both the overall performance of the Company and in its environmental safety.

EMS implementation and functioning has had a number of positive results for the Group's enterprises:

- priority funding for Environmental protection activities
- improving the competitiveness of the Company both in the domestic and foreign markets
- sharpening the Company's investment appeal

During 2014, the Company carried out internal audits within the framework of CIMS.

In addition, 62 internal audits were conducted at units of the Polar, Polar Transport and Murmansk Transport branches of the Company.

In accordance with the requirements of international standards and the Company's internal documents, competent personnel who received special training were involved in conducting internal audits.

In 2014, all-in-all in the Company, 11 employees received special training in internal audit of EMS. 273 employees were trained to operate the EMS and to apply the existing legislation in the field of ecology and natural resource use, government regulation of environmental protection and environmental safety.

In 2014, on a Company-wide level, 11 employees received special training in internal audit of EMS. All in all, 273 employees were trained to operate the EMS and to apply the existing legislation in the field of ecology and natural resource use, government regulation of environmental protection and environmental safety.

In accordance with the requirements of ISO 14001 in order to confirm compliance of the Company's EMS with the standard requirements, the auditors of the international certification body Bureau Veritas Certification (BVC) run annual oversight audits and a recertification audit every three years.

In October 2014, the recertification audit of the EMS (within the CIMS framework) was held at the Company's Head Office in Moscow and at the production sites of the Polar Division in Norilsk, Polar Transportation Branch in Dudinka and Murmansk transport branch in Murmansk.

The recertification audit confirmed the compliance of the Company's EMS Companies with ISO 14001 and extended the certificate of conformity for the next cycle of certification until 2018 (Certificate No. RU228136QE-U dated December 8, 2011).

Following the audit's results, the BVC specialists gave recommendations on possible activities for improvement and noted the overall strong points of the Company's EMS.

Kola MMC has launched and successfully operates (since 2004) an EMS designed to minimize and prevent adverse environmental impacts and to rehabilitate previously disturbed lands adjacent to the Company's territory. Since 2009, the KMMC's EMS has operated within the framework of the Integrated Management System (IMS) of KMMC. The EMS operates in line with the requirements of ISO 14001 and corporate regulatory documents of the Company, as confirmed with a relevant certificate (Certificate No. RU227729E-U dated May 5, 2013). The certificate covers ore production, production of nickel matte, nickel, copper, cobalt and their compounds, concentrates of precious metals and sulphuric acid.

In 2014, 32 internal EMS audits were conducted at Kola MMC within the framework of internal IMS audit).

In 2014, the first oversight audit of the IMS was conducted, which confirmed the compliance of EMS of Kola MMC with ISO 14001 requirements.

RUSSIAN ASSETS

POLAR DIVISION

In 2014, the limits established by permits for the emissions, discharges, and waste dumping at the Polar Division were observed. In addition, work continued for the implementation of a range of measures aimed at reducing sulfur dioxide emissions and sulfur disposal at the Polar Division.

Dynamics of environmental impact indicators of the Polar Division

Impact indicators	2014	2013	2012
Emissions of pollutants into the atmosphere, kt	1,828.09	1,912.03	1,938.49
including:			
sulfur dioxide, kt	1,797.18	1,881.06	1,908.01
solids, kt	9.68	9.99	8.89
Wastewater disposal, mln m³	36.03	33.35	39.44
Discharge of pollutants, kt	67.45	76.93	72.39
Use and waste disposal at the Company's own facilities, mt	12.13	12.96	15.87
Waste disposal, mt	10.88	13.42	16.28

Total air pollutant emissions of the Polar Division in 2014 amounted to 1,828,087 tonnes (converted from NO to NO₂), which is below last year's level of 83,945 tonnes, or 4.4% lower due to the reduction of sulfur dioxide emissions. The overall air pollutant emissions for the Polar Division in 2014 were lower than the permissible level.

The emissions of solid substances amounted to 9,681 tonnes, which is 305 tonnes less than last year's level, or down 3.1%.

Sulfur dioxide emissions amounted to 1,797,180 tonnes, which is below the level of the previous year by 83,884 tonnes, or down 4.5% due to lower amounts of sulfur in the feedstock received for processing at Nadezhda Metallurgical Plant, and due to scheduled overhauls of the core production equipment at the plants.

In 2014, the Company continued implementing measures aimed at a phased achievement of compliance with Maximum Permissible Emissions set for the Polar Division of Norilsk Nickel by 2018.

The cement plant achieved an increase in operation efficiency due to the installation of gas purification. Furthermore, as a part of the project Increasing Pyrometallurgical Production Capacity with Processing of all Polar Division's Nickel Feedstock electrostatic precipitators were replaced.

A comprehensive program aimed at shutting down the obsolete Nickel Plant is being implemented in accordance with the Agreement on Cooperation within the framework of the target comprehensive program for shutting down the obsolete Nickel Plant in Norilsk and dealing with the environmental and social problems associated with this closure. This Agreement was signed in 2014 between the Ministry of Economic Development of Russia, the Russian Ministry of Industry and Trade, the Ministry of Natural Resources of Russia, the Government of the Krasnoyarsk Territory, the Municipality of Norilsk and Norilsk Nickel. Implementation of this project will make it possible to modify the production chain and eliminate the sources of air pollution.

In 2014, the Company continued taking measures to regulate emissions of pollutants during unfavorable weather conditions. Moreover, in order to inform the population about the environmental protection activities of the Polar Division, the population was informed of the forecast data on the effects that the activities of metallurgical units had on atmosphere of the Taimyr Peninsula in real time on a free pre-recorded 007 directory assistance telephone line.

In 2014, the Polar Division continued working on reducing the discharge of pollutants into the environment and water bodies with wastewaters. The wastewaters were discharged within the permissible limits.

Wastewater Discharge

Impact indicators	2014	2013
Wastewater discharge, km^3	36,029	33,093
<i>including:</i>		
<i>insufficiently treated, km^3</i>	<i>5,940</i>	<i>5,812</i>
<i>contaminated untreated, km^3</i>	<i>25,429</i>	<i>25,223</i>
<i>treated to the standard quality at the treatment facilities, km^3</i>	<i>3,957</i>	<i>2,047</i>
<i>normatively clean (without treatment), km^3</i>	<i>702.6</i>	<i>10.4</i>

A higher volume of discharged water was associated with an increase of natural water inflow into the Zapolyarny pit basin, compared with the rainless year of 2013, as well as with an increase of the natural water inflow into the Izvestnyakov shaft of the Kayerkansky Mine.

The discharge of polluting substances in the waste water was 67,450 kt, which is below the last year's level of 9,450 tonnes, or down 12.3%.

In 2014, the implementation of the "Plan to reduce the discharge of pollutants into the environment and water bodies with wastewaters of OJSC MMC Norilsk Nickel continued in the city of Norilsk and Taimyr Dolgan-Nenets Municipal District:

- Design documentation was developed for the construction of wastewater treatment facilities at the Technological railways enterprise's facilities, as well as at the facilities of the Gas rescue service
- A set of measures was implemented to optimize water circulation at the enrichment and smelting units of the Polar Division
- design documentation was issued for implementation of closed-loop water supply of the Cement plant and Zapolyarny Mine

As a part of efforts to improve the activities on arrangement of waste disposal facilities, in 2014, the Company continued implementing a project for reconstruction of the Nadezhda Metallurgical Plant's tailing storage. As part of the reconstruction and modernization of the Talnakh Enrichment Plant to increase capacity to 16 mt of total ores per year, work on the construction of a new tailing storage was carried out. The implementation of these measures will ensure environmentally safe storage and placement of tailings in the amount of up to 6 mt per year due to the construction of the tailing storage, equipped in accordance with the established requirements and regulations.

Work continues on the reuse of waste for the preparation of mixtures for backfilling of excavated space of the mines (granulated slag from smelting of non-ferrous metals, hard rocks, tailings from enrichment of mining industry), the reuse of waste as a fluxing substance in the smelting process of metals in smelting furnaces.

As part of the Citywide Program for landscaping and restoration of urban landscapes and the surrounding areas of the city of Norilsk in cooperation with the Administration of Norilsk, in 2014, work involving cleanup and improvement of the external territories, and areas adjacent to roads was carried out, as well as for protection of water bodies, improvement of riverside areas, and improvement of tourist camps.

Assisting to the State Reserves for conservation of Biodiversity

In 2014, the Federal State Budget Institution "Joint Directorate of Taimyr's Reserves" took part in the competition of social projects of the Charitable Programme "A world of new opportunities" of MMC Norilsk Nickel and received funding for projects to ensure a comfortable safe surroundings for Norilsk inhabitants in the area near the Lama, Glubokoye and Sobachye lakes, as well as for the organization of summer eco-ethnographic school for children.

Project for reduction of sulfur dioxide emissions

In 2012, the implementation of two projects for the reconstruction of sulfur businesses was launched. Implementation of the measures involves a reduction in sulfur dioxide emissions from Vanyukov furnaces at the Copper Plant and waste gases of flash furnaces at the Nadezhda Metallurgical Plant to the MPE level, which will greatly reduce the adverse impact on the atmosphere of the city of Norilsk.

As a part of the design documentation development at the Copper and Nadezhda Metallurgical Plants of the Polar Division of Norilsk Nickel, which is being carried out pursuant to contracts signed with Techint Compagnia Tecnica Internazionale S.p.A (Italy) and Porner Ingenieurgesellschaft mbH (Austria) the following work was performed in 2014:

- within the framework of the Nadezhda Metallurgical Plant Project the Company entered into Licensing Agreements, Performance Guarantee Contracts and agreements for the development of the final set of technological calculations with the technology licensors - MECS (USA) and LGI (France)
- within the framework of the Copper Plant Project the Company concluded sublicense agreements with Techint regulating interaction with the technology licensors - MECS (USA) and LGI (France) companies
- the issue of registration of land lots for construction of the project at the Nadezhda Metallurgical Plant was explored. The data about changing the type of the permitted usage of the land lot was entered in the State Real Estate Cadastre, and cadastral passports were obtained taking into account changes in the characteristics of the land lots
- Technology regulations were developed and adopted for both projects
- engineering surveys were completed at the site of the assumed construction of the Copper Plant
- engineering surveys and inspections of the buildings and structures were completed at the site of the assumed construction of Nadezhda Metallurgical Plant. The results were submitted to the Directorate-General for State Environmental Review
- preparatory works for cleaning the area commenced at the site of the assumed construction at Nadezhda Metallurgical Plant

Kola MMC

Dynamics of OJSC Kola MMC environmental impact indicators

Impact indicators	2014	2013	2012
Emissions of air pollutants, kt including:	165.44	164.62	148.58
sulfur dioxide, kt	150.20	151.58	136.06
Solids, kt	11.76	9.99	9.74
Wastewater, mln m³	25.44	24.47	26.28
Discharge of pollutants, kt	72.68	61.8	77.47
Use and waste disposal at the Company's own facilities, mt	6.11	6.39	5.02
Waste disposal, mt	5.97	7.70	6.90

The overall reduction of sulfur dioxide emissions at Kola MMC is mainly due to an increase in the degree of extraction of sulfur to sulfuric acid at Monchegorsk facility from 71.1% in 2013 to 73.6% in 2014.

An 18% increase in emissions of solids is due to the development of technologies for processing briquettes in the smeltery, while work was carried out on optimizing briquette smelting in the ore thermal smelting furnace.

In 2014, Kola MMC performed the following activities aimed at reducing emissions of air pollutants:

- at the Zapolyarny facility in the concentrate briquetting section that will operate instead of roasting section, the process of technology learning is underway. Following the implementation of briquetting technology, sulfur dioxide emissions from the production processes will be reduced from 34 kt in 2014 to about 100 tonnes after project implementation
- the Nickel site continued implementing activities in the smeltery to achieve compliance with the standards that include: collection of disorganized converter gases into a single stream and discharging them through the smoke pipe, reconstruction of the existing system of loading

electric furnaces by blend, collection of disorganized furnace gases into a single stream and discharging them through the smoke stack

As part of these activities, detailed documentation was developed for the collection and gas removal from the metallurgical units of electric furnace and converter sections of the smeltery. To date, the reconstruction of the dust chamber of chimney 2 has been completed, and aspiration hoods have been installed on three converters. A search was made for the best options of aspiration gas direction. Terms of reference for the direction of technological and aspiration gases have been developed. The schedule for implementation of measures for the organization and collection of gas streams has been worked out.

The Monchegorsk site is currently implementing the project Nickel Electrolysis Shop. Electric Extraction of Nickel from Solutions of Chloride Soluble Nickel Powder of Tube Furnaces for the Production Volume of 120 kt of Electrolytic Nickel. The project envisages reconstruction of cathode nickel facilities in the nickel electrolysis shop to replace the existing electric refinery technology for the technology of electric extraction of nickel from solutions of chloride soluble nickel powder of tube furnaces, with the maximum use of existing infrastructure.

A 4.0% increase in the total volume of wastewater discharge and a 17.6% total increase in the discharge of pollutants was mainly due to increased volumes of natural waters at Monchegorsk site and discharge of mine waters from the Severny Mine at the Zapolyarny site due to mining performed at deeper levels.

In 2014, Kola MMC completed the following measures aimed at reducing the harmful effects of production on water bodies:

- works on cleaning of the sedimentation tank completed at the Monchegorsk site
- the enrichment plant increased the volume of use of return water in the production process and continued using the "tails" to build alluvial dams
- the design of facilities for cleaning shaft waters at the Severny-Gluboky Mine commenced
- implementation of measures for cleaning salt waste of the nickel refinery continued at the Monchegorsk site

Assisting State Reservations to Preserve Biodiversity

Since 2006, under an agreement with Kola MMC, employees of the Pasvik Nature Reserve have been performing research and development to assess the natural environment in the operational area of the Pechenganickel enterprise, including the town of Zapolyarny and the village of Nickel and their surrounding areas, including the territory of the Pasvik Nature Reserve.

Since 2002, Kola MMC has stipulated agreements with the Lapland Reserve for the development of methods to restore destroyed natural complexes in the area of longstanding impact of man-induced air emissions from the Severonickel plant and to monitor the Monchegorsk district and the Lapland reserve. The data obtained during scientific research formed the basis for subsequent work for mined-land reclamation, sanitary and fire-protection forest land improvement which is carried out on a contractual basis.

FOREIGN ASSETS

FINLAND

Norilsk Nickel Harjavalta has the necessary environmental permits and applies a certified integrated management system that meets the requirements of ISO 9001, ISO 14001 and OHSAS 18001. The main environmental aspects of NNH are emissions of ammonia (NH₃) and nickel into the air, as well as discharges of nickel (Ni), sulfates (SO₄²⁻) and ammonium ion (NH₄⁺) discharges into water. All

actual emissions and discharges as well as amounts of waste disposal of Norilsk Nickel Harjavalta in 2014 corresponded to the permissible levels.

Indicators of the environmental impact of the Group entities located in Finland

Indicator	2014	2013	2012
The volume of industrial waste water, km³	625	625	728
Ratio of contaminants in industrial wastewaters, tonnes			
- Ni	0.4*	0.5	0.5
- SO ₄ ²⁻	19,281	19,420	21,879
- NH ₄ ⁺ (Nitrogen equivalent)	45	28	47
Total water consumption, mln m³	10.9	11.5	9.9
Total emissions of pollutants into the air (tonnes)			
- Ni	1.8	2.0	2.3
- NH ₃	50	80	152
Generation of waste, kt	30.8	22.0	9.9
Waste disposal, kt	29.8	21.3	9.4

*** Does not include 66,189 kg (Ni), discharged because of an incident occurred in July 2014 at the Reduction Plant in the form of Ni-solution due to a malfunction of the heat exchanger.*

CHAPTER 5: REVIEW OF THE METALS MARKET

NICKEL MARKET

NICKEL CONSUMPTION

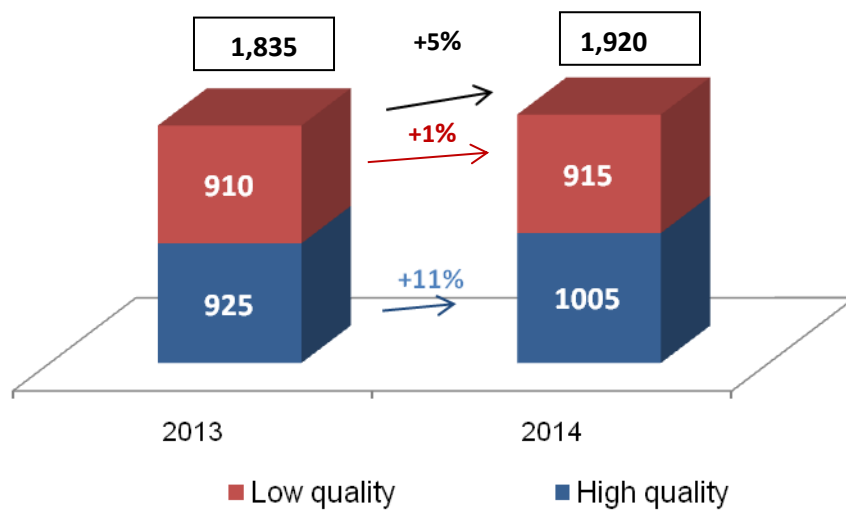
In 2014 global primary consumption of nickel increased by 85kt (+5%) compared with 2013.

The consumption growth rates of high-quality¹nickel in 2014 were significantly higher than those of low-quality²metal because of its limited supply. Thus, the process of high-quality nickel substitution by cheaper grades of metal slowed down.

Primary nickel consumption in 2013-2014, kt

¹**High-quality nickel** (includes cathodes, cakes, chemical compounds, powdered and carbonyl nickel).

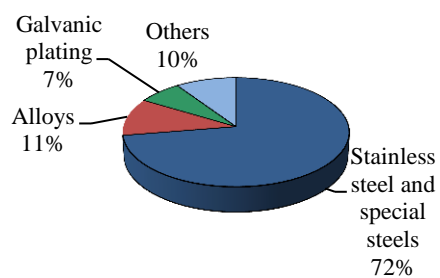
²**Low-quality nickel** (ferronickel, nickel pig iron and nickel oxide). China mass-produces the specific variety of low-quality nickel known as crude ferronickel (also known as nickel pig iron or NPI). This is ferronickel with a lower nickel content and more admixtures (primarily iron). Due to its environmental impact and high energy costs, nearly all of the output is produced and used in China (with the only exception being a small-scale producer of NPI in Indonesia).



Source: Company data

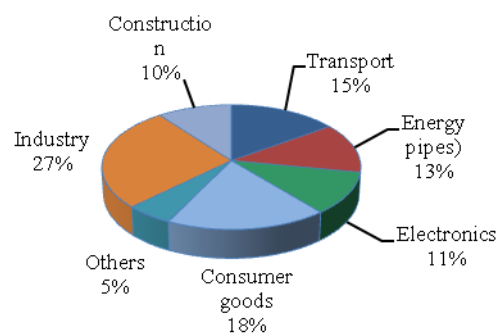
Primary nickel consumption breakdown

Первое использование



Всего - 1,920 kt

End use



Total- 1,920 kt

Primary nickel consumption by industry

Source: Companydata

Production of stainless and special steels continues to be the main area of application for nickel (accounting for 72% in 2014). The addition of nickel enhances the mechanical properties of steel, its anti-corrosion properties and resistance to corrosive environments. Furthermore, the metal is widely used in the production of alloys, as well as coating applications in the chemical and the battery industry.

Changes in primary nickel consumption by industry in 2013-2014

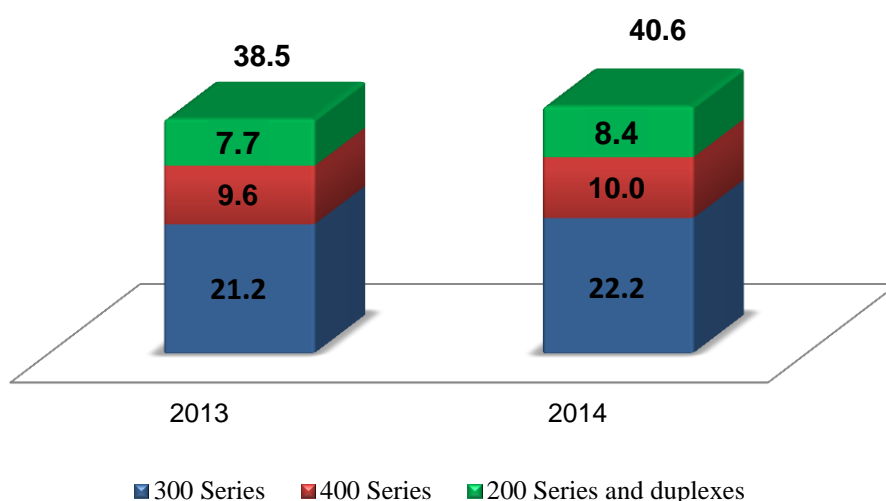
Industry	2014/2013
Production of stainless and specialty steels	+70kt (+6%)
Production of alloys	+10 kt (+5%)
Plating	No change
Other consumers	+5 kt (+3%)
TOTAL	+85 kt (+6%)

Source: Companydata

Consumption of primary nickel in stainless steel production.

Various grades of stainless steel are produced, and its smelting structure ultimately determines the consumption of primary nickel. The classification of stainless steels depends on the crystal matrix structure in the alloy – austenite, martensite or ferrite.

Manufacturing of stainless steel by grades in 2013-2014, mt



Source: Company data

Austenitic stainless steel is the most common type of stainless steel (accounts for more than 70% of global production). This steel contains a high percentage of chromium, and enough nickel and manganese to form the “austenitic” structure, as the latter two make steel moldable, plastic, corrosion-resistant, and non-magnetic.

According to the international classification, this group of grades includes the 300 series of stainless steel, which, in fact, predominates in the industry's primary nickel consumption (the steel of this series has a nickel content of 8-16% and even higher in some grades).

Apart from the 300 series, austenitic grades also include the 200 series, with a lower nickel content (1.5-2% in China, 0.5-0.8% in India, and 4-6% in other countries) thanks to the alloying of manganese. China and India account for over 90% of total production of 200 series steel.

Notably, 200 series steels cannot be used as a full-fledged substitute for grades with a high nickel content. They are prone to surface corrosion (pitting) and are not resistant to heat or aggressive environments. Thanks to lower production costs, however, they are often used in non-critical products such as household appliances. It is also important to note that China and India started promoting the 300 series and replacement of the low-quality 200 series at the end of 2014. In future, this trend will positively affect the growth of primary nickel consumption in those countries.

Steels of the austenitic-ferritic class (duplex) are characterized by a high content of chromium (18-25%), molybdenum (1-4%), and a lower content of nickel (1-7%). These steel grades are mainly used in manufacturing, construction, and in products exposed to seawater.

Ferritic grades of stainless steel (400 series) have a very low nickel content (0-0.5%), and in terms of their properties resemble low-carbon steel with a high corrosion resistance even though they are mechanically inferior to austenitic stainless steel. They are mainly used in automotive exhaust systems, cargo container frames, water heaters, washing machines, kitchenware and cutlery, and components of interior architecture.

Unlike austenitic grades with plastic properties, ferritic grades are relatively brittle and can be magnetized, which is undesirable for some products.

Martensite steel (certain grades of the 400 series) has a higher carbon content – up to 1.2% – and lower chromium content. Sometimes nitrogen is also added to strengthen the steel. These steels are the least common, and are used to make turbine blades, cutlery and razor blades.

Global output of stainless steel in 2014 increased by 5% compared with 2013 (to a record high of 40.6 mt). The structure of stainless steel output in 2014 did not change much from 2013, except for higher growth rates of the 200 series, mainly in China and India. Meanwhile, during the last months of 2014 these markets showed a trend towards gradual reduction in the smelting of the low-quality 200 series in favor of the 300 series.

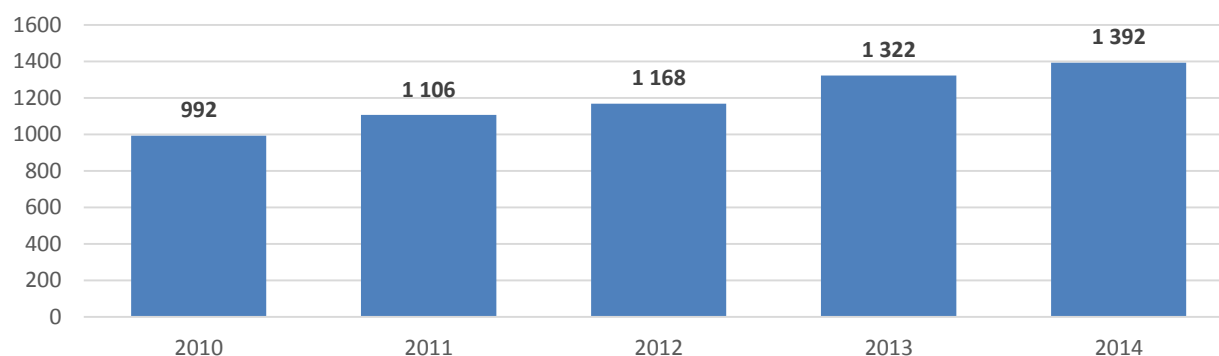
Notably, the consumption of primary nickel due to the production of stainless steel grew in 2014 at the same pace as output of 300 series stainless steel, a trend which actually determines the dynamics of nickel consumption in this segment. In 2012-2013, Chinese steel manufacturers actively substituted nickel-containing scraps³ with NPI when manufacturing stainless steel. This tendency ended in 2014 due to a reduction of nickel ore supply in China and as a result of lower NPI output.

Nearly all types of nickel feedstock are used in stainless steel (except for specific forms such as powder and nickel compounds). Since the quality of nickel product makes little difference in the quality of stainless steel, steelmakers prefer to use cheaper nickel materials, turning to high-quality nickel only as a last resort option. Thus, in recent years the consumption of high-quality nickel has switched from stainless steel production to other applications, although this trend slowed down in 2014 due to the lack of sufficient supply of low-quality nickel in the market.

For a stainless steel producer, the per-unit cost of nickel made from scrap is often lower than from primary nickel. Nickel scrap in 2014 traded at a major discount to the London Metal Exchange, reaching up to 15-18% during the year, and this material was in great demand primarily by stainless steel makers. Traditionally, when buying ferronickel, the consumer would only pay for the nickel contained in the material (sales contracts for standard ferronickel are typically linked to the LME price) and would get the iron for free. Therefore, when purchasing one tonne of nickel (assuming a typical 20% nickel grade) the buyer receives four tonnes of iron for free. Compared to the use of high-quality nickel in 2014, this implies a saving of USD 1,600-1,800/t.

³*Nickel-containing scrap* (nickel-containing stainless steel scrap, or steel alloy scrap and foundry scrap, or nickel-based alloy scrap).

Primary nickel consumption in stainless steel



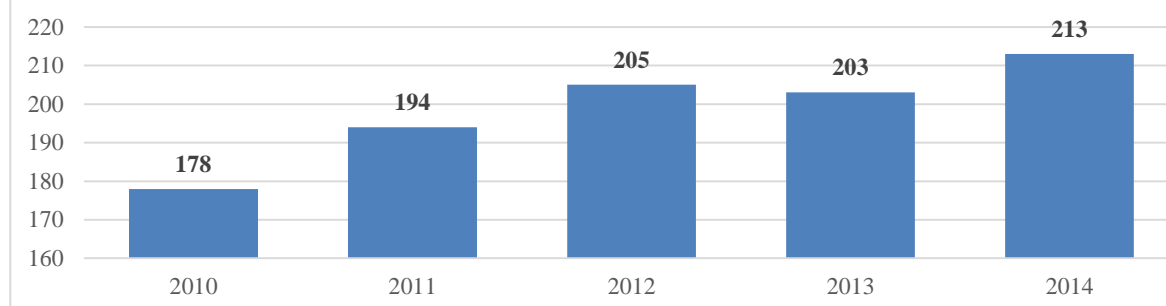
Consumption of primary nickel in alloys and superalloys.

The aerospace industry is the main driver of demand for alloys and super alloys that are used in aircraft engines. Since orders for new commercial aircraft are on the rise, nickel consumption in the sector can be expected to increase over the next few years.

Nickel alloys are also used in the petrochemical industry and in automotive manufacturing as substitutes for austenitic grades of stainless steel. For example, there has recently been an increase in the use of alloys in turbine heaters and fuel systems.

The consumption of primary nickel in alloys increased by 5% or by 10 kt in 2014, with the main region of growth being the US and Europe thanks to increased demand from the aerospace industry, the military industrial complex and the petrochemical industry.

Primary nickel consumption in alloys



Consumption of primary nickel in galvanic plating

Nickel is widely used in decorative and protective plating with thickness ranging from 1 to 100 mcm (nickel plating).

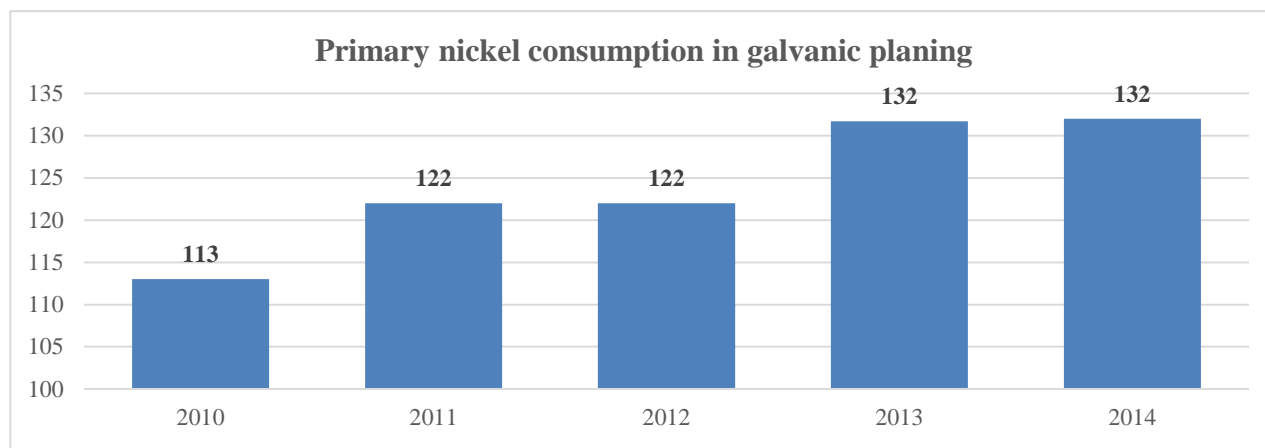
Nickel plating is highly resistant to corrosion, quite hard, and is also aesthetically pleasing.

Nickel plating is used in various applications:

- In decorations nickel plating has a mirror-like shine and almost never gets dull when exposed to air and to the elements, thanks to its high corrosion resistance. Nickel is used to coat decorative parts, railings, tools and equipment.
- Corrosion protection. Nickel plating can prevent the corrosion of electric terminals or mechanisms exposed to humidity.

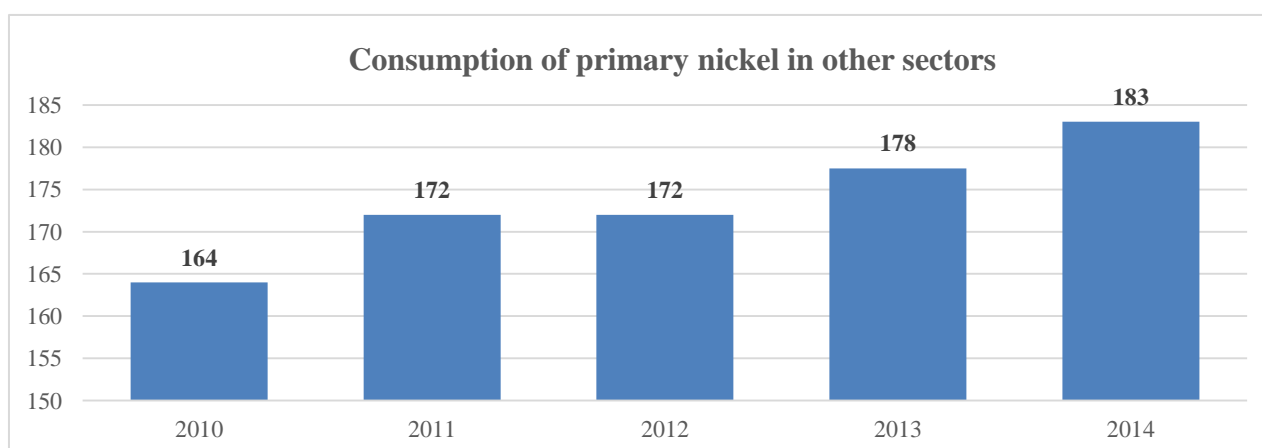
- As an alternative to chromium plating. In some cases, nickel plating can replace chromium where there are technological difficulties in applying chromium on products with complex shapes. Given the correct choice of coating and application, there is virtually no difference between nickel and chromium-coated products.

The consumption of primary nickel in galvanic plating remained virtually unchanged in 2014. In recent years, China has been the leading consumer of nickel in galvanic coatings. Since 2012, the sector has also been growing in other Asian countries to which Chinese businesses are now outsourcing their production to optimize their production costs.



Consumption of primary nickel in other sectors.

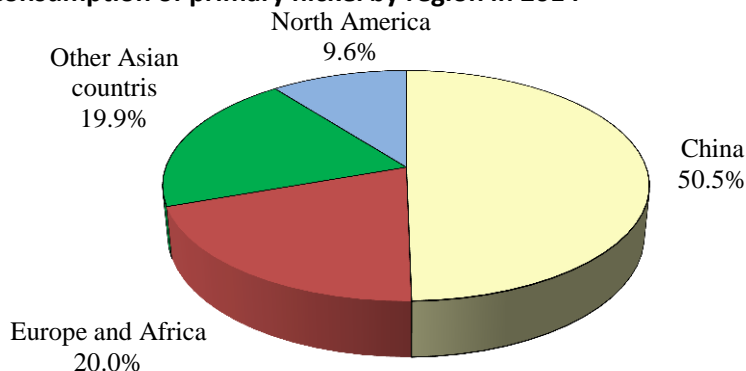
Consumption of primary nickel in other sectors (such as electric battery making, chemical industry, and molding) rose in 2014 by 3% or by 5,000 tonnes. Battery making showed moderate growth until 2014; since batteries contain carcinogenic materials, nickel-cadmium batteries are used only in critical products and are no longer part of the mass consumer market. Further development of nickel- hydride batteries is only possible in automotive manufacturing (hybrid vehicles), but they face strong competition from lithium batteries. In 2014, due to the market success using lithium-ion batteries, consumption of primary nickel in this sector began to show steady growth. Further development of the automotive industry with the increasing popularity of electric cars and hybrid cars creates the prerequisites for significant expansion of primary nickel consumption (first and foremost, nickel sulfate) in this sector in the long term.



Consumption of primary nickel by region

China is the leading nickel consumer, with a growing share of global nickel consumption that continues to grow, albeit at a slower pace than earlier. In 2014, China accounted for more than half of global consumption.

Consumption of primary nickel by region in 2014



Annual total consumption - 1,920 kt

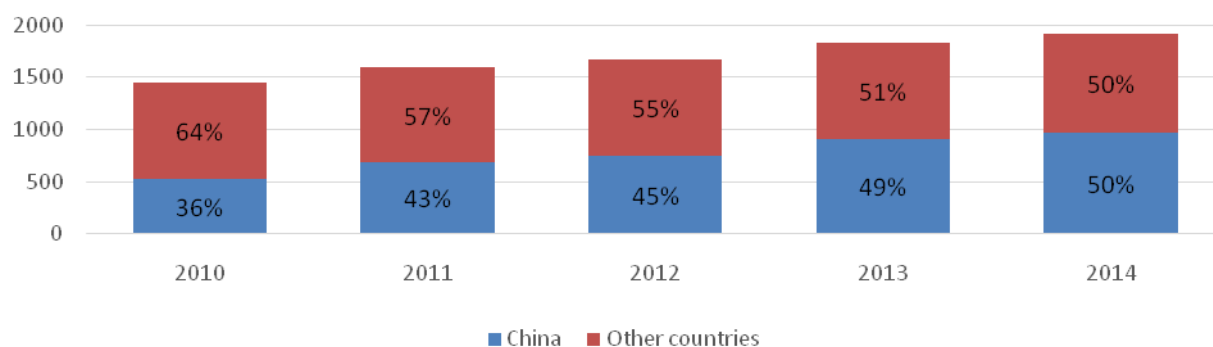
Source: Companydata

All regions of the world demonstrated growth of primary nickel consumption in 2014.

Nickel consumption rates in China for the first time since 2009 failed to reach double-digit growth, having stopped at +7% compared with the level of 2013. This was attributable both to a slowdown in growth rates of the national economy, and to the high level of stainless steel smelting already achieved (the high base effect). Nonetheless, this region still conspicuously outperforms all the others combined in terms of absolute growth rates (+65 ktvs. 2013) and continues to drive key trends in the nickel market.

The second-highest growth rates of metal consumption were seen in North America (+5% vs. 2013), primarily due to development of stainless steel smelting, not only as a result of planned expansion of production at the Outokumpu Calvert plant in 2012, with growth recorded at all large plants that manufacture stainless steel. In addition, this region showed steady growth rates of production with nickel-containing alloys.

Consumption of primary nickel in China and other regions



Change in the consumption of primary nickel by region in 2013-2014

Region	2014/2013
China	+65 kt (+7%)
Europe	No changes
America	+10 kt (+15%)
Asia (excluding China)	+10kt (+4%)
TOTAL	+85 kt (+5%)

Source: Companydatau

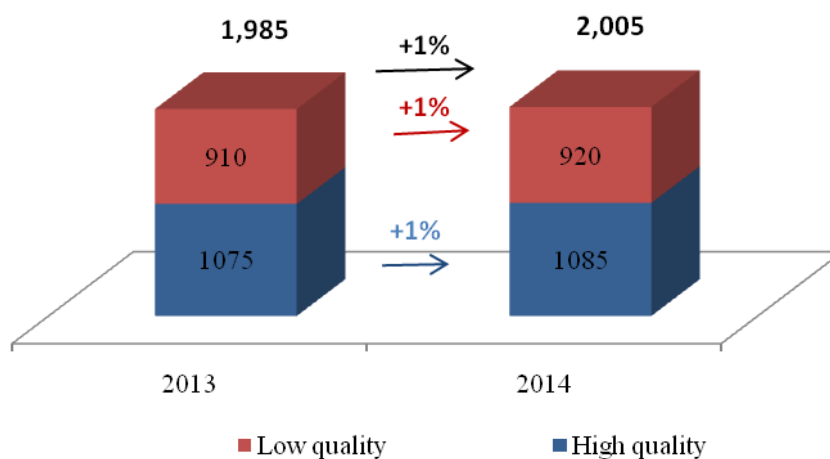
In Asia (ex-China), metal consumption growth amounted to 4%, with the main countries accounting for this increase being India (development of stainless steel smelting) and Japan (increase in stainless steel production and rollout of the battery industry).

In Europe, a positive trend in nickel consumption growth was registered for the first time in the last three years (+1% vs. 2013), due to significant expansion of stainless steel smelting in the first half of 2014.

NICKEL PRODUCTION

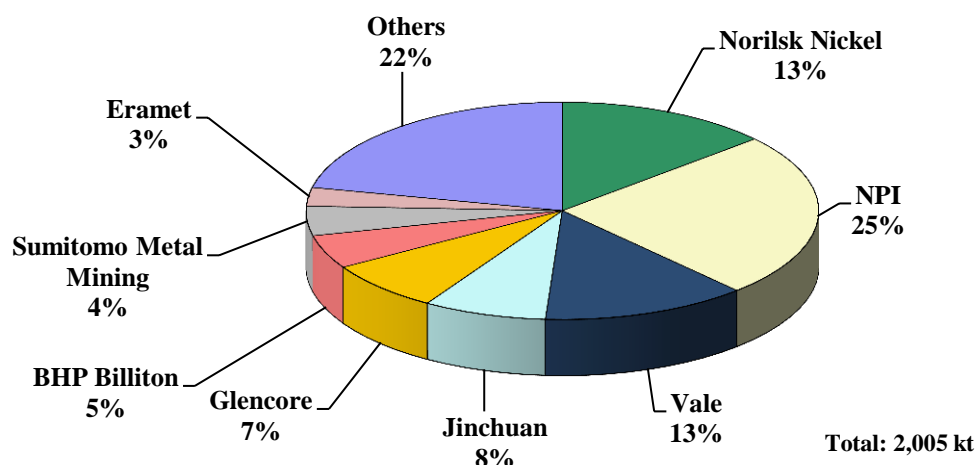
In 2014, supply of primary nickel production increased by no more than 1%, or by 20 kt year-on-year.

Primary nickel production in 2013-2014, kt



Source: Companydata

Primary nickel output in 2014 by company



Source: corporate reports, Company data

In 2014, the output of high-quality nickel increased by 10 kt (+1%). Higher output of finished products was seen at the following companies:

- Madagascar-based Ambatovy – owned by Sherritt – where briquetting was launched in 2012
- Japanese Sumitomo Metal Mining plants (cathodes and chemical production, mainly sulfates), which receive feed stock from the ongoing Taganito project (Philippines)
- Virtually all Chinese enterprises due to a rise in shipments of nickel-containing raw materials from the Ramu (Papua New Guinea) and Ravensthorpe (Australia) extraction projects

This growth decelerated partially due to a slowdown in production at the following companies:

- Norilsk Nickel enterprises. The main reasons for the decline included scheduled capital repairs at Nadezhda Metallurgical Plant performed during the first half of 2014; lower volumes of feedstock supply at Harjavalta plant from Boliden and BCL and the sale of Australian Lake Johnston in the fourth quarter of 2014
- Australian Nickel West BHP Billiton (an accident)
- Canadian and British Vale (an accident in the Sudbury extraction project)
- French Eramet Sandouville (lower deliveries of semi-products from New Caledonia in favor of local ready-made ferro-nickel production)

Production of low-quality nickel in 2014 also increased by 10 kt (+1%).

The most expected decline in the market of low-quality nickel in 2014 was that of NPI production at Chinese companies due to the ban on export of nickel-containing ore from Indonesia. However, the decline was ultimately not as significant (20 kt in total). There are several reasons for this:

- High level of Indonesian ore inventories in Chinese ports.
- Increase in supply of poorer nickel-containing ore from the Philippines (up about 25% compared to 2013), while growth in ore supply at year-end significantly determined higher production (+12%) in the Philippines amid low prices.
- Introduction by Chinese companies of a technique for mixing low-grade Philippine ore both with rich Indonesian ore from stock reserves, and in certain cases, with primary nickel (in the

form of cathodes and briquettes), thus making it possible to slow the depletion of rich ore inventories when loading RKEF furnaces.

- Phasing out of nickel-containing ore from Philippines alongside production of carbon steel.

Meanwhile, in 2014 there was no substantial growth in production of NPI in Indonesia. Moreover, except for one successful project, Indoferro, and the Tsingshan project that was scheduled to start up at the beginning of 2015, some new projects, significant for the market, failed to materialize in the country, and those announced earlier faced considerable difficulties related both to construction financing and infrastructure development. Thus, in medium-term, the roll-out of mass production of NPI in Indonesia is not expected. In addition, rich ore supplies in China are nearly exhausted at present, and the potential for increasing ore supplies from the Philippines and other regions is quite low, especially in view of shipments of Philippine ore in 2014 using stocks accumulated prior to the introduction of the Indonesian ban (growth of ore shipments in 2014 significantly outpaced the production increase in the country). As a result, after ore supplies are exhausted around mid-2015, a significant reduction in the production of crude ferro-nickel is expected to take place in China.

The highest growth rates of production of low-quality nickel in 2014 were shown by ferro-nickel. This trend was largely due to the low level of production in the previous year and a recovery during the reporting year:

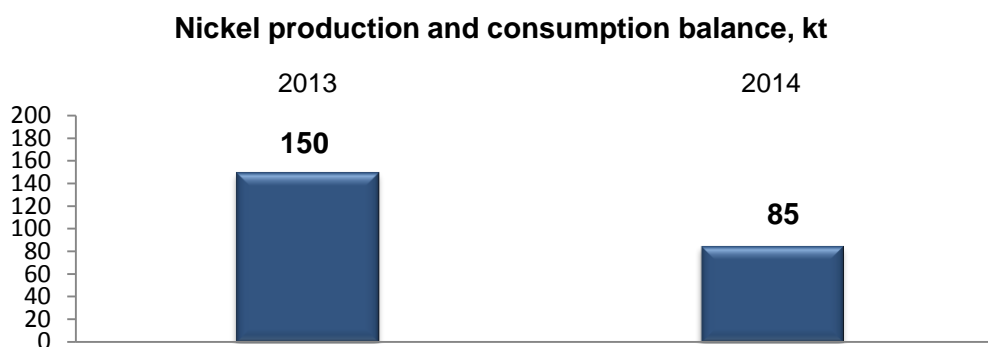
- Planned expansion of production in the lateritic projects in Southeast Asia and Latin America started in 2011-2013 (Koniambo, Taguang, Fenix, and Barro-Alto)
- Resumption of mass output of finished goods under the Brazilian Onca Puma project owned by Vale
- Resumption of metal production under the Loma de Niquel project (Venezuela)

This growth was partially constrained by the reduction of output at the following companies:

- The Falcondo project in the Dominican Republic (Glencore) was halted and not resumed at the end of 2013 due to unprofitable production
- Planned repair works at the PAMCO (Japan) and Cerro Matoso (BHP Billiton, Dominican Republic) plants.
- Stoppage for repair of the furnace for the Punta Gorda project reduced the production of nickel oxide, and difficulties encountered in the Goro project did not allow Vale to ramp up the production of utility nickel as initially planned.

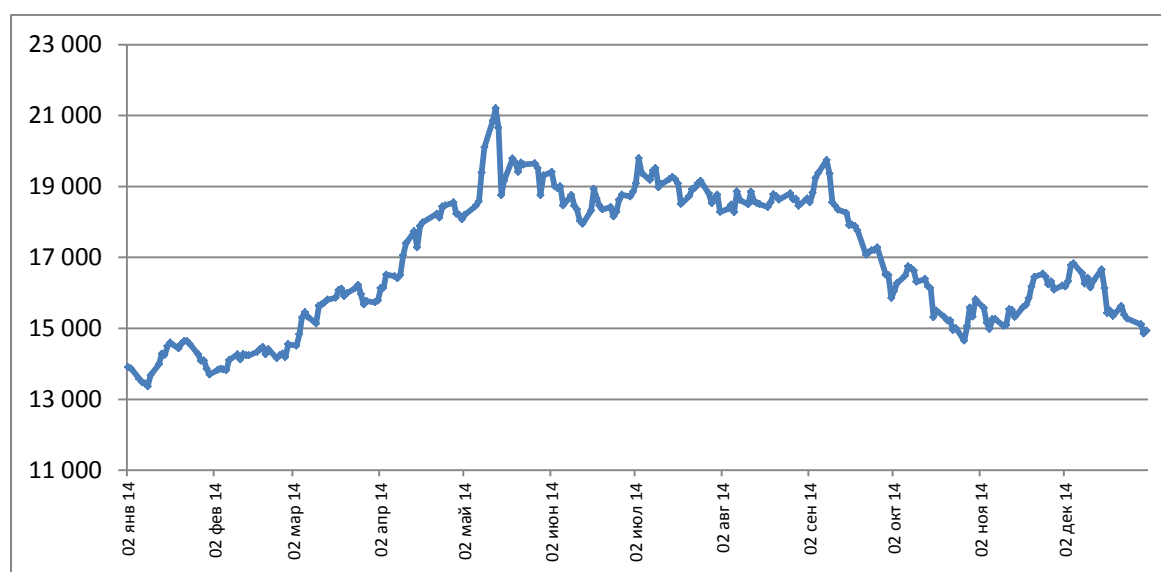
NICKEL MARKET BALANCE

Fundamentals of the nickel market improved in 2014 as surplus production of the metal was nearly cut in half. In 2014, the market surplus totaled 85 kt. This is a moderate surplus, and most of it was high-quality nickel that accumulated as inventories in LME-monitored warehouses. Furthermore, the growth of commodity exchange inventories was due to the transfer of nickel stockpiles from Chinese ports to London Stock Exchange warehouses, mostly in Johor (Malaysia) and Singapore. By the end of the year, total LSE nickel stockpiles amounted to a record 413 kt (up nearly 152 kt over the year), or equal to about 11 weeks of the global consumption.



Source: Company data

Nickel price dynamics in 2014 (USD/t)



02янв14

02фев14

02мар14

02апр14

02май14

02июн14

02июл14

02авг14

02сен14

02окт14

02ноя14

02дек14

02Jan14

02Feb14

02Mar14

02Apr14

02May14

02Jun14

02Jul14

02Aug14

02Sep14

02Oct14

02Nov14

02Dec14

Prior to May 2014, the nickel market had experienced steady price growth due to expectations surrounding a positive effect from the ban imposed on nickel ore exports from Indonesia. During that period, the price of nickel increased from a minimum level of USD 13,445 per tonne to a maximum value of 2014 at USD 21,200 per tonne. The price trend changed during the second half of 2014 both due to fundamental weakness in the nickel market (no deficit had been forecast earlier), and massive

investment outflow from commodities. The nickel price plunged to USD 15,000 – 17,000 per tonne and traded within this range until the end of the year.

The average annual nickel price in 2014 increased by 12% compared to 2013.

Average nickel prices over the past five years

Metal	Unit	2010	2011	2012	2013	2014
Nickel	USD/tonne	21,809	22,831	17,526	15,004	16,867

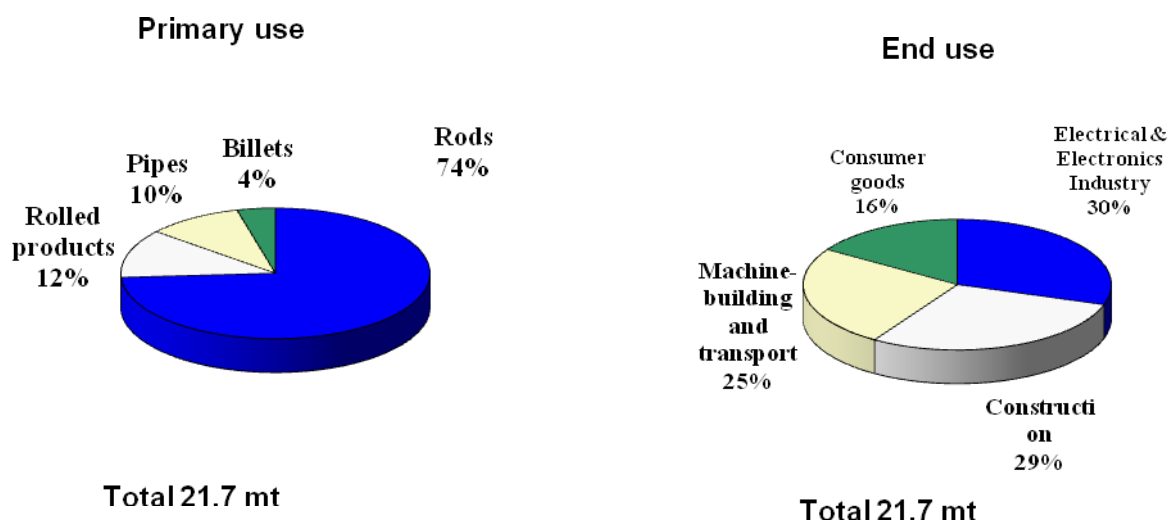
Source: LME (cash settlement quotation)

Copper market

COPPER CONSUMPTION

Copper has high electrical conductivity, thermal conductivity, ductility and corrosion resistance. This has led to its widespread use in virtually all fields of industry. About three quarters of the total copper produced in the world is used in the output of electrical conductors, including various kinds of cable and wire. The main industries that use copper are the manufacture of electrical and electronic products (30%), construction (29%), machinery and transport (25%), consumer goods (16%).

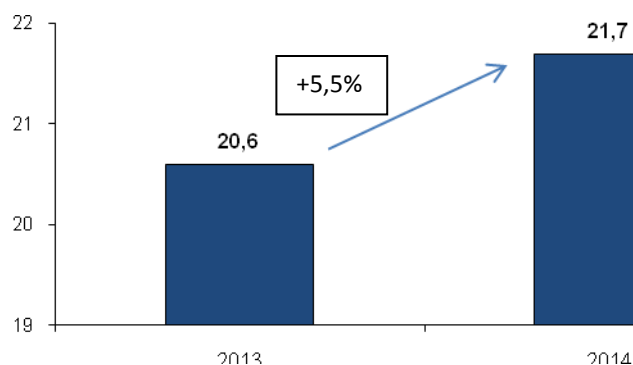
Refined copper consumption in 2014 by product type



Source: Company data

In 2014, world consumption of refined copper increased by 5.5% or 1.1 mt compared to 2013 up to 21.7 mt mainly due to rising metal consumption in the production of cables and wires. The use of copper in the production of rolled products, billets and pipes in absolute terms did not increase noticeably.

Consumption of refined copper in 2013-2014, mt



Source: Company data

Change in consumption of refined copper in 2014 by industry

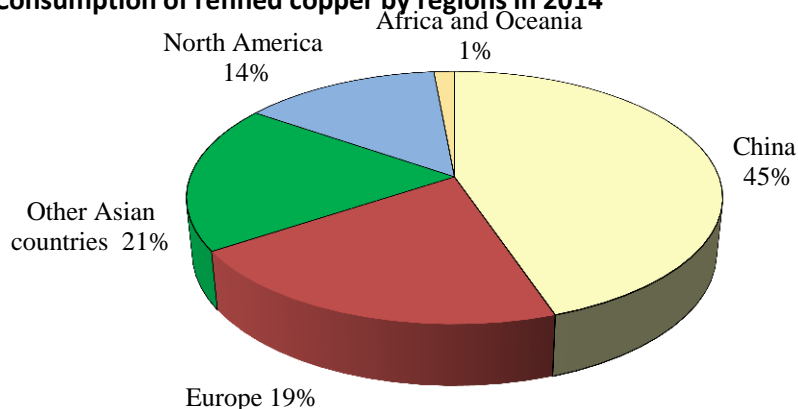
Industries	2013/2014
Rolled products	+0.69 mt (+ 5%)
Pipe production	+0.15 mt (+ 7%)
Production of flat rolled products	+0.16 mt (+ 6%)
Production of billets and sections	+0.10 mt (+ 12%)
TOTAL	+1.10 mt (+ 5.5%)

Source: Company data

China still remains a powerhouse for global copper demand. That said, growth of copper consumption in the country decreased to 8% in 2014 from 12% in 2013, but its share of global consumption increased from 44% to 45%. Expert fears that China can expect a significant slowdown in economic growth, and, consequently, a decrease in copper consumption, have dissipated. Copper imports to the country increased by 7% in 2014, amounting to 4.8 mt, along with increased domestic production to meet the needs of processors. Copper demand also rose in developed countries. For example, in Europe, which is the company's core region for copper cathode sales, consumption increased by 3.5% in 2014, after declining by 0.5% in 2013. Copper consumption grew by 3% in North America, and 6% in Asia (excluding China). Copper consumption dropped 6% in Russia over 2014 after having risen 5% in 2013.

In general, growth of global copper consumption was higher than expected at the beginning of the year.

Consumption of refined copper by regions in 2014



Annual consumption 21.7 mt

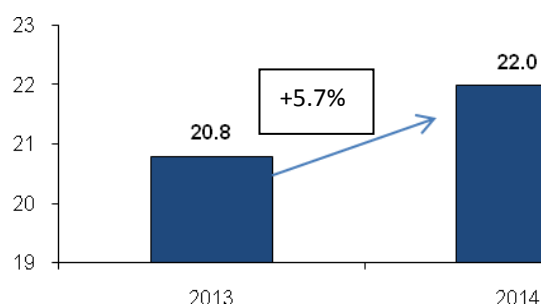
COPPER PRODUCTION

In 2014, global production of refined copper rose by 5.7% or 1.2 mt compared to 2013 and amounted to 22.0mt .

The leader in the production of refined copper is China, where refined copper output increased by 12% in 2014, while the country's share in world production increased from 30% to 32%. Only a quarter of Chinese production is provided by own extraction, and three-quarters by imports of copper concentrates and scrap. Refining capacities in the country, according to Chinese experts, increased by 0.8 mt in 2014, while imports of copper concentrates increased by 17%.

Strong growth of refined copper output remained in Africa (12%). After a decline or relative stagnation over the past two years, expansion of production was noted in developed countries, including Japan (6%), the US (5%), Australia (5%), and the EU (2%) in 2014. The decrease in production was 1% in Chile –and about 2% in South Korea. Meanwhile, the production of refined copper in Russia remained unchanged against the previous year.

Production of refined copper in 2013-2014, mt



Source: Corporate reports, Company data

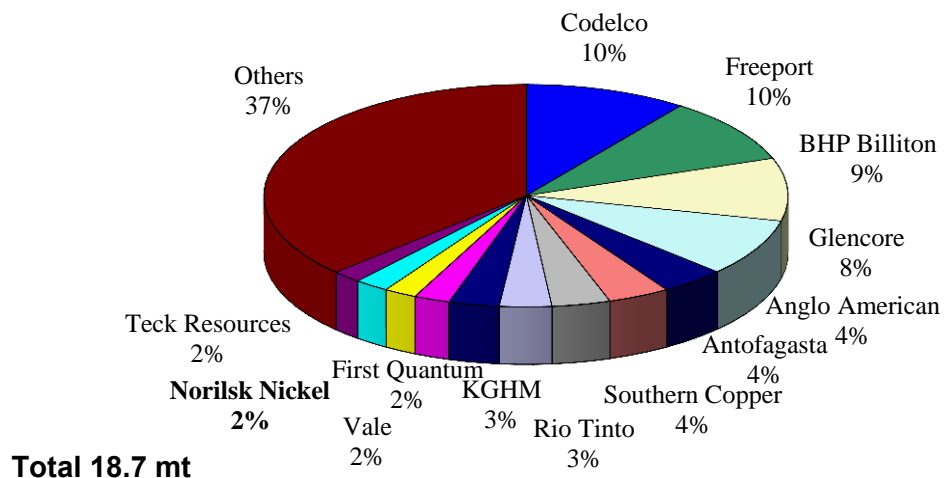
The expansion of production at existing mines (Morenci in the United States, Buenavista in Mexico, Salobo in Brazil, KOV, Kamoto and Mutanda in Congo), as well as the start-up and development of new projects (Ministro Hales, Caserones, Sierra Gorda in Chile, Toromocho in Peru, Oyu Tolgoi in Mongolia) offset the copper grade reduction in ores of deposits long under development where production failures occurred due to technical problems. In 2014 this caused world copper production to expand by 3% up to 18.7 mt. Additionally, about 0.7 mt of copper was produced from concentrates previously accumulated in stockpiles.

The output of refined copper from scrap in 2014 remained unchanged.

High growth of copper production (28%) was observed in Mongolia, where production increased substantially in the new Oyu Tolgoimine, managed by Rio Tinto, as well as in the Democratic Republic of Congo (14%), Mexico (11%), Brazil (10%) the US (10%), and China (6%). Extraction in Chile - a country which is the world's leading copper producer –rose by 0.5%. A slight decrease was seen in Australia (2%).

The decision regarding a sharp increase in export duties on copper concentrates adopted at the beginning of this year by the Indonesian Government to promote the construction of smelters in the country forced such copper mining companies in this country as Freeport McMoRan and Newmont Mining to suspend production as the only active copper smelter in the country makes it possible to process a little over half of the produced concentrates. Only in the third quarter did the mining companies manage to sign an agreement with the government on their intention to build smelting-refining plants and exports resumed. As a result, in 2014 in Indonesia 0.4 mt of copper in concentrate was produced, or 25% less than in 2013.

Ore copper output in 2014 by major mining companies

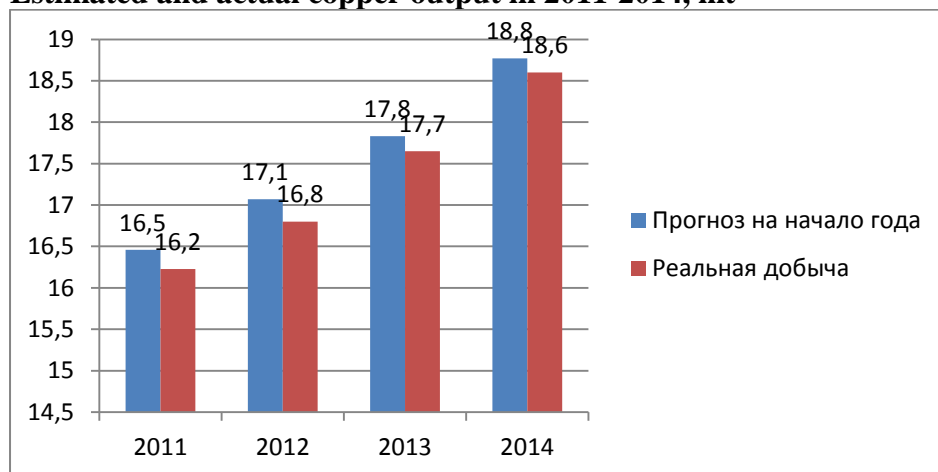


Source: Corporate reports, Company data

Actual growth in copper production over the past four years has consistently lagged behind expectations. This is due to delays in the commissioning of new projects due to cost overruns, engineering and occasionally political issues, as well as production at major mining facilities such as Grasberg in Indonesia and Bingham Canyon in the United States. As a result, the market surplus in 2013 was lower than originally estimated.

Notably, as a result of a decline in the copper price, many mining companies began to revise their investment plans for the expansion of existing mines and the development of new projects. This could result in a significant reduction in global copper production over the next few years compared to the current estimates.

Estimated and actual copper output in 2011-2014, mt



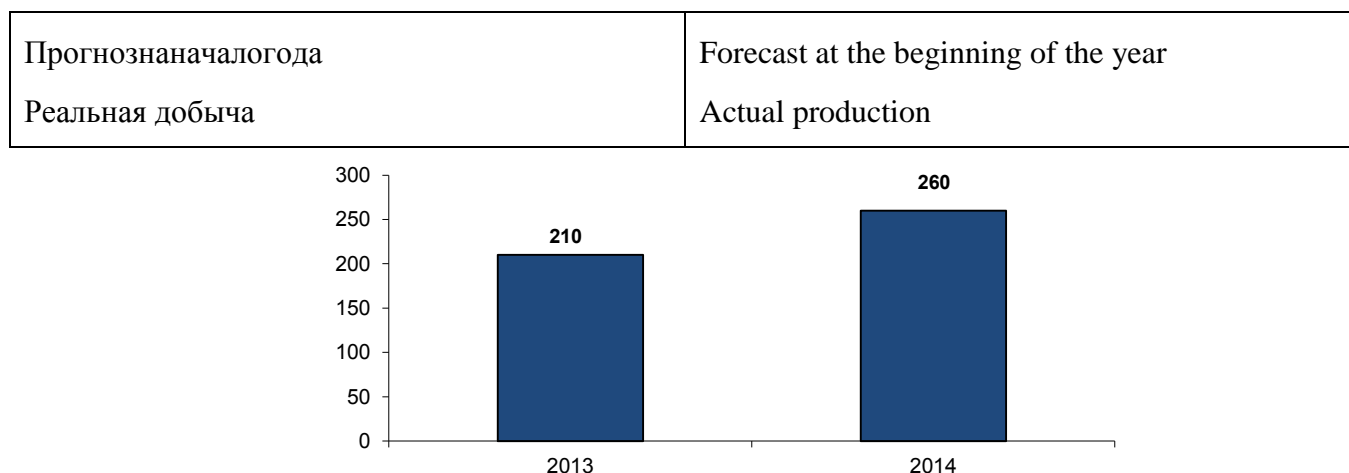
Source: forecasts of analytical groups, Company data

COPPER MARKET BALANCE

In 2014, the refined copper market was in a state of quasi-equilibrium. The surplus amounted to about 1% of total market volume, or 260kt, up slightly compared to 2013.

Total commodity exchange stock piles declined during the year by 40% to 307 kt, and the surplus of copper was mainly accumulated in off-exchange inventories, both in and outside of China, in major traders' warehouses.

Refined copper supply and demand balance in 2013-2014., kt

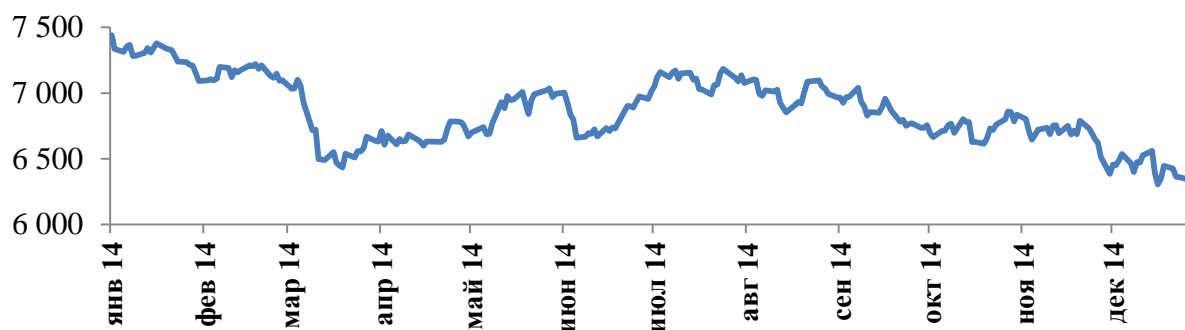


Source: Company data

In the first quarter of 2014, the copper price decreased due to expectations of surplus growth and fears about slowing economic growth in China; whereas these fears subsided in the second quarter, and the price has somewhat recovered. In the second half of the year, following the collapse of oil prices, to which copper has traditionally had a high correlation, the copper price was back on the decline and averaged 6,862 USD/t over the year, or 6% lower than average annual prices in 2013.

The price decline was also considerably impacted by the fact that a number of major US and European investment banks left the market after regulatory authorities passed restrictive measures for banks on transactions involving physical quantities of metal..

Copper price dynamics in 2014 (USD/t)



янв14	Jan14
фев14	Feb14
мар14	Mar14
апр14	Apr14
май14	May14
июн14	Jun14
июл14	Jul14
авг14	Aug14
сен14	Sep14
окт14	Oct14
ноя14	Nov14
дек14	Dec14

Average annual copper prices over the last five years

Metal	Unit	2010	2011	2012	2013	2014
Copper	USD/t	7,539	8,811	7,950	7,322	6,862

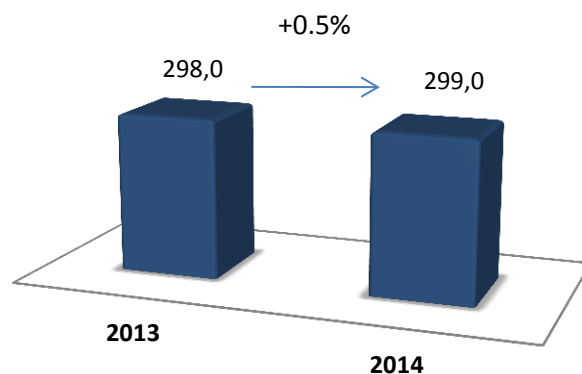
Source: LME (settlement)

PALLADIUM MARKET

PALLADIUM DEMAND

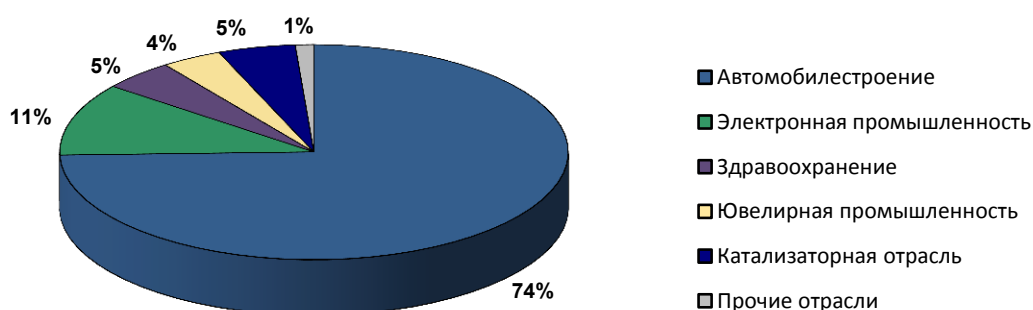
Industrial consumption of palladium in 2014 increased by one tonne (+0.5%) year-on-year, reaching 299 tonnes. Meanwhile, the consumption of primary palladium fell by five tonnes (-2%) due to increased consumption of recycled metal. Production in 2014 rose by seven tonnes year-on-year.

Palladium consumption in 2013-2014, tonnes



Source: Company data

Palladium consumption in 2014



Total 299 tonnes

Source: Company data

Автомобилестроение	Automotive industry
Электронная промышленность	Electronic industry
Здравоохранение	Health care
Ювелирная промышленность	Jewelry industry
Катализаторная отрасль	Catalyst production
Прочие отрасли	Other industries

The automotive industry accounts for more than 70% of total palladium output. In this sector, palladium is used to detoxify exhaust fumes in catalytic converters, which must be installed on new cars by law in many countries. Due to its unique properties, palladium does not have good substitutes, except for platinum, which is more expensive, and rhodium, in respect of which due to the small size of the market (the world produces only 30 tonnes of the metal) there is high price volatility and the risk of creating an artificial market deficit.

Growth in palladium consumption in the automotive industry in 2014 amounted to six tonnes. Additional demand for the metal is mainly due to a significant increase in production in China, the United States and the recovery of production in Europe with reduction in other countries.

Change of palladium consumption by industry sectors in 2013-2014

Industry	2014/2013
Automotive industry	+6.2 tonnes (+ 3%)
Catalyst industry	-2.7 tonnes (-16%)
Jewelry industry	-1.4 tonnes (-11%)
Electronics	0.4 tonnes (-1%)
Health care	0.5 tonnes (-3%)
Other industries	0.1 tonnes (+ 3%)
TOTAL	1.3 tonnes (+ 0.5%)

Source: Company data

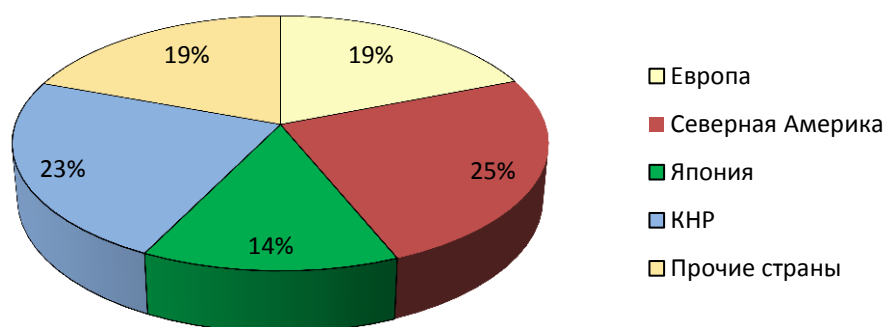
In the electronics industry, palladium is used for manufacturing of ceramic capacitors, organic LEDs, connectors – all widely used in industrial and consumer electronics, including popular consumer goods such as laptops, tablet computers, and smart phones. In 2014, the consumption of primary palladium in electronics dropped by 1% as scrap recycling increased, while the content of palladium in ceramic capacitors decreased slightly as components diminished in size.

Palladium is used in healthcare due to its durability and biocompatibility in the manufacture of dentures, bridges, and materials for fillings. The metal in this sector is mainly consumed in Japan, where Kimpala alloys, usually containing 20% palladium, 12% gold and 48% silver are integrated into the government health insurance program, as well as in North America, where dental hygiene is an important part of daily life. The sector's demand for primary palladium decreased by 3% in 2014 due to substitution by alternative composite materials.

In the jewelry industry, physical palladium consumption in 2014 decreased by more than one tonne, or 10%. However, in monetary terms – a more objective way to measure the demand for consumer goods – annual consumption of palladium in the sector decreased by only 1%.

The chemical industry requires process catalysts with palladium for a wide range of products. In most cases, palladium-based catalysts are the only option available, because other materials cannot ensure the required selective properties or the performance of accelerated reactions. The decrease in the consumption of primary palladium in chemical catalysts in 2014 decreased by three tonnes or 16% year-on-year due to the closure of a number of chemical plants in Europe. This trend which was partially offset by higher demand from manufacturers of nitric acid and vinyl acetate monomer – one of the most important monomers in industrial organic synthesis. Polymers and copolymers based on vinyl acetate offer good adhesive, optical, electric insulation, fiber-forming and other properties, so they are widely used in consumer goods, engineering, construction, and medicine.

Consumption of palladium by region in 2014

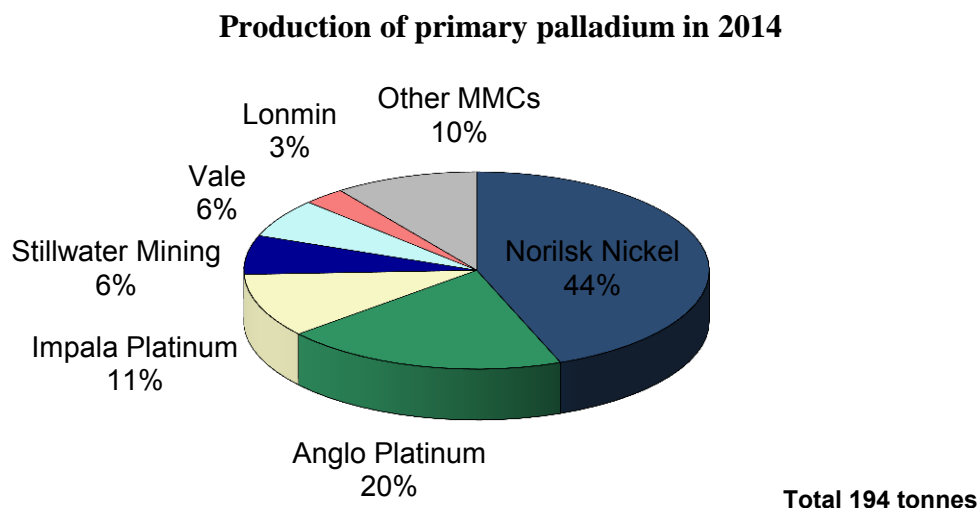


Source: Company data

Европа	Europe
Северная Америка	North America
Япония	Japan
КНР	China
Прочие страны	Other countries

Over 80% of palladium is consumed in North America, Europe, China and Japan. In 2014, the majority of consumption growth came from China and North America, while in Europe, Japan and other countries, consumption of the metal declined.

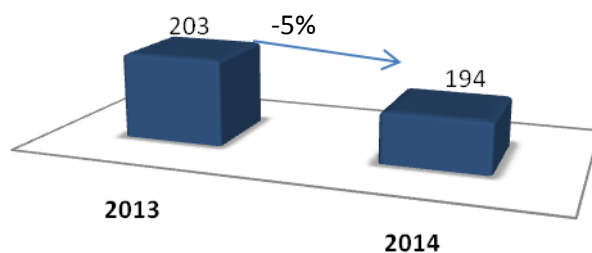
Apart from its industrial application, palladium is also a popular financial investment. In 2014, investments in palladium coins and bars remained at the previous year's level of two tonnes. The net inflow of investments in physical palladium exchange-traded funds (ETFs) was 28 tonnes as a result of two new funds being launched in South Africa – ABSA and Standard Bank.



Source: Corporate reports, Company data

In 2014, as a result of an unprecedented five-month strike in South Africa, the output of the metal in the country decreased by 16 tonnes, a trend that was partially offset by deliveries from manufacturers' inventories accumulated in 2012-2013. Output growth by three tonnes was observed in North America –at Vale's Sudbury company, North American Palladium and Stillwater Mining, as well as in Russia. In Zimbabwe, a collapse in the Bimha Zimplats mine prevented the planned increase in production from being achieved. As a result, global output of primary palladium in 2014 contracted by 10 tonnes.

Annual production of primary palladium in 2013-2014, tonnes



Source: Company data

The primary sources of recycled palladium are automotive exhaust gas catalysts and jewelry and electronic scrap. In 2014, the increase in recycled output stood at two tonnes.

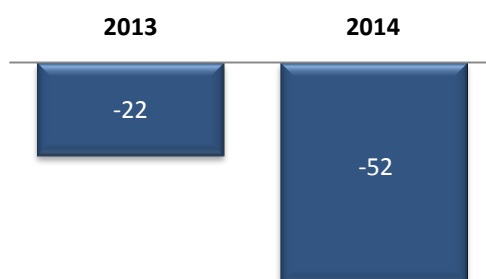
Sources of palladium supply from previously accumulated stocks in the market are trading companies, financial institutions, government funds, and surplus inventories of consumers.

In recent years, the supply of palladium from previously accumulated stocks has been available mainly from the Russian government's stockpile. The supply of palladium from the Russian government without factoring in market conditions was the main driver of market surplus for many years. In 2014, supplies from Russian stockpiles were not identified, thus pointing to the likelihood that they were exhausted and highlighting the transition to total market conditions of supply and demand creation in the palladium market.

PALLADIUM MARKET BALANCE

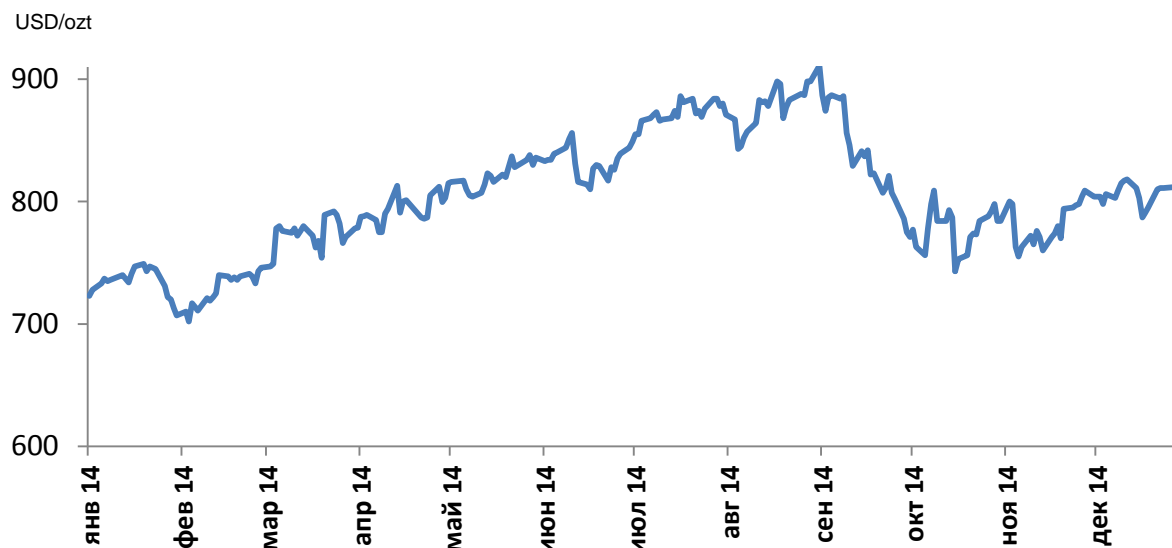
Demand for primary palladium outstripped demand by 22 tonnes in 2013 and 52 tonnes in 2014. This trend was attributable to reduced production of primary palladium and the absence of supplies from Russian stockpiles, alongside growing demand for the metal both from industrial consumers and the investment community. The shortage of palladium supply that was observed in the market was offset d by supplies from trading companies and financial institutions that had purchased the metal during previous price troughs, as well as by PGM producers in South Africa that accumulated several tonnes of palladium during 2012-2013.

**Palladium supply and demand
balance, tonnes**



Source: Company data

Palladium price dynamics in 2014 (PM London Fixing)



Source: LPPM (PM London Fixing)

янв14	Jan14
фев14	Feb14
мар14	Mar14
апр14	Apr14
май14	May14
июн14	Jun14
июл14	Jul14
авг14	Aug14
сен14	Sep14
окт14	Oct14
ноя14	Nov14
дек14	Dec14

In 2014, the palladium price increased, having reached by the beginning of September a 13-year high (USD 911/ozt). At the same time, during the strike of manufacturers in South Africa, which produce powder palladium, there was a shortage of physical metal in this form that led to a temporary increase in premiums for these products in relation to palladium bullion. A further decline in prices for the metal in September and October was due solely to macroeconomic factors: the upward trend of the US dollar against other currencies, and investment outflows from commodities. However, in December, despite a general decline in commodity prices, the palladium quotes showed a neutral trend, deviating from the level of USD 800/ozt by no more than USD 20 /ozt both up and down. Prices for the metal have further upside potential amid a structural deficit in the palladium market, so the price disparity between platinum and palladium can be expected to continue to narrow going forward.

Average annual prices for palladium in the last five years

Metal	Unit	2010	2011	2012	2013	2014
Palladium	USD /ozt	525	734	643	725	803

Source: LPPM (PM London Fixing)

THE PLATINUM MARKET

Major global platinum producers: South Africa, Russia, Zimbabwe, Canada, and the US

Major global platinum consumers: the European Union, China, Japan, US

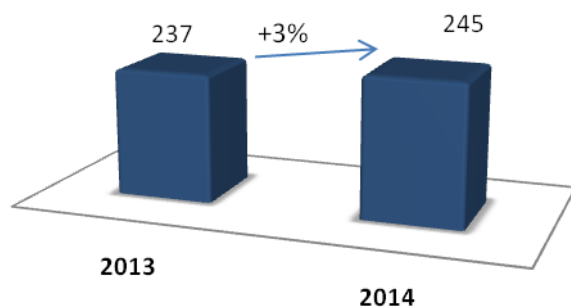
The company's key markets: the European Union, China, Japan, US

MAJOR PLATINUM MARKET TRENDS

In 2014, reduced platinum supply and increased consumption amid positive investor demand for the metal resulted in a deficit in this market. The deficit was partially offset by supplies from traders and financial companies that had purchased the metal during the previous price troughs, as well as from the stocks of South African platinum producers.

PLATINUM DEMAND

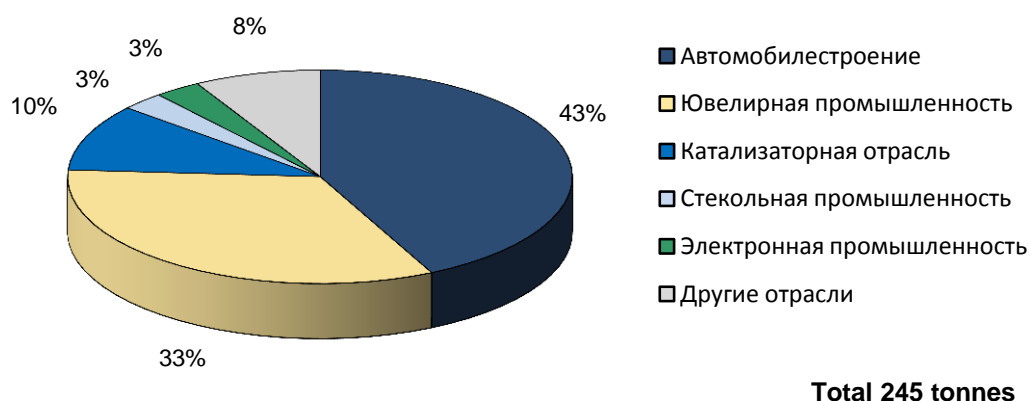
Platinum consumption in 2013-2014, tonnes



Source: Company data

Industrial consumption of platinum in 2014 increased by eight tonnes (+3% year-on-year) to 245 tonnes. The consumption of primary platinum increased by six tonnes (+3% year-on-year) to 182 tonnes, due to increased demand for recycled metal. In 2014, recycled output rose by two tonnes compared to 2013.

Platinum consumption in 2014



Source: Company data

Автомобилестроение	Automotive industry
Ювелирная промышленность	Jewelry industry
Катализаторная отрасль	Catalyst production
Стекольная промышленность	Glass production
Электронная промышленность	Electronics industry
Другие отрасли	Other industries

The automotive industry is the largest consumer of platinum. About 80% of the platinum in this industry is used in exhaust gas catalysts for diesel vehicles. In 2014, the industry boosted its consumption of platinum by four tonnes due to higher production of vehicles and the implementation of new Euro 6 exhaust emission standards.

Change in consumption of platinum by industries in 2013-2014

Industry	2013/2012
Automotive industry	3.8tonnes (+4%)
Jewelry industry	-1.4tonnes (-2%)
Catalyst production	+1.5tonnes (+6%)
Glass production	+2.8 tonnes (+69%)
Electronicsindustry	+0.5 tonnes (+7%)
Other industries	+0.5tonnes (+4%)
TOTAL	+7.7 tonnes (+3%)

Source: Company data

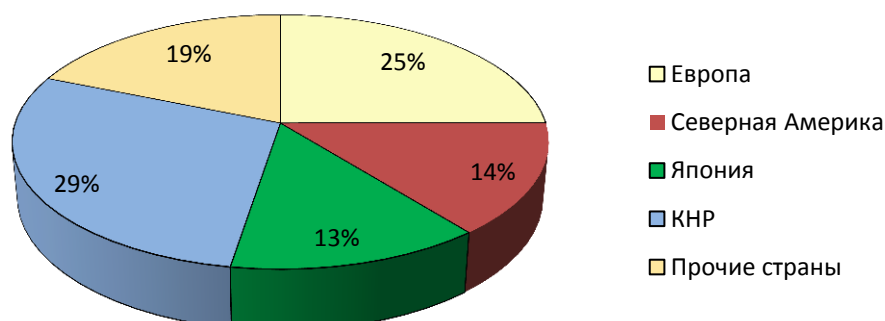
The jewelry industry, the second-largest consumer, reduced platinum consumption by one tonne (-2% year-on-year) in 2014, mainly due to reduced demand from China, as well as from Europe. In monetary terms, the annual consumption of platinum decreased by 8% to reach USD 3.7 billion.

The chemical and petrochemical sectors use platinum as a catalyst in the refining processes and in a wide range of pharmaceutical products, perfumes, cosmetics and polymers. In 2014, primary platinum consumption in industrial catalysts increased by 1.5 tonnes (+6% year-on-year) when new paraxylene facilities were commissioned alongside an increase in propane dehydrogenation capacities, the supply of which significantly increased as a result of the US shale gas revolution. In addition, the increase was due to the catalytic reforming and isomerization of petroleum products and the absence of significant refining capacity closures in 2014.

The glass industry employs platinum in fiberglass and optic glass, which is used in TV sets, tablet computers and smart phones. Demand for primary metal in this industry partially recovered after a decline in 2013, which was due to the rationalization of the LCD industry and closure of plants in Japan and Singapore.

The use of primary platinum in the electronics industry increased by 0.5 tonnes (+ 7%) due to increased demand for hard disk drives (HDDs) used in the Internet market.

Platinum consumption by region in 2014



Source: Company data

Европа	Europe
Северная Америка	North America
Япония	Japan
КНР	China
Прочие страны	Other countries

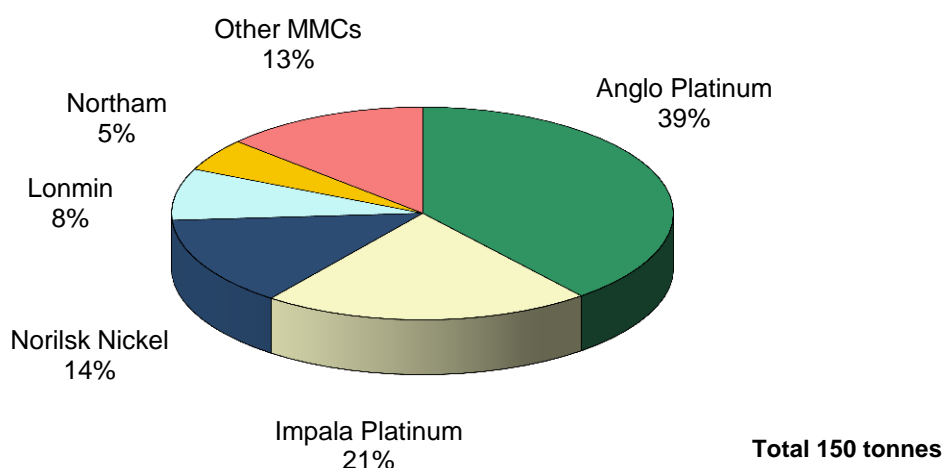
Over 80% of platinum consumption is concentrated in Europe, China, North America and Japan. In 2014, growth of platinum consumption compared to 2013 was seen in all major regions, particularly in China and Europe.

Platinum is also used in financial investments. Physical investments may vary from coins and bars weighing as little as 1/10 ozt to investments in ETFs that accumulate large amounts of metal in the form of bars.

Investor demand for platinum rose by seven tonnes in 2014 after unprecedented demand in 2013 (28 tonnes), due to the launch of a new fund in South Africa (ABSA). Investment in platinum coins and bars increased by two tonnes year-on-year.

PLATINUM SUPPLY

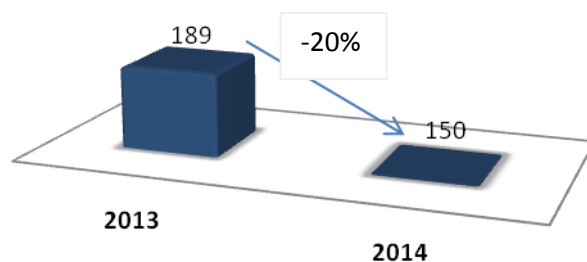
Primary platinum output in 2014



Source: Corporate reports, Company data

In 2014, primary platinum output fell by 38 tonnes (-20% year-on-year). This significant decrease is due to the stoppage of 60% of South African capacities for five months as the result of a major walkout at Anglo Platinum, Impala Platinum, Lonmin enterprises. Delivery from inventories of producers amounting to seven tonnes only partially offset the decline in production in the region.

Primary platinum supply from current production in 2013-2014, tonnes



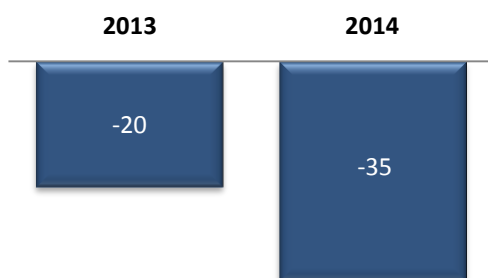
Source: Company data

The primary sources of recycled platinum are spent exhaust gas catalysts and scrap jewelry. In 2014, recycling grew by nine tonnes year-on-year.

PLATINUM MARKET BALANCE

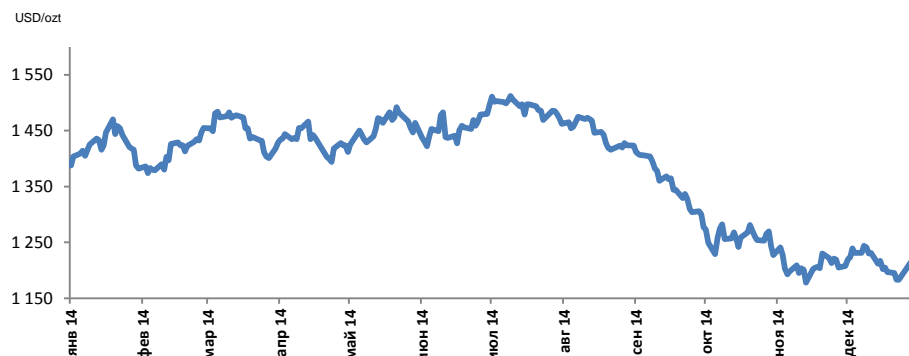
In 2014, the market deficit rose from 20 tonnes in the year-earlier period to 35 tonnes due to a significant reduction in platinum supply from current production coupled with higher consumption amid steady investor demand for the metal. The deficit was covered by supplies from traders and financial institutions that had purchased the metal during the previous price troughs, as well as by supplies from the manufacturer inventories that had been accumulated in 2012-2013 due to expectations of a possible strike at South African platinum producers.

Platinum supply and demand balance, tonnes



Source: Company data

Dynamics of platinum prices in 2014



Source: PM LPPM Fixing

Average annual prices for PGMs over the past five years

Metal	Unit	2010	2011	2012	2013	2014
Platinum	USD / ozt	1,609	1,722	1,551	1,487	1,386

Source: LPPM (PM London Fixing)

Despite the platinum market deficit seen in 2014, the average LTE price decreased by 7% year-on-year to USD 1,386/ozt. In November, prices plunged to a five-year low. The downturn was due both to macroeconomic factors –a stronger dollar as well as the impact of lower gold and oil prices, expectations of a rate hike by the US Federal Reserve System in 2015, pessimistic forecasts for the Eurozone economy - and the reaction of the financial community to the absence of signs of physical deficit even though 40% of global capacities were halted for five months. The confluence of these trends indirectly pointed to the availability of ore metal reserves in the market. This reaction appears to have been overblown from a fundamental standpoint, since even with the devaluation of the South African rand in 2014, over 25% of the platinum mines have been unprofitable at the current price levels.

CHAPTER 7: CORPORATE GOVERNANCE

Optimization of managerial processes and maintenance of high standards of corporate governance have always been a top priority for MMC Norilsk Nickel. Since 2002, the Company's activities have been compliant with the Corporate Conduct Code recommended by the FKCB/FFMS (Federal Securities Market Committee/Federal Financial Markets Service) and subsequently with the Corporate Governance Code that was approved on March 21, 2014 by the Board of Directors of the Bank of Russia.

Corporate governance and control structure

Схема органов управления и контроля



Схема органов управления и контроля	Corporate governance and control structure
<p>Ревизионная комиссия</p> <p>Собрание акционеров</p> <p>Независимый аудитор</p> <p>Совет Директоров</p> <p>Генеральный Директор</p> <p>Правление</p> <p>Директор</p> <p>Департамент внутреннего контроля</p> <p>Комитеты:</p> <ul style="list-style-type: none"> – по аудиту – по стратегии – по бюджету – по корпоративному управлению, кадрам и вознаграждениям 	<p>Audit commission</p> <p>General meeting of shareholders</p> <p>Independent auditor</p> <p>Board of Directors</p> <p>CEO</p> <p>Management board</p> <p>Director</p> <p>Department of internal control</p> <p>Committees:</p> <ul style="list-style-type: none"> – Audit Commission – Strategy Committee – Budget Committee – Corporate Governance, Nomination and Remuneration Committee

GENERAL MEETING OF SHAREHOLDERS

According to the Federal Law “On Joint-Stock Companies” and the Charter of MMC Norilsk Nickel, the Company’s supreme management body is the General Meeting of Shareholders.

The Annual General Meeting of Shareholders shall be held on an annual basis, not earlier than three months before and not later than six months after the end of the financial year. General Meetings, other than Annual General Meetings of Shareholders, are defined as Extraordinary General Meetings of Shareholders and shall be held following a decision of the Board of Directors at their discretion or at the request of the Audit Commission, the Company’s auditor, or shareholders who own at least 10% of the Company’s voting shares as of the date of the request.

The procedure for conducting Meetings of Shareholders is set forth in the *Company’s Regulations on the General Meeting of Shareholders*.

The notice of a General Meeting of Shareholders shall be published in the “Rossiyskaya Gazeta” newspaper and in the “Taimyr” newspaper not later than 30 days prior to date on which the General Meeting is to be held. If a General Meeting is conducted in the form of absentee voting (by ballot), notice of the meeting shall be given in the above publications at least 30 days prior to the deadline set for the collection of ballot sheets.

Shareholders shall receive a notice of a General Meeting from the Company, and they are entitled to exercise their voting rights by sending a ballot sheet via mail, or by attending the meeting (in person or by proxy).

American Depositary Receipt (ADR) holders do not receive a notice of a General Meeting directly from the Company. According to the Depository Agreement, the Company shall notify the Depository, which, in turn, in the shortest possible time, and provided it is not prohibited by Russian law, shall notify ADR holders about the General Meeting, and enclose voting materials and a document describing the voting procedure for ADR holders. To exercise their voting rights, ADR holders shall instruct the Depository accordingly.

A General Meeting of Shareholders shall be considered properly convened (having a quorum) if the shareholders who own in aggregate more than 50% of the votes granted by the voting shares of the Company are present at the meeting.

Shareholders owning at least two percent of the Company’s voting shares may propose items to be included in the agenda of Annual and Extraordinary General Meetings of Shareholders, and may put forward candidates for election to the Board of Directors and Audit Committee of the Company subject to the extent and within the deadlines established by the Federal Law.

Voting at the General Meeting of Shareholders shall be conducted in accordance with the principle “one share – one vote”, unless otherwise provided for in the Federal Law. Members of the Company’s Board of Directors are elected through cumulative voting, i.e. when the number of votes held by each shareholder is multiplied by the number of persons to be elected to the Board of Directors.

The scope of the General Meeting of Shareholders includes:

- Restructuring and liquidation of the Company
- Election of members of the Board of Directors, Audit Commission, and premature termination of their powers
- Splitting and consolidation of shares, deciding on the number, par value, category (type) of authorized shares and the rights conferred by such shares
- Increase (decrease) in the Company’s authorized capital
- Approval of the Company’s independent auditor
- Amendments and additions made to the Company’s Charter and approval of internal documents governing the activities of the Company’s management bodies
- Approval of annual reports, annual financial statements, including income statements of the Company, distribution of profit, including payment (declaration) of dividends
- Making decisions on the approval of major transactions and interested party transactions to the extent provided for in the Federal Law
- Other questions envisaged in the Federal Law “On Joint Stock Companies”

BOARD OF DIRECTORS AND ITS COMMITTEES

Board of Directors

The Board of Directors is the management body in charge of the general management of the Company's activities, with the exception of issues that fall within the scope of the General Meeting of Shareholders, as specified in the Federal Law and the Company's Charter.

Meetings of the Board of Directors (in person or in absentia) shall be held as and when required, but at least once every six weeks. Meetings shall be convened by the Chairman of the Board of Directors at the latter's discretion or at the request of a member of the Board of Directors, Audit Commission, auditor, Management Board, CEO, or shareholders holding at least 10% of the Company's ordinary shares. Such a request shall be made in writing and shall specify the reasons for convening the meeting.

The procedure for convening and holding the meetings of the Board of Directors is specified in the Company's internal document, *Regulations on the Board of Directors*.

Members of the Board of Directors shall be elected at the Annual or Extraordinary General Meeting of Shareholders according to the procedure provided for in the Federal Law for the period until the next Annual Meeting. The Board shall consist of 13 directors.

A meeting of the Board of Directors shall be deemed as duly constituted (quorate) if at least one-half of the elected members of the Board are present. Decisions shall be made by the Board of Directors by a majority vote of the members of the Board of Directors who participate in the meeting. According to the Charter, certain issues require a bigger quorum and larger number of votes for a decision to be adopted.

The scope of powers of the Board of Directors includes:

- making proposals for the consideration of the shareholders' meeting on the Company's restructuring and increasing (decreasing) the Company's authorized capital
- deciding on the Company's core business areas, concepts and development strategies, implementation of these strategies, approving and amending corporate plans and budgets
- recommendations on dividends per share and the related payment procedure, and approval of the Company's dividend policy
- other aspects specified in the Federal Law "On Joint Stock Companies"

Composition of the Board of Directors

During the reporting year, the composition of the Board of Directors changed once: following the results of the Annual General Meeting (AGM) held on June 6, 2014.

Independent directors

In accordance with global corporate governance practices and the recommendations of the FKCB/FFMS Code of Corporate Conduct, independent directors have been elected to the Board of Directors of Norilsk Nickel since 2002. The Company uses the most conservative criteria possible in defining the independence of the members of its Board of Directors.

Composition of the Board of Directors

Before AGMS in 2014	After AGMS in 2014
<i>Penny G.*</i> - Chairman of the Board of Directors	<i>Penny G.*</i> - Chairman of the Board of Directors
Bougrov A.E.	Bashkirov A.V.
<i>Bratukhin S.B.*</i>	<i>Edwards R.*</i>
Barbashev S.V.	Barbashev S.V.

Bashkirov A.V.	<i>Bratukhin S.B. *</i>
<i>Edwards R. *</i>	Bougrov A.E.
Zakharova M.A.	Zakharova M.A.
Matvienko V.A.	Ivanov E.M.
<i>Chemezov S.V. *</i>	Mishakov S.S.
Mishakov S.S.	<i>Prinsloo G. *</i>
<i>Prinsloo G. *</i>	Sokov M.M.
Sokov M.M.	Soloviev V.A.
Soloviev V.A.	<i>Skvortsov S.V. *</i>

* - Independent Director

Activity of the Board of Directors

In 2014, 42 meetings of the Company's Board of Directors were held:

- 8 meetings held in person
- 34 meetings held in absentia

The Board of Directors held three meetings in person and 13 meetings in absentia before the Annual General Meeting of Shareholders on June 6, 2014.

The Board of Directors held five meetings in person and 21 meetings in absentia after the Annual General Meeting of Shareholders and before December 31, 2014.

Participation of Directors in Board Meetings in 2014

Member of the Board of Directors	Before AGMS		After AGMS		Total:
	in person	in absentia	in person	in absentia	
Mishakov S.S.	3	13	5	21	42
Bougrov A.E.	3	13	5	21	42
Barbashev S.V.	3	13	5	21	42
Zakharova M.A.	3	13	5	21	42
Edwards R.	3	13	5	21	42
Bashkirov A.V.	3	13	5	21	42
Bratukhin S.B.	3	13	5	21	42
Matvienko V.A. ⁽¹⁾	3	13	-	-	16
Skvortsov S.V. ⁽²⁾	-	-	4	21	25
Sokov M.M.	3	13	5	21	42
Soloviev V.A.	3	13	5	21	42
Chemezov S.V. ⁽¹⁾	1	11	-	-	12
Ivanov E.M. ⁽²⁾	-	-	5	21	26
Prinsloo G.	3	13	5	21	42

Penny G.	3	13	5	21	42
-----------------	---	----	---	----	-----------

Note:

(1) Not on the Board of Directors elected at the Annual General Meeting of Shareholders on June 6, 2014.

(1) Elected to the Board of Directors at the Annual General Meeting of Shareholders on June 6, 2014.

BOARD OF DIRECTORS as of December 31, 2014

Member of the Board of Directors	Biography / positions held
	<p>Member of the Board of Directors since 2002 Chairman of the Board of Directors from June 2011 to March 2013</p> <p>Born in: 1952</p> <p>Education: Moscow State Institute for International Relations (MGIMO), PhD in Economics.</p> <p>2002 - 2011 - Member of the Board of Directors of MMC Norilsk Nickel, OJSC.</p> <p>2002 - present - Member of the Non-Governmental Public Association "Foreign and Defense Policy Council".</p> <p>2004 - 2010 - Managing Director of CJSC "INTERROS Holding Company".</p> <p>2006 - present - Member of the Board of the Russian Union of Industrialists and Entrepreneurs.</p> <p>2006 - 2010 - Member of the Board of Directors of Altpoint Capital Partners LLC.</p> <p>2007 - 2011 - Chairman of the Management Board of the "Bureau of Economic Analysis Fund».</p> <p>2008 - 2010 - Member of the Board of Directors of CJSC "INTERROS Holding Company".</p> <p>2008 - 2011 - Chairman of the Board of Directors of LLC "Prof-Media Management".</p> <p>2010 - 2013 - Member of the Management Board of CJSC "INTERROS Holding Company"</p> <p>2010 - 2013 - Deputy CEO of CJSC "INTERROS Holding Company".</p> <p>2011 - 2013 - Chairman of the Board of Directors of OJSC MMC Norilsk Nickel.</p> <p>2013 - present - Vice-President of the Russian Union of Industrialists and Entrepreneurs.</p> <p>2013 - present - Deputy Chairman of the Board of Directors of MMC Norilsk Nickel.</p> <p>2013 - present - Vice-President of CJSC "INTERROS Holding Company".</p> <p>2013 - 2014 - Member of the Board of Directors of OJSC "Federal Hydroelectric Generating Company- RusHydro".</p> <p>2013 - present - Member of the Management Board of MMC Norilsk Nickel.</p> <p>2013 - present - Deputy CEO for Cooperation with the authorities and the investment community in MMC Norilsk Nickel.</p> <p>2014 - present - Member of the Board of Directors of Open Joint Stock Company "Inter RAO".</p> <p>Shareholding in the Company's authorized capital's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
Andrei Bougrov	
	<p>Member of the Board of Directors since March 2011</p> <p>Born in: 1962</p> <p>Education: Moscow Higher School of Militia of the Ministry of Internal Affairs of the USSR, Law.</p>
Sergey Barbashev	

Member of the Board of Directors	Biography / positions held
	<p>2008 - present - CEO, Chairman of the Management Board of CJSC "INTERROS Holding Company".</p> <p>2008 - present - Council Member at Non-profit charitable organization "Charity Foundation of V. Potanin"</p> <p>2011 - present - Chairman of the Board of Directors of LLC "Rosa Khutor Ski Resort Development Company".</p> <p>2011 - present - Member of the Board of Directors of OJSC MMC Norilsk Nickel.</p> <p>Shareholding in the Company's authorized capital: 0.000088%</p> <p>Percentage of Company's ordinary shares held: 0.000088%</p>
<p>Alexey Bashkirov</p>	<p>Member of the Board of Directors since March 2013 Chairman of the Budget Committee since March 2013</p> <p>Born in: 1977</p> <p>Education: 1999 - MGIMO, Specialist In International Economic Relations.</p> <p>2009 - present time - Executive Director, Head of Investment Department, Deputy CEO for Investments of CJSC "INTERROS Holding Company".</p> <p>2009 - 2013 - Member of the Board of Directors of LLC "Rosa Khutor Ski Resort Development Company».</p> <p>2009 - 2014 - Member of the Board of Directors of LLC "Prof-Media Management".</p> <p>2010 - 2011 - Member of the Board of Directors of OJSC "Third Generation Company of the Electric Power Wholesale Market".</p> <p>2010 - 2011 - Member of the Board of Directors of OJSC "Open Investments".</p> <p>2010 - 2012 - Member of the Board of Directors of CJSC "Stavropol Broiler".</p> <p>2010 - 2012 - Member of the Board of Directors of CJSC "Agros Agroindustrial Complex"</p> <p>2011 - present - Member of the Board of CJSC "INTERROS Holding Company".</p> <p>2011 - 2012 - Member of the Board of Directors of Closed Joint Stock Company "ProfEstate"</p> <p>2012-2014 - Member of the Board of Directors of CJSC "SP Holding"</p> <p>2012-2014 - Member of the Board of Directors of CJSC "Cinema Park"</p> <p>2013 - Member of the Board of Directors of MMC Norilsk Nickel</p> <p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
<p>Sergey Bratukhin</p>	<p>Member of the Board of Directors since March 2013 Chairman of the Corporate Governance, Nomination and Remuneration Committee since March 2013</p> <p>Born in: 1971</p> <p>Education: higher. Mendeleyev Russian University of Chemical Technology, Engineering, 1996; Financial Academy under the Government of the Russian Federation, Banking and Insurance, 1998; Warwick Business School, Business Management, 2008.</p> <p>2009 - 2011 - Managing Director for, Strategic Investments of Branch of Limited Liability Company "Renaissance Partners Advisors Limited".</p> <p>2011 - present - President of "Invest AG" (LLC "CIS Investment Advisers").</p> <p>2013 - present - Member of the Board of Directors of OJSC MMC Norilsk Nickel.</p> <p>2014 - present - Member of the Board of Directors of OJSC AKB "International Financial Club".</p>

Member of the Board of Directors	Biography / positions held
	<p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
	<p>Member of the Board of Directors since June 2010.</p> <p>Chairman of the Committee of the Board of Directors on Corporate Governance, Nomination and Remuneration from June 2011 to March 2013</p>
	<p>Born in: 1976</p>
	<p>Education: Peoples' Friendship University of Russia (RUDN), Master of Law</p>
Marianna Zakharova	<p>2004 - present - Director of the Legal Department, Deputy CEO for Legal Affairs of CJSC "INTERROS HC".</p> <p>2008 - 2010 - Member of the Board of Directors of CJSC "INTERROS Holding Company".</p> <p>2009 -2010 - Member of the Board of Directors of the OJSC AKB "ROSBANK".</p> <p>2010 - present - Member of the Board of Directors of CJSC "ProfEstate».</p> <p>2010 - present - Member of the Board of CJSC "INTERROS HC".</p> <p>2010 - present - Member of the Board of Directors of OJSC MMC Norilsk Nickel.</p> <p>2011-2013 - Chairman of the Committee of the Board of Directors on Corporate Governance, Nomination and Remuneration</p>
	<p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
	<p>Member of the Board of Directors since 2012</p>
	<p>Born in: 1970</p>
	<p>Education: Moscow State Institute for International Relations RF Ministry of Foreign Affairs, International Law;</p>
Stalbek Mishakov	<p>University of Notre Dame, MS; RF Ministry of Foreign Affairs Diplomacy Academy, PhD in Economics.</p>
	<p>2010 - present - Advisor to the CEO of CJSC "RUSAL Global Management BV".</p> <p>2012 - present - Member of the Board of Directors of OJSC MMC Norilsk Nickel.</p> <p>2013 - present - Deputy CEO of LLC "EN + Management".</p> <p>2013 - present - Member of the Board of Directors of United Company RUSAL Plc.</p>
	<p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
	<p>Chairman of the Board of Directors since March 2013</p>
	<p>Born in: 1962</p>
Gareth Penny	<p>Peter</p> <p>Education: College Diocesan (Bishop); Eton College (Cape Town); Oxford, Rhodes Scholar, Master of Arts in Philosophy, Politics and Economics, 1984.</p>
	<p>2006 -2010 - CEO of De Beers Group.</p> <p>2007 – present - Director of Julius Bär Holding Ltd.</p> <p>2011 - 2012 - CEO of AMG Mining.</p>

Member of the Board of Directors	Biography / positions held
	<p>2012 – present - Executive Chairman of New World Resources Plc.</p> <p>2013 - present - Chairman of the Board of Directors of OJSC MMC Norilsk Nickel.</p> <p>Shareholding in the Company’s authorized capital: 0%</p> <p>Percentage of Company’s ordinary shares held: 0%</p>
	<p>Member of the Board of Directors since 2012 Chairman of the Audit Committee since March 2013</p> <p>Born in: 1965</p>
Gerhardus Prinsloo Cornelis	<p>Education: University of Pretoria, South Africa</p> <p>2008 - 2012 - Partner, Director of Bain and Company Russia LLC.</p> <p>2012 - present - CEO of Natural Resource Partnership.</p> <p>2012 - present Member of the Board of Directors of OJSC MMC Norilsk Nickel.</p> <p>Shareholding in the Company’s authorized capital: 0%</p> <p>Percentage of Company’s ordinary shares held: 0%</p>
	<p>Member of the Board of Directors since December 2008 Chairman of the Strategy to March 2013</p> <p>Born in: 1979</p> <p>Education: Russian State Tax Academy under the Russian Ministry of Taxes, Law.</p> <p>New-York University, Master of Law.</p>
Maksim Sokov	<p>2008 - 2010- Director of Investment Management of CJSC "RUSAL Global Management BV".</p> <p>2008 - 2013 - CEO of CJSC "OK RUSAL - Investment management".</p> <p>2008 - present - Member of the Board of Directors of OJSC «MMC «Norilsk Nickel».</p> <p>2009 - 2011 - Member of the Board of Directors of OJSC "Third Generating Company of the Electric Power Wholesale Market".</p> <p>2010 - 2011 - Director of Strategy and Corporate Development in CJSC "RUSAL Global Management BV".</p> <p>2011 - 2012 - Director of Strategy of CJSC "RUSAL Global Management BV".</p> <p>2012 - present - Member of the Board of Directors of United Company RUSAL Plc.</p> <p>2012 - 2013 - Director for strategic investments of CJSC "RUSAL Global Management BV".</p> <p>2013 - 2014 - Advisor on Strategic Investment Management in CJSC "RUSAL Global Management BV".</p> <p>2013 - present - CEO of LLC "EN + Management".</p> <p>2013 - 2014 - First Deputy CEO in LLC “En + Group limited”.</p> <p>2013 - present - Member of the Board of Directors in Eurosib Energo Plc.</p> <p>2013 - present - Member of the Board of Directors in “En + Group limited”.</p> <p>2014 - present - CEO of “En + Group limited”.</p> <p>Shareholding in the Company’s authorized capital: 0%</p> <p>Percentage of Company’s ordinary shares held: 0%</p>

Member of the Board of Directors	Biography / positions held
Vladislav Solovyov	<p>Member of the Board of Directors from 2009 to March 2011, then since March 2013</p> <p>Born in: 1973</p> <p>Education: Graduate School of Management of the State Academy of Management, 1995; Stankin Moscow State University of Technology, 1996; MBA, 2004.</p> <p>2008 - 2010- CEO of LLC "EN + Management".</p> <p>2010 - 2014 - First Deputy Director of the branch of CJSC "RUSAL Global Management BV".</p> <p>2013 - present - Member of the Board of Directors of OJSC MMC Norilsk Nickel.</p> <p>2014 - present - CEO of CJSC "RUSAL Global Management BV".</p> <p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
	<p>Member of the Board of Directors since 2013</p> <p>Born in: 1966</p> <p>Education: Camborne Mining School, honors degree in Mining Engineering, 1992.</p> <p>2002 - 2011 - Head of Office for analysis in the field of metallurgy and mining, Renaissance Capital Ltd.</p> <p>2012 - Chairman of the analysis in the field of metallurgy and mining Renaissance Capital Ltd.</p> <p>2013 – present - CEO of Highcross Resources Ltd.</p> <p>2013 - 2014- Senior Advisor to the Royal Bank of Canada (Europe) Capital Markets.</p> <p>2013 - present - Member of the Board of Directors of OJSC MMC Norilsk Nickel.</p> <p>2014 – present - Director of GB Minerals Ltd.</p> <p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
Sergey Skvortsov	<p>Member of the Board of Directors since 2014</p> <p>Born in: 1964</p> <p>Education: higher, MGIMO under MFA of the USSR, economist in International Economic Relations, PhD in Economics.</p> <p>2006 - present - Member of the Board of Directors of OJSC "KAMAZ".</p> <p>2008 - present - Member of the Board of Directors of OJSC "AVTOVAZ".</p> <p>2009 - 2012 - Managing Director of the President Office of CJSC "Financial Broker "Troyka Dialog".</p> <p>2012 - 2013 - Managing Director of CJSC "SIB Financial Broker».</p> <p>2013 - present - Member of the Strategy Committee of JSC "ROSNANO".</p> <p>2013 - Managing Director for investment projects of the State Corporation for Promotion of Development, Production and Export of High Technology Industrial Products "Russian Technologies".</p> <p>2013 - 2014 - Managing Director for Investment of the State Corporation for Promotion of Development, Production and Export of High Technology Industrial Products "Russian Technologies".</p>

Member of the Board of Directors	Biography / positions held
	<p>2014 - present - Deputy CEO of the State Corporation for Promotion of Development, Production and Export of High Technology Industrial Products "Russian Technologies".</p> <p>2014 - present - Deputy Chairman of the Board of Directors of OJSC "United Industrial Corporation "OBORONPROM".</p> <p>2014 - present - Member of the Board of Directors of OJSC "Russian Helicopters".</p> <p>2014 - present - Member of the Supervisory Board of OJSC "MSP Bank".</p> <p>2014 - present - Member of the Board of Directors of OJSC MMC Norilsk Nickel.</p> <p>2014 - present - Member of the Board of Directors of LLC "RT-Global Resources".</p> <p>2014 - present - Member of the Board of Directors of LLC "RT-Invest".</p>
	<p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>

Member of the Board of Directors since 2014

Born in: 1977

Education: Financial Academy under the Government of the Russian Federation, Accounting, Analysis and Audit of Economic Activities of Industrial Enterprises.

**Yegor
Ivanov**

2005 - 2010 - Director of Planning and Budget Department of CJSC "RUSAL Global Management BV".

2008 - present - Member of the Board of Directors of EURALLUMINA - Societa per Azioni.

2010 - present - Director of control, internal audit and coordination of business in CJSC "RUSAL Global Management BV".

2010 - present - Chairman of the Board of Directors of OJSC "RUSAL SAYANAL".

2012 - present - Member of the Board of Directors of CJSC "RUSAL Armenal".

2012 - present - Member of the Board of Directors of OJSC "SUAL - HOLDING".

2012 - present - Member of the Management Board of CJSC "RUSAL Global Management BV".

2012 - present - Chairman of the Board of Directors of OJSC "RUSAL".

2014 - present - Member of the Board of Directors of OJSC MMC Norilsk Nickel.

Shareholding in the Company's authorized capital: 0.000442%

Percentage of Company's ordinary shares held: 0.000442%

COMMITTEES OF THE BOARD OF DIRECTORS

Since the beginning of 2014, the following committees of the Board of Directors continued their work:

- The Audit Committee
- The Strategy Committee
- The Budget Committee;*
- The Corporate Governance Committee, and the Nomination and Remuneration Committee

AUDIT COMMITTEE

The Audit Committee consists of four directors and assists the Board of Directors in interaction with external auditors who review the Company's financial reports and evaluate internal control systems.

Состав Комитета по аудиту Members of the Audit Committee

Before AGMS in 2014:	After AGMS in 2014:
Gerhardus Prinsloo * - Chairman of the Committee	Gerhardus Prinsloo * - Chairman of the Committee
Marianna Zakharova	Marianna Zakharova
Robert Edwards *	Robert Edwards *
Maksim Sokov	Yegor Ivanov

*- Independent Director

STRATEGY COMMITTEE

At the beginning of 2014, the Strategy Committee started its operation, consisting of four members of the Board of Directors. The current Strategy Committee consists of five directors (Board of Directors resolution dated July 27, 2014, Minutes No. GMK/18-pr-sd). The members of the Company's Board of Directors holding positions at the Company cannot be Committee members. The Strategy Committee was established for the purpose of assisting the Board of Directors with the preliminary review of strategic goals, developing priority areas for business and evaluating long-term efficiency. In addition, it assists in framing recommendations for the Board on adjusting the Company's existing strategic development based on the requirement to increase business efficiency, taking into account trends in the commodity and capital markets and the performance of the Company and its competitors.

Members of Strategy Committee

тегии

Before AGMS in 2014:	After AGMS in 2014:
Maksim Sokov - Chairman of the Committee	Maksim Sokov - Chairman of the Committee
Gerhardus Prinsloo *	Gerhardus Prinsloo *
Aleksey Bashkirov	Aleksey Bashkirov
Gareth Peter Penny *	Gareth Peter Penny *
	Sergey Bratukhin *

*- Independent Director

BUDGET COMMITTEE

The Budget Committee is composed of five members of the Board of Directors. The Budget Committee was established for the purpose of assisting the Board of Directors in making preliminary review and recommendations when determining policies related to finance, budgeting and business planning.

Members of the Budget Committee

Before AGMS in 2014:	After AGMS in 2014:
Aleksey Bashkirov - Chairman of the Committee	Aleksey Bashkirov - Chairman of the Committee
Sergey Barbashev	Sergey Barbashev
Sergey Bratukhin *	Sergey Bratukhin *
Marianna Zakharova	Marianna Zakharova
Vladislav Soloviev	Vladislav Soloviev

*- Independent Director

CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

At the beginning of 2014, the Corporate Governance, Nomination and Remuneration Committee began operating as a Committee consisting of three members of the Board of Directors. Current Corporate Governance, Nomination and Remuneration Committee consists of four directors (decision of the Board of Directors of the Company dated 27.06.2014, Minutes No. GMK/18-pr-sd). The Corporate Governance, Nomination and Remuneration Committee assists the Board of Directors with the preliminary review of matters related to corporate governance within the Company and other matters within the scope of the competence of the Board of Directors, which influence the corporate interests of the Company and the rights of its shareholders, including Company share transactions, as well as preparing recommendations for the Board of Directors for making decisions on such matters.

As part of the Company's program to improve its corporate management system, pursuant to a resolution passed by the Board of Directors, an internal evaluation of the activities of the Board of Directors of Norilsk Nickel in 2014 was made. In addition, a survey of members of the Board of Directors was held from January 26 until February 8, 2015 in accordance with the effective Policy for Assessment of the Activity of the Board of Directors. Members of the Board of Directors evaluated the work of the Board by Directors by answering 75 questions. Following the evaluation, the Corporate Governance Committee, and the Nomination and Remuneration Committee recommended that the work of the Board of Directors of Norilsk Nickel be recognized as effective.

Members of the Corporate Governance, Nomination and Remuneration Committee

Before AGMS in 2014:	After AGMS in 2014:
Sergey Bratukhin * - Chairman of the Committee	Sergey Bratukhin * - Chairman of the Committee
Marianna Zakharova	Marianna Zakharova
Stalbek Mishakov	Stalbek Mishakov
	Robert Edwards *

*- Independent Director

EXECUTIVE BODIES: CEO AND MANAGEMENT BOARD

The CEO (sole executive body) and the Management Board (collective executive body) are in charge of the Company's day-to-day activities.

CEO

The rights and obligations of the CEO and members of the Management Board with regard to the Company's day-to-day activities are set forth in the Federal Law, as well as legislative and regulatory regulations of the Russian Federation, the Company's Charter, internal documents of the Company and contracts defining their rights and obligations as concluded by the Company with each of them.

The CEO and members of the Management Board are elected for an indefinite period. The Board of Directors is authorized to terminate the authority of and cancel the contract with the CEO or any member of the Management Board.

Scope of powers of the CEO:

- acts as the Chairman of the Board
- acts on behalf of the Company without the power of attorney on the following issues:

- representing the Company's interests
- entering into transactions on behalf of the Company
- approving staff schedules
- issuing orders and instructions that are binding on all employees of the Company
- approving the Company's internal documents which regulate production, technology, financial, accounting, business, human resources, social, health, safety and document control issues
- making decisions on any other issues relating to day-to-day operations which are not included in the Company's Charter as within the scope of powers of the General Meeting of Shareholders, the Board of Directors or the Management Board

MANAGEMENT BOARD

The Management Board runs the Company within its scope of powers as set forth in the Company's Charter and ensures that all decisions of the General Meetings of Shareholders and the Board of Directors are implemented.

Scope of powers of the Board:

- preliminary review of materials prepared for meetings of the Board of Directors regarding such issues as determination of priorities for the Company's operations, concepts and strategies for the Company's development and methods of their implementation, approval of the Company's plans and budgets, as well as approval of any changes made to the plans and budgets of the Company
- preparation of proposals for amending the Company Charter
- preparation of proposals for transactions that require approval by the General Meeting of Shareholders or the Board of Directors
- analysis and assessment of the results of the Company's business operations
- development of proposals for the use of the Company's reserve fund and other issues provided for in the Federal Law and the Company's Charter
- other issues stipulated in the Company's Charter

Activities of the Board in 2014

In 2014, the Board of the Company held 37 meetings in absentia

Attendance at Management Board meetings held in 2014

	the meetings attended in absentia
Potantin V.O.	37
Bezdenzhnykh E.S.	37
Batekhin S.L.	37
Zelkova L.G.	36
Plastinina N.M.	35
Ryumin A.A.	36
Malyshev S.G.	37
Fedorov P.S.	35
Aznauryan O.E.	37
Bougrov A.E.	37
Dyachenko S.N.	36
Gasumyanov V.I.*	18
Kondratova E.A.*	19

*Elected to the Management Board, formed on July 9, 2014.

On July 9, 2014, the Board of Directors of MMC Norilsk Nickel (Minutes No.GMK/20-pr-sd dd 08.07.2014) approved the new composition of the Management Board: Chairman of the Board - Potantin V.O.; Management Board members - Aznauryan O.E., Batekhin S.L., Bezdenzhnykh E.S., Bougrov A.E., Gasumyanov V.I., Dyachenko S.N., Zelkova L.G., Kondratova E.A., Malyshev S.G., Plastinina N.M., Ryumin A.A., Fedorov P.S.

COMPOSITION OF THE MANAGEMENT BOARD as of 31 December 2014

Management Board Member	Biography / positions held
Vladimir Potantin	CEO - Chairman of the Management Board since December 2012.
	Born in: 1961
	Education: Moscow State Institute for International Relations (MGIMO), International economics
	1995 - present - Member of the Presidium of the International Foundation for the Unity of Orthodox Christian Nations.
	2000 - present - Member of the Management Bureau of the LLC "Russian Union of Industrialists and Entrepreneurs" (RSPP)
	2000 - present - Member of the Management Board of LLC "Russian Union of Industrialists and Entrepreneurs" (RSPP).
	2001 - present - Member of the Board of Trustees of the Solomon R. Guggenheim Foundation (New York).
	2002 - 2011 - Member of the Board of Trustees, Hermitage-Guggenheim Charity Foundation.
	2003 - present - Chairman of the Board of Trustees of the State Hermitage Museum.
	2004 - present - Chairman of the National Council on Corporate Governance (NCCG), as well as Member of the Board of Trustees of the Centre for Problem Analysis and State Management Projecting.
	2005 - present - Member of the Board of Trustees of non-profit charitable organization the Russian Olympians Foundation.

2006 - present - Deputy Chairman of the Board of Trustees of MGIMO, Member of the Research Advisory Board for the General Prosecutor's Office of the Russian Federation, as well as Member of the Board of Trustees of the School of Management, St. Petersburg University, and Member of the Management Board, Russian National Union of Employers/Russian Union of Industrialists and Entrepreneurs (RNUE/RSPP).

2007 - 2012 - Member of Presidium, RF President's Council for Promotion of Athletics and Sports, High-Achievement Sports, Preparation and Conduct of the 2014 XXII Winter Olympics and XI Paralympics in Sochi.

2007 - present - Member of the Board of Trustees, St. Petersburg State University; Member of the Supervisory Board, Sochi 2014 Steering Committee.

2008 - 2012 - Member, Council for Competitive Ability and Entrepreneurship under the RF Government.

2008 - present - Council member, Potanin Charity Foundation

2009 - present - Chairman of the Supervisory Board, Russian International Olympic University.

2010 - present - Member of the Board of Trustees, Russian Geographical Society

2011 - present - Member of the Board of Trustees, Special Foundation of Target Capital Management for the Development of State Hermitage Museum.

2012 - present - CEO of OJSC MMC Norilsk Nickel.

2013 - 2014 - Member of the Board of Directors at OJSC "Inter RAO UES".

2013 - present - President of JSC "Holding company "INTERROS".

2014 - present - Chairman of the Board of Trustees of the Autonomous Nonprofit Organization "Sport development and support Club ROZA".

Shareholding in the Company's authorized capital: 0%

Percentage of Company's ordinary shares held: 0%

Member of the Management Board since April 2013

Born in: 1970

Education: 1992 - Yerevan State Polytechnic University, Automated control systems.

In 2000 he defended his degree of "Master of Business Administration" at the University of Pittsburgh USA.

**Onik
Aznauryan**

2006 - 2011 - CEO of Management Company "LITER".

2009 - 2012 - Deputy CEO of OJSC "ROSGOSSTRAKH", as well as Member of the Board and Head of the President's office, LLC "ROSGOSSTRAKH".

2011 - 2012 - CEO of OJSC "Severn Port".

2012 - CEO of OJSC "Energostroyinvest - Holding".

2013 - Member of the Board of Directors of OJSC "Norilskgazprom".

2013 - present - Chairman of the Board of Directors of OJSC "Norilskgazprom".

2013 - present - Member of the Management Board, Deputy CEO for management of non-industrial assets and energy of OJSC MMC Norilsk Nickel, as well as the Head of the branch of OJSC MMC Norilsk Nickel - "Norilskenergo" (on a part-time basis).

Shareholding in the Company's authorized capital: 0%

Percentage of Company's ordinary shares held: 0%

Member of the Board since August 2012

Born in: 1973

Education: Krasnoyarsk State University, Law

**Elena
Bezdenzhnykh**

2008 - 2010 - Member of the Board of Directors of LLC "Sports and Entertainment Complex "Arena-Norilsk", LLC "Norilskpromtransport", LLC "Norilsk Trade and Production Association", OJSC "Third Generating Company of the Electric Power Wholesale Market" and LLC "Metal Scrap Recycling Plant" as well as Chairman of the Board of Directors of such companies as: LLC "Norilsk Support Complex", LLC "Norilsknickelremont", LLC "Polar Construction Company" and OJSC "Torginvest".

2008 - 2012 - Director of the Legal Department of OJSC MMC Norilsk Nickel, as well as the Head of Legal Department of OJSC "RAO Norilsk Nickel (on a part-time basis).

2009 - Member of the Board of Directors of LLC "Intergeneration".

2009 - 2010 – Chairperson of the Board of Directors of LLC "Intergeneration".

2009 - 2012 - Member of the Board of Directors of OJSC "RAO Norilsk Nickel.

2011 - 2013 - Member of the Board of Directors of the LLC Managing Company "Sport project".

2012 - 2013 - Chairperson of the Board of Non-Profit Organization of Non-State Pension Fund Norilsk Nickel, as well as Chairperson of the Board of Directors of OJSC "RAO Norilsk Nickel.

2012 - present - Member of the Management Board, Deputy CEO – Head of the Unit for Corporate, Property and Legal Matters of OJSC MMC Norilsk Nickel.

Shareholding in the Company's authorized capital: 0.001%
Percentage of Company's ordinary shares held: 0.001%

Member of the Board since January 2013,

Born in: 1965

Education: 1987 - Red Banner Military Institute of the USSR Ministry of Defense, Military Politics and Foreign Languages; 1998 - Plekhanov Russian Economic Academy – Financing the Credit.

1998 Diploma MBA, - MIRBIS Moscow International Higher Business School, Manager of Business Administration.

**Sergey
Batekhin**

2005 -2010 - Deputy CEO of CJSC "INTERROS Holding Company".

2009 - present - Member of the Board of Directors of LLC "Continental Hockey League".

2009 - 2011 - Chairman of the Board of Directors of LLC "Rosa Khutor Ski Resort Development Company".

2012 - present - Chairman of the Board of Directors of LLC "Managing Company "Interport".

2013 - present - Member of Management Board, Deputy CEO, Head of Unit for Sales, Commerce and Logistics, OJSC MMC Norilsk Nickel, as well as Member of the Board of Directors of METAL TRADE OVERSEAS SA.

2013 - 2014 - Member of the Board of Directors, Chairman of the Board of Directors of JSC "Yenisei River Shipping Company" and Member of the Board of Directors of NORILSK NICKEL (ASIA) LIMITED.

Shareholding in the Company's authorized capital: 0%
Percentage of Company's ordinary shares held: 0%

**Andrey
Bougrov**

**Member of the Board of Directors since 2002
Chairman of the Board of Directors from June 2011 to March 2013**

Born in: 1952

Education: Moscow State Institute for International Relations (MGIMO), PhD in Economics.

2002 - 2011 - Member of the Board of Directors of OJSC MMC Norilsk Nickel.

2002 - present - Member of the Non-Governmental Public Association "Foreign and Defense Policy Council".

2004 - 2010 - Managing Director of CJSC "INTERROS Holding Company".

2006 - present - Member of the Board of the Russian Union of Industrialists and Entrepreneurs.

2006 - 2010 - Member of the Board of Directors of Altpoint Capital Partners LLC.

2007 - 2011 - Chairman of the Management Board of the "Bureau of Economic Analysis Fund».

2008 - 2010 - Member of the Board of Directors of CJSC "INTERROS Holding Company".

2008 - 2011 - Chairman of the Board of Directors of LLC "Prof-Media Management".

2010 - 2013 - Member of the Management Board of CJSC "INTERROS Holding Company".

2010 - 2013 - Deputy CEO of CJSC "INTERROS Holding Company".

2011 - 2013 - Chairman of the Board of Directors of OJSC MMC Norilsk Nickel.

2013 - present - Vice-President of the Russian Union of Industrialists and Entrepreneurs.

2013 - present - Deputy Chairman of the Board of Directors of OJSC MMC Norilsk Nickel.

2013 - present - Vice-President of CJSC "INTERROS Holding Company".

2013 - 2014 - Member of the Board of Directors of OJSC "Federal Hydroelectric Generating Company-RusHydro".

2013 - present - Member of the Management Board of OJSC MMC Norilsk Nickel.

2013 - present - Deputy CEO for Cooperation with the authorities and the investment community in OJSC MMC Norilsk Nickel.

2014 - present - Member of the Board of Directors of Open Joint Stock Company "Inter RAO".

Shareholding in the Company's authorized capital's authorized capital: 0%
Percentage of Company's ordinary shares held: 0%

Member of the Management Board since July 2013

Born in: 1962

**Sergey
Dyachenko**

Education: 1984 - Plekhanov Leningrad Mining Institute, Mining Engineering. In 2004 - Master's degree at the University of Pretoria (South Africa).

2009 - 2010 - CEO of De Beers Russia.

2010 - General Manager of Group for Mining and Development of Mining Business, De Beers Global Services (DBGS).

2010 - 2013 - General Operations Director, Kazakhmys Group of Companies.

2013 - present - Member of the Management Board of OJSC MMC Norilsk Nickel.

Management Board Member	Biography / positions held
Larisa Zelkova	<p>2013 - 2014 - Deputy CEO - Head of Operational Unit of OJSC MMC Norilsk Nickel.</p> <p>2014 - present - First Deputy CEO – Operations Director of OJSC MMC Norilsk Nickel.</p>
	<p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
	Member of the Board since January 2013
	Born in: 1969
	Education: Lomonosov Moscow State University, Journalism
	1998 - 2013 - Deputy CEO - Director of the Public Relations Department of CJSC "INTERROS Holding Company".
	1999 - 2014 - CEO of the non-profit charitable organization, "Vladimir Potanin Foundation".
	2002 - 2011 – Council Member of the NGO "Donors Forum".
	2005 - 2010 - Member of the Board of Directors of LLC "Prof-Media Management".
	2007 - present - Chairperson of the Management Board of NPO "MGIMO Specific Capital Fund".
Sergey Malyshev	2008 - 2010 - Member of the Board of Directors of CJSC "INTERROS HC".
	2008, 2010 - 2013 - Member of the Board of CJSC "INTERROS HC".
	2011 - present - Chairperson of the Management Board of NPO "Hermitage Museum Specific Capital Fund".
	2011 - 2013 - Chairperson of the Board of Directors of LLC "Prof-Media Management".
	2011 - present - Member of the Board of Directors of LLC "Rosa Khutor Ski Resort Development Company".
	2011 - 2013 - Member of the Board of Directors of OJSC MMC Norilsk Nickel.
	2011- present – Member of the Supervisory Board of The Autonomous Non-Profit Organisation "Russian International Olympic University
	2013 - present - Member of the Management Board of OJSC MMC Norilsk Nickel.
	2013 - 2014 - Member of the Board of Directors of LLC "Prof-Media Management",
	2013 – present Assistant of CEO for Social Policy and Public Affairs of OJSC MMC Norilsk Nickel.
	2014 - present - President, Chairperson of the non-profit charitable organization, "Vladimir Potanin Foundation».
	<p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
	Member of the Board since April 2013
	Born in: 1969
	Education: In 1998 he graduated from the Financial Academy under the Government of the Russian Federation, "Finance and Credit" and in 2007 IPPK Russian Public Service Academy of the RF President on a specialty "Public administration". He also has higher technical education in the specialty "Mechanical Engineering" (MGTA, 1993).

Management Board Member	Biography / positions held
Nina Plastinina	<p>2009 - 2013 - Deputy CEO for Economics and Finance, First Deputy CEO of OJSC "Energostroyinvest-Holding".</p> <p>2013 - present - Member of the Management Board, Deputy CEO, Head of Economy and Finance Unit of OJSC MMC Norilsk Nickel.</p> <p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
	Member of the Board since January 2013
	<p>Born in: 1961</p> <p>Education: Graduated from the Moscow Institute of Chemical Machine Building (MIHM) in the specialty "Mechanical Engineering", graduated from the Bauman Moscow Institute of Technology, in specialty "Economics and organization of production".</p> <p>2008 - 2013 - Director of Finance Department of CJSC "HC "INTERROS".</p> <p>2009 - 2010 - Member of the Board of Directors of LLC "Prof-Media Finance".</p> <p>2009 - 2011 - Member of the Board of Directors of LLC "Rosa Khutor Ski Resort Development Company" and CJSC "Agros Agroindustrial Complex".</p> <p>2010 - 2011 - Member of the Board of Directors of CJSC "Stavropol Broiler".</p> <p>2013 - present - Member of the Board, Director of Internal Control Department of OJSC MMC Norilsk Nickel.</p> <p>Shareholding in the Company's authorized capital: 0%</p> <p>Percentage of Company's ordinary shares held: 0%</p>
Alexander Ryumin	Member of the Board since January 2013
	<p>Born in: 1956</p> <p>Education: 1978 - Kirov Urals Polytechnic Institute in the specialty "Metallurgical Engineering".</p> <p>2008 - 2012 - Director of the Department for Operation Management of Production of OJSC MMC Norilsk Nickel.</p> <p>2012 - present - Director of the Polar Division of OJSC MMC Norilsk Nickel.</p> <p>2013 - present - Member of the Management Board of OJSC MMC Norilsk Nickel.</p> <p>Share in the authorized capital: 0.003%</p> <p>Percentage of Company's ordinary shares held: 0.003%</p>
	Member of the Board since April 2013
Pavel Fedorov	Born in: 1974
	Education: 1995 - Novosibirsk State University, 1998 - received a Master's degree at the University of State of Washington.

2007 - 2010 - Managing Director, Senior Advisor of "Morgan Stanley" (Moscow).
2010 - 2012 - First Vice-President of OJSC "Oil Company "Rosneft".
2012 - 2013 - Deputy Minister for Oil and Gas Complex, Ministry of Energy of the Russian Federation.
2013 - 2014 - Deputy CEO for Strategy and Business Development of OJSC MMC Norilsk Nickel.
2013 - present - Member of the Management Board of OJSC MMC Norilsk Nickel.
2014 - present - First Deputy CEO - Executive Director of OJSC MMC Norilsk Nickel.

Shareholding in the Company's authorized capital: 0%
Percentage of Company's ordinary shares held: 0%

Member of the Management Board since July 2014

Born in: 1959

Education: higher, 1983 - Kyiv Institute of Civil Aviation, Kyiv;
2002 - North-West Academy of Public Administration, Saint-Petersburg,

**Vladislav
Gasumyanov**

2009 - 2012 - Deputy Head of the RF President administration for Interregional and Cultural Relations with Foreign Countries.
2012 - present - Director of the Directorate of Corporate Security - Head of the Security Unit of OJSC MMC Norilsk Nickel.
2014 - present - Member of the Management Board of OJSC MMC Norilsk Nickel, as well as Member of the Board of Directors of OJSC "Yenisei River Shipping Company".

Shareholding in the Company's authorized capital: 0%
Percentage of Company's ordinary shares held: 0%

Member of the Management Board since July 2014

Born in: 1972

**Elena
Kondratova**

Education: Graduated from the Moscow State Pedagogical University in specialty Psychologist, professor of Psychology (Psychology).
2010 - 2013 – Head of the President's office of CJSC "INTERROS Holding Company".
2013 - present – Head of Office of OJSC MMC Norilsk Nickel, as well as Advisor to the President of CJSC "INTERROS Holding Company".
2014 - present - Member of the Management Board of OJSC MMC Norilsk Nickel.

Shareholding in the Company's authorized capital: 0%
Percentage of Company's ordinary shares held: 0%

The remuneration of the Company's management bodies**Remuneration of the Company's management bodies**

The amount of remuneration payable to members of the Board of Directors based on the annual results is defined in accordance with the decision of the Annual General Meeting of Shareholders and includes base salary for membership in the Board of Directors, reimbursement of travelling expenses, and bonuses for participation in and chairmanship of the Board of Directors' committees.

According to the Charter of Norilsk Nickel, the Company's Board of Directors is in charge of determining the amount of remuneration and compensation paid to members of the Management Board. The amount of remuneration to the CEO is specified in the employment agreement, which is subject to approval by the Board of Directors.

The total amount of remuneration, including salaries, bonuses, commission fees, benefits and (or) reimbursement of expenses, as well as other remuneration paid to the Company's executive bodies for 2014, was RUB 1,492 mln.

Information on the remuneration of members of the Board of Directors (in thousand RUR)

Indicator	2014
Remuneration for participation in the Management body	136,6468
Wages	0
Premium	0
Commissions	0
Benefits	0
Reimbursement of expenses	0
Other types of remuneration	0
TOTAL TOTAL	136,468

Information on the remuneration of the Board members (in thousand RUR)

Indicator	2014
Remuneration for participation in the Management body	4,390
Wages	1,087,934
Premium	225,272
Commissions	0
Benefits	0
Reimbursement of expenses	0
Other types of remuneration	37,82
TOTAL	1,355,478

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

INTERNAL CONTROL SYSTEM

The internal control system at MMC Norilsk Nickel The internal control system at MMC Norilsk Nickel is an integration of organizational structure, methodology and procedures approved by the Company's Board of Directors, executive and control bodies, officers and employees as the means aimed at the achievement of the following corporate goals:

- efficiency and effectiveness of the business activity,
- reliability and objectivity of all Company reports ,
- compliance with the laws of the Russian Federation and internal regulations of the Company.

In the Company there is a subdivision that monitors compliance with internal control procedures — Internal Control Department.

The Regulations on Internal Control and the Regulations on Internal Control on business and financial performance of MMC Norilsk Nickel state the goals, directions and procedures of internal control:

Ensuring that exhaustive and accurate information is generated to describe the activities and assets of the Company's subdivisions and its subsidiaries, ensuring accurate financial accounting, integrity and the target use of assets in the Company and its subsidiaries; compliance with standards and quotas of material and funds, compliance with limits for the use of materials and cash; prevention of material and financial losses; interception of misuse and fraud; motivation of employees and management of the Company's divisions and subsidiaries in respect of efficient management of financial assets and properties they are accountable for;

- Supervising the rational and complex use of mineral resources of the Company's divisions and subsidiaries; setting controls to minimize production losses and production costs in operations;
- Ensuring operation of the internal control and corporate risk management system within the Company and its subsidiaries;
- Organizing work and carrying out internal controls in such a way as to combat money laundering and the financing of terrorism;
- Ensuring accurate and reliable information about the Company's metal-containing products at each stage of production and circulation.

For the purpose of evaluating the quality of the internal control system, the department performs the following actions to control compliance with the internal control procedures established in the Company:

- Organizes and controls the primary areas of the financial and economic activities of the Company, including those made with the assistance of officers in other departments;
- Keeps records of violations identified in the course of the internal control activities;
- Analyzes the results of the Company's internal audits, and controls the development and implementation of action plans on elimination of violations identified during audits;
- Prepares proposals for improving the internal control procedures;
 - Coordinates activities of control and supervision functions in branches and subsidiaries, engaging their specialists in joint audits and expert examination.

The Department interacts with third-party auditors to improve the internal control system.

The Financial Control Service functioning on an equal basis with Internal Control Department performs audits and financial inspections in the Company and its subsidiaries.

While performing their functions, the Internal Control Department and Financial Control Service prepare, on a regular basis, reports, recommendations and other documents, which are sent to the Audit Committee of the Board of Directors and CEO of the Company.

A successful internal control system builds investors' confidence in the Company and its management.

RISK MANAGEMENT

The Company's operations entail a number of risks which, under certain circumstances, could significantly affect its financial and operating performance. To mitigate any negative impacts, the Company has implemented a risk management system, which is an integral part of the Company's corporate governance system.

Risk management objectives:

- To improve the reliability of the planned achievements of the Company's goals;
- To facilitate sustainable development;

- To increase the efficiency of resource allocation;
- To increase the investment attractiveness and shareholder value of the Company.

Risk management is conducted in accordance with the *Corporate risk management concept* and internal documents and constitutes a systematic identification, evaluation and management of risks in all business areas.

1. Risk identification

The Company regularly collects and analyses the information characterizing the external and internal factors that could negatively affect the achievement of the Company's goals. The Company maintains risk registers, where key data about identified risks are accumulated, including:

- Unfavourable events or trends description;
- Possible causes and conditions that could lead to the emergence of hazardous situations;
- Potential implications for the Company's business and goals;
- Links with other events or trends;
- The Company's business units and officers who are responsible for the causes and/or consequences of an unfavourable event;
- Proposals for the remediation of possible consequences of unfavourable events.

2. Risk assessment

The Company assesses each identified risk on the basis of two criteria:

- Probability of the adverse event occurring;
- Scale of consequences from a risk materializing.

Each criterion is measured by a five-point scale.

3. Risk prioritization

The Company has established acceptable risk levels. Depending on certain parameters, and the presence and relevance of any non-financial factors, risks are categorized as critical, significant or moderate.

Hierarchy of management decision making

No	Risk relevance	Acceptable risk level set by	Actions for risk control selected by
1.	Critical	Company management	Company management
2.	Significant	Company management	Management of sector units and units of subdivisions/ production facilities management
3.	Moderate	Management of sector units and units of subdivisions	Production facilities management

4. Risk aggregation and systematization

Modern risk assessment methods and techniques are used to assess the possible impact of unfavourable events on the Company's financial and operating results and business objectives, as well as the aggregate exposure of cash flows to risks (qualitative, quantitative and mathematical modelling).

1. 5.

Risk type	Reasons of risks and their consequence	Actions to minimize risks	The divisions participating in the process of identification, assessment and risk control

Reduction of probability of risk or potential damage – technical measures – organizational measures – diversification – reorganization of business processes	Transfer of risks – insurance – hedging – joint ventures or strategic partnerships – outsourcing
Risk avoidance – sale of assets – rejection of deals	Acceptance of risk – limitation – financial reserves

2. Risk regulation

Depending on the possible extent of risk parameter mitigation and related costs, the Company uses a variety of risk regulation methods to reduce, eliminate, transfer or accept risks. Systematic monitoring of risk regulation activities implementation is controlled centrally.

Types of risk regulation actions

<p>Technical and production risks</p>	<p>The foundation for the Company's strength and sustainable development lies in its production operations, the stability and efficiency of which affect the achievement of the Company's primary goals.</p> <p>The Company's key production sites are located in the Far North of Russia. Due to the natural and climatic conditions prevailing in the region, complex technical issues are encountered when conducting geological exploration, during the mining and processing of ore, providing energy to production facilities and city infrastructure and transporting finished products to customers.</p> <p>Equipment, buildings, and structures are exposed to industrial risks. The most hazardous factors include:</p> <p>Mining and metallurgical business units</p> <ul style="list-style-type: none"> - Flooding at mines/quarries; - Accidents and incidents involving mining and transport equipment; - Dealing with flammable gases and toxic substances; - Accidents and incidents at certain stages of ore processing. <p>Energy business units:</p> <ul style="list-style-type: none"> - Accidents involving pipelines and gas transportation systems; - Accidents involving electricity grids; - Accidents at heating stations <p>Transport business unit:</p> <ul style="list-style-type: none"> - Reduction in navigable river depths; - Damage to river terminals; - Breakdown of infrastructure at Norilsk airport; - Accidents and 	<p>The Company uses modern equipment and takes the necessary measures to overcome problems related to adverse weather conditions of the Far North (extremely low temperatures, "black" snowstorms, reduced navigation depth of the Yenisei River), which under certain conditions can have a major impact on the Company's operations.</p> <p>To reduce adverse effects at production facilities, the Company regularly evaluates the risk of unplanned disruptions and develops measures to prevent and limit the potential consequences of such accidents and incidents.</p> <p>Registers for technical and production risks have been created for the Polar Division's production units, the Kola Peninsula production site, the fuel and energy business units, the transport business units, and Norilsk industrial district's oil depots and the various categories of risk have been defined.</p> <p>The Company has developed, and is implementing, a programme of organizational and technical actions aimed at reducing the most serious of technical and production risks. In addition, a comprehensive insurance scheme has been set up to cover production-related risks.</p> <p>The Company has developed and is continuously improving internal standard and technical regulations which govern operations (including maintenance), which often contain more strenuous equipment maintenance and repair requirements than the regulations of the Russian Federation.</p> <p>All facilities have developed industrial safety declarations for hazardous production sites.</p>	<p>Functional divisions of branches and ROCS NN</p> <p>Head Office Operational unit</p>
---------------------------------------	---	---	---

	<p>incidents involving river and marine vessels, tugboats, and cranes.</p> <p>Oil depots in the Norilsk industrial district and Dudinka:</p> <ul style="list-style-type: none"> - Damage to buildings; - Equipment failure; - Failure of buildings used in process operations. 		
Staff management risks			
Risk in the field of attraction and retention of staff with necessary level of competence and qualification profile. Risk of deterioration of qualitative structure of the personnel	Limitedness in manpower in the Norilsk industrial region and the increased demand for the highly skilled personnel of trades with experience in relevant professions.	Implementation of vocational training programmes for the personnel, programmes for attracting skilled workers and experts from other regions of the Russian Federation who have professions and specialties undermanned on local labour market.	Personnel Policy Department, HR Departments of branches and ROCS NN
The drift of youth from the Norilsk Industrial Region, unwillingness of local youth to study and work in the Norilsk Industrial Region, and of youth from "continent" to come after study for work to the Norilsk Industrial Region.	Geographical position of the enterprises of Society - far from large educational and cultural centers, and also severe climatic conditions of the region cause the drift of youth from Norilsk	<p>Implementation of programmes of target preparation by request of the Company of pupils and students of professional education establishments with demanded professions and specialties.</p> <p>Interaction with the Norilsk Industrial Region educational institutions.</p> <p>Attracting the participants of the "Professional Start" programme on work experience from students among Norilsk State Industrial Institute "NII" and higher educational institutions of the Russian Federation, the conclusion of contracts with them on target preparation. Development and implementing of the regulation about training and adaptation of young specialists in the Company.</p>	Personnel Policy Department, HR Departments of branches and ROCS NN
Restriction in employment of nonresident workers on a constant or temporary place of work, attraction with a shift method	Insufficient quantity of premises for accommodation of the workers invited from various regions.	Settlement of a question of workers accommodation is under the supervision of the management of Polar Division of OJSC MMC Norilsk Nickel and the Norilsk City administration, the question of construction of hostels in the Norilsk Industrial Region is under discussion	Personnel Policy Department, HR Departments of branches and ROCS NN, top management of Polar Division of OJSC MMC Norilsk Nickel

	<p>The reasons are staff turnover and insufficient level of practical skills of graduates of educational institutions; low motivation to employment of young workers; lack of possibility of recruitment of the highly skilled personnel in the territory. As a consequence - non-fulfillment of the production programme, growth of rate of injuries.</p>	<p>The organization of training and professional development of employees of divisions in 2015 using enterprises' own resources and in training centers of the company.</p>	<p>Personnel Policy Department, Industrial Safety and Labour Protection Department, HR Departments and Industrial Safety and Labour Protection Services of branches and ROCS NN</p>
Reputation risks	<p>Reputation risk is a probability of damage to business reputation of the Company arising due to the influence of various external and internal factors that could result in decreasing the level of positive perception of the Company's activity by target groups and in broad public opinion</p>	<p>In order to decrease the probability of emergence of reputation risks in the company the following normative and technical documents are in operation:</p> <ul style="list-style-type: none"> – Code of Business Conduct of OJSC MMC Norilsk Nickel. – Provisions on information policy of OJSC MMC Norilsk Nickel, – Regulation on the arrangements of access to insider information of OJSC MMC Norilsk Nickel, rules of protection of its confidentiality and supervision of compliance with legal requirements in the sphere of countermeasures to unauthorized use of insider information and to market manipulation, – Regulations of interaction of officials of OJSC MMC Norilsk Nickel with the Russian and foreign mass media which defines the list of officials of the company, authorized to interact with mass media regarding providing data on the current production, financial and marketing activity of the company, plans and development prospects. <p>The Code of corporate behavior and business ethics of board members of OJSC MMC Norilsk Nickel contributes to strengthening of high standards of business integrity and responsibility at all levels of management.</p> <p>Within the introduced compliance system the Company carries out an effective set of measures according to the prevention and counteraction of corruption.</p> <p>The company chooses suppliers and contractors carefully, paying special attention to their business ethics. Therefore the company works with the business partners who are engaged only in lawful activity. In the relations with the contractors the company acts as the reliable and honest partner who strictly sticks to his obligations.</p> <p>The company pursues the coordinated policy of information openness – regular planning of media activity of corporate divisions on public relations is conducted, weekly selector meetings on questions of information support of the enterprises of Norilsk Nickel Group are</p>	<p>Public Relations Department</p> <p>Department of the share capital, compliance and counteraction to unauthorized use of insider information</p> <p>Social Policy</p>

		<p>held.</p> <p>For informing stakeholders of the company: shareholders, employees, partners, clients and society in general about the rates of realization put in strategic development plans of the company and achievements in economic, social and ecological activity some dialogues with interested parties are carried out.</p> <p>For providing workers with full information on structure, specifics, the current production and social activity of the company, and also for strengthening of corporate identity, the corporate internet portal is put into trial operation.</p> <p>For increase of "transparency" and investment appeal of the company, improvement of reputation the report on corporate social responsibility of Norilsk Nickel group of companies is published.</p>	Department (Head Office)
Legal risk	<p>Legal risks are connected with adverse change of the legislation and law-enforcement practice, discrepancy of legal provisions and existence of gaps in the legislation regulating activity of Norilsk Nickel Group of companies including concerning production of raw materials and production, environmental protection, foreign economic activity, tax regulation, the labour relations.</p> <p>The activity of Norilsk Nickel Group of companies can be negatively influenced by illegal actions and decisions of central and local authorities on nature management, land use, customs and tariff regulation, establishment of rent rates, implementation of the state control (supervision) and on other questions.</p> <p>During its activity the Norilsk Nickel Group of companies can face risk of presentation of illegal or unreasonable requirements by her contractors.</p> <p>Antimonopoly regulation risks are connected with the fact that the Norilsk Nickel Group of companies holds a</p>	<p>The company submits its offers during the developing and consideration of bills during the activity of the Open Government and procedure of an assessment of the regulating influence of drafts of normative legal acts. It provides balance of interests between authorities, civil community and business in company habitat. Representatives of the Company take part in expert structures of Federal Assembly of Russia, federal executive authorities, Chamber of Commerce and Industry of the Russian Federation and the Russian Union of Industrialists and Entrepreneurs on the most actual activities (the social and labour relations, environmental protection, industrial safety, technical regulation and standardization, improvement of monitoring or oversight activity and elimination of administrative barriers, a tax policy, the antimonopoly policy, customs and tariff regulation, etc.), and also in the working groups of executive, legislative and representative bodies of the power of federal, regional and local levels, public organizations, the unions and associations.</p> <p>The company exercises continuous control of compliance with the law and requirements to the organization of business processes for minimization of risk of presentation of claims from regulating authorities, seeks to conduct constructive dialogue with regulating authorities concerning interpretation of the legislation. Pre-judicial and judicial ways of protection of the rights are used if required.</p> <p>The risk of presentation by contractors of illegal or unreasonable requirements decreases due to existence in Norilsk Nickel Group of companies of procedure of coordination of</p>	<p>Legal department</p> <p>Department of federal and regional programmes</p> <p>Department of the share capital, compliance and counteraction to unauthorized use of insider information</p> <p>Structural divisions of the Company according to their functionality</p>

	<p>dominant position in the separate commodity markets, and some enterprises of the Group are the subjects of natural monopolies, in this connection the requirements and bans established by the antitrust law are applied to them. To subjects of natural monopolies within Norilsk Nickel Group of companies antimonopoly requirements are also applied while carrying out tender procedures.</p> <p>Tax regulation risks are connected with frequent changes of the tax law and practice of its application by tax authorities and courts. The company is one of the largest payers of Mineral Production Tax, a value added tax, corporate profit tax and fulfills requirements of the tax law in full. At the same time it is impossible to exclude completely the risk of reclamation in connection with ambiguous interpretation of the legislation by tax authorities.</p> <p>The company is the participant of the external economic relations, some part of its assets and obligations is expressed in foreign currency. In this regard changes in the sphere of customs and currency regulation influence financial and economic activity of the Company and the enterprises of Norilsk Nickel Group of companies.</p>	<p>drafts of contracts which includes the consideration of potential risks in contracts.</p> <p>Norilsk Nickel Group of companies carries out procedures and approves the normative documents aimed at providing strict compliance of activity of the enterprises of Group to the requirements of the antitrust law. The company fulfills the requirements of instructions of Federal Antimonopoly Service in full. Regulations on order of carrying out purchases of goods, works, services act are in operation in the enterprises of Group – subjects of natural monopolies.</p> <p>For prevention of negative impact on stability of business and for implementation of the obligations to interested parties continuous monitoring of the legislation in all areas of its activity is carried out (including in the field of currency regulation and control, the taxation and customs regulation) that allows to react to legislative changes in due time and, in case of need, to correct a procedure of economic operations. Pre-judicial and judicial ways of protection of the rights are used in case of need.</p>	
Compliance risks	<p>The Norilsk Nickel Group from the moment of its creation at all stages of its eighty-year existence, pays special attention to compliance of its activity to requirements of regulations, special norms and rules, adheres to high standards of social responsibility and ethical orientation.</p> <p>For strengthening of this work in the Company the following compliance risks are determined: risks of</p>	<p>In accordance with the best practices of corporate management the management of compliance risks in the Company is assigned to a separate division – Department of the share capital, compliance and counteraction to unauthorized use of insider information.</p> <p>Compliance actions are concentrated not only in the field of prevention of violation of legislative and branch norms, but also are largely aimed at providing ethical standards of business.</p> <p>The company pays much attention to increase of transparency of activity: conducts actions for counteraction of corruption and</p>	<p>Department of the share capital, compliance and counteraction to unauthorized use of insider information</p> <p>The structural divisions of the Company that hold compliance risks within their</p>

	<p>application of legal responsibility and/or legal sanctions, essential financial loss or loss of reputation, occurrence of other adverse consequences as a result of non-compliance by the Company with the existing regulations, instructions, rules, standards or codes of behavior.</p>	<p>legalization (laundering) of income gained in the criminal way, and to financing of terrorism; provides measures for prevention of unauthorized use of insider information and manipulation of market; constantly increases quality of disclosure of information.</p> <p>In January, 2014 the Company joined the Anti-corruption charter of the Russian business according to which it introduced the complex of the special anti-corruption programmes and the practices concerning not only situations in Group Norilsk Nickel, but also the relations with partners in business and the state. The charter provides refusal of preferences, conducting purchases on the basis of the open auction, introduction of financial control and assistance to law enforcement agencies. The main directions of anti-corruption activity of the Company are stated also in the Policy of OJSC MMC Norilsk Nickel in the field of anti-corruption activity approved by Board of directors.</p> <p>In the Company "Corporate Trust Service" is organized, with the help of which any employee of the Company can report about the valid and potential violations that allows to provide quick response from the management.</p> <p>The company fully fulfills legislative requirements in the field of counteraction to unauthorized use of insider information and market manipulation, including publishing necessary information on the official site.</p>	<p>competence</p> <p>Internal Control Department</p>
Social risks	<p>Efficiency of the company depends on preservation of a stable and favorable social and economic situation in territories of its presence.</p> <p>The risk of deterioration of the situation can lead to the growth of social tension in the regions and negatively affect both production processes and image of the company.</p>	<p>For risk minimization the Company takes the following measures:</p> <ul style="list-style-type: none"> – actively interacts with regional authorities, local governments and institutes of civil society; – fulfills the social obligations taken within the scope of public-private partnership agreements; - holds social events for building a constructive dialogue between business, the authorities and residents of the region, and also for public-private partnership development; – realizes the charitable programme "World of New Opportunities" directed on support and promoting of regional public initiatives, creation of opportunities for introduction of innovative technologies of sustainable social and economic development in the territories of presence. – conducts surveys of the population in NPR concerning a standard of living, employment, migratory installations and social well-being. 	<p>Federal and Regional Programmes Department</p> <p>Social Policy Department</p> <p>Krasnoyarsk representative office.</p>

Ecological	Risks of increase in technogenic load on environment in the locations of the main production assets.	<p>In order to decrease the risks the company plans and carries out a complex of research, design and survey, and installation and construction works, for full implementation of the investment projects and actions provided by the corresponding plans.</p> <p>In particular, the closing of Nickel plant in 2016 will lead to decrease in technogenic load on environment.</p> <p>Launch of new capacities of Talnakh enrichment plant will allow, in particular, to lower an environmental load due to decrease in amount of sulfur in the concentrates passed to metallurgical processing</p>	<p>Polar department; OJSC "Kola MMC"; Investment Projects Management Department (Head Office); Technical Department of Head Office;</p> <p>Departments of Head Office of the Company in accordance with their functions</p>
	Risk of non-compliance with requirements of the international ISO 14001:2004 standard that will lead to cancellation of the certificate of conformity to requirements of ISO 14001.	<p>For prevention of cancellation of the certificate works on maintenance of ecological management system in working order are carried out. Within implementation of requirements of the ISO 14001:2004 standard some actions for environmental monitoring, decrease in technogenic load of environment are carried out.</p> <p>Necessary personnel training is planned and carried out; internal audits are held; preparation for carrying out compliance/recertification audit is carried out with the participation of Company's representatives.</p> <p>The recertification audit held by certification body "Bureau Veritas Certification" in 2014 confirmed compliance of the Corporate integrated system of management in the field of quality and ecology (KISM) of the Company to the requirements of the international ISO 9001:2008 and ISO 14001:2004 standards and prolonged the validity of the certificate for 3 years</p>	<p>Structural divisions of Polar Department, Polar Ttransportation Division, Murmansk Ttransportation Division, Head Office, engaged in the functioning of the ecological management system;</p>
Risks in the field of labour protection and industrial safety			
Risks of industrial injuries	<p>The specific nature of the work undertaken at the Company's facilities requires comprehensive employee health and safety training, including compliance with health and safety rules.</p> <p>Employees' failure to comply with the Company's health and safety rules at production subdivisions of the Company may lead to health and life risks, temporary suspension of business and property damage.</p>	<p>To mitigate health and safety risks, the Company takes action in accordance with its Industrial Health and Safety Policy, namely:</p> <ul style="list-style-type: none"> – Improving working conditions, specifically by way of implementation of new equipment and technologies; increasing the level of occupational safety of production facilities; – providing employees with modern and certified personal protective equipment, special clothing, performing therapeutic and sanitary activities to mitigate the risk of impact of hazardous and dangerous production factors; – carries out regular training, instructing and evaluating employees' performance in health 	<p>Industrial Safety and Labour Protection Department (Head office)</p> <p>Functional divisions of branches and ROCS NN</p> <p>External experts and organizations</p>

		<p>and safety matters, conducting corporate workshops</p> <p>To minimize production injury rates, the Company is implementing a Healthcare and Industrial Safety Strategy, which will address the following objectives in 2014-2017:</p> <ol style="list-style-type: none"> 1. Promoting leadership and commitment among managerial staff 2. Adopting corporate standards: <ul style="list-style-type: none"> - Safety behaviour audits; - Power source insulation; - Risk assessment; - Vehicle-pedestrian interaction; - High-hazard operations; - Accidents investigation 3. Deploying the Second Party Audit system 4. Implementing a communication plan in healthcare and safety 5. Development and implementing of information analytical control system of processes management on industrial safety and labour protection. 	
Suspended/recalled licenses	<p>The specific nature of the Company's operations involve the operation of flammable, explosive and chemically aggressive production facilities of hazard class I, II and III. In addition, some of the Company's units are engaged in activities that use industrial explosives.</p> <p>The risk of suspended or recalled license for such activities can be caused by violation (gross violation) of license terms and conditions.</p>	<p>To mitigate this risk within implementation of the licensed kind of activity the Company carries out the following actions:</p> <ul style="list-style-type: none"> – carrying out preparation and certification in the field of the industrial safety (IS) of management and technical personnel; – functioning of IS control system; – implementation of production control over compliance with the IS requirements on sites; – presence of the registered industrial safety expert review conclusions; – existence of Industrial Safety Declaration; – prevention of stranger penetration on objects; – presence of the agreement on the compulsory insurance of the civil liability for infliction of harm as a result of accident on an object; – presence of the action plans on localization and elimination of accident consequences on objects and implementation of actions according to the specified plans; – presence of service contracts with professional emergency rescue service; – presence of financial and material reserves for localization and elimination of consequences of accidents; – maintenance of order of carrying out technical investigation of the reasons 	<p>Industrial Safety and Labour Protection Department (Head office)</p> <p>Functional divisions of branches and ROCS NN</p>

		of accidents, incidents and cases of loss of explosive industrial materials.	
General risks inherent to international assets			
Risk of lowering global prices on metals	The risk remains that global prices of nickel and other metals may fall, as a consequence of global economic volatility. Sensitivity of the Group's international assets through performance indicators to changes in prices of nickel is typically higher than those based in Russia, so this shall be considered a major risk.	To minimize impacts of this risk, the Group uses efforts to control and minimize costs, increase the efficiency of its primary operations, and uses tools to hedge sale prices.	Production Department Economic Department
Risk related to invalidation of geological models of the developed deposits	Risk related to any invalidation of geological models of the developed deposits may have a negative effect on the ability to meet production plans, lead to a general increase in production costs and a decrease in efficiency of international enterprises.	In order to mitigate the negative effects of this risk, the Group regularly takes a set of measures to update deposit models and adjust the mining operations plans. In order to preserve extraction values in light of changing geological, ore and processing characteristics, the Company carries out forward geological mapping and uses automatic and semi-automatic chemical processing methods at its plants.	Production Department
Risk related to an uncontrolled increase in production expenses	Risk of uncontrolled growth in certain production costs: electric power, fuel, license fees, taxes, etc. This risk is related to the possible actions of monopoly suppliers of services at the Company's operating entities and the actions of local regulators, which could result in an increase in market prices for materials, chemicals and power resources used in core operations.	The negative effects of this risk are prevented through increasing general efficiency at the Company's core operations and decreasing the general unit costs and non-production costs.	Production Department Economic Department
Risk related to an uncontrolled increase in employee costs	Risks related to an uncontrolled increase in employee costs could, on one hand, be caused by the increasing transparency in the labour market regarding salaries by industry and employee categories, and, on the other hand, by trade union activity and their significant influence on salary rate dynamics. Salary levels in the Group's operating regions abroad usually grow annually. However, salary increases are not always associated with proportional returns in the form of increased labour efficiency.	The negative effects of this risk are prevented by decreasing general unit costs by increasing labour efficiency and improving internal and external communications.	Production Department Economic Department
Risks by company habitat			

Australia	<p>The Group's assets in Australia are subject to certain risks, including currency fluctuations, increase in the cost of contractors' services and changes in license agreement rates. These factors may drive the cost of both geological exploration.</p>	<p>The Group meets in full all obligations assumed under its license agreements related to geological survey, mandatory mining fees and duties, annual reports to government agencies, and due conservation of existing assets. These efforts considerably minimize the risks of possible government sanctions against the Group, which holds a significant number of licenses.</p>	<p>Production Department</p> <p>Economic Department</p>
Africa (Republic of South Africa, Botswana)	<p>The Group's operations in South Africa and Botswana are subject to currency fluctuations and possible political instability, while political instability in the region, along with rampant HIV statistics, may impact the political, social and economic situation in both countries.</p> <p>A series of strikes in the Southern African region since 2012 has created extra risks for mining businesses that operate there. .</p> <p>The Group's operations in Africa are exposed to the risk of unscheduled shutdowns at some production sites, as well as lower outputs and performance, caused by a shortage of skilled employees at an operational level.</p>	<p>Full compliance with local and international law as regards safety and healthcare, environmental legislation and regulations on geological survey, mining and processing.</p> <p>The Company initiated and ensured successful operation of medical programmes to check and minimize HIV/AIDS statistics among Company employees and their family members.</p> <p>The Company is engaged in constructive exchange with the unions, promoting understanding among local employees. Dialogue with regulatory agencies in South Africa and Botswana is ongoing.</p> <p>The Company organizes study programmes and encourages the purchase of real estate by its employees in order to retain staff in the region of operation.</p>	<p>Production Department</p> <p>Economic Department</p>
Europe (Finland)	<p>Operation of the enterprise in the territory of Finland is subject to risks of general character.</p> <p>The Finnish asset has no own source of raw materials and completely depends on purchased raw materials and activities of its producers.</p> <p>As the enterprise has its own operational specifics and strongly depends on contract organizations, it is rather difficult to affect the prices of the main reagents.</p> <p>Also there is a strong dependence on ecological legislations of Finland and the</p>	<p>At the enterprise continuous work on optimization of the existing contracts for deliveries of material and equipment and contract services is conducted: technical and economic calculations, repairs, IT services, etc.</p> <p>Specialists of the enterprise on a constant basis trace requirements of Finland and the European Union regarding safety of production and ecology and adapt their production activity with the minimum financial expenses.</p>	<p>Production Department</p> <p>Economic Department</p>

	European Union that can result in growth of production costs		
--	--	--	--

Financial risks

Market risk			
<i>Price risk</i>	Risk of losses caused by adverse price index change and falling market value of products, works, services, and other assets, including those purchased by the Company.	In 2014, a mutual offset of market risks was observed. A decline in nickel prices in the second half of 2014 was offset by weakening of the RUB.	Treasury Department
<i>Currency risk</i>	Risk of loss caused by adverse changes of currency exchange rates.	MMC Norilsk Nickel collects most revenues in USD, while most corporate costs are incurred in the Russian rubles. To hedge its currency positions, the Company buys/sells derivative financial instruments.	Treasury Department
<i>Interest rate risk</i>	Risk of possible loss caused by adverse changes of interest rates in loans market.	The majority of the Group's loans and borrowings have floating interest rates, in particular those linked to LIBOR (London Interbank Offering Rate). The level of LIBOR in 2014 allowed the Group to keep debt-servicing expenses at low rate.	Treasury Department
<i>Credit risk</i>	Risk of loss caused by a counterparty's failure to perform its obligations under contracts or transactions in good time.	The Company minimizes its credit risk by spreading it across a large number of counterparties and setting credit limits based on the analysis of counterparties' financial standing and non-financial factors. Besides, the Company hedges the credit risk by insuring of receivables.	Treasury Department
<i>Liquidity risk</i>	Liquidity risk means that the Company is unable to pay when its obligations reach maturity.	<p>The Company's Treasury ensures the centralized management of liquidity throughout the Group. Liquidity is managed by using detailed budgeting procedures, maintaining daily payment positions with a horizon of up to one month</p> <p>To manage liquidity, the Company forms a reserve of liquid funds and has at its disposal confirmed credit lines with numerous banks. These would be sufficient to compensate for potential revenue fluctuations based on the given price, currency, and interest rate risks.</p>	Treasury Department

INTEGRATED SECURITY SYSTEM

In 2014 MMC Norilsk Nickel revised the approaches to security. This step was taken to address urgent tasks aimed to implement updated development strategy and adapt to changing external environment

characterized by a wide range of diversified risks and threats. The Company has adopted a new principle of building and management of integrated security system. A number of targeted programmes have been developed and adopted to ensure the economic, corporate, information, facility and transport security. The result is a modern mobile system that helps to effectively minimize operational and financial risks, to prevent attempts of theft, to carry out internal anti-corruption activities, to combat illicit trafficking of precious metals and materials bearing precious metals. In 2014 a subsidiary LLC Research and Production Association "Institute of Modern Security Challenges" has been established for scientific and methodological support of this activity to develop new methods to protect the legitimate interests of the Company, to study and introduce international experience, to carry out expert analysis, to prepare analytical documents.

In accordance with the law, the Company provides full confidentiality and security of personal data of employees and contractors, constantly works on modernization of security integrated system. The planned work to improve the level of information security conducted in 2014 has significantly increased the security of Company's departments. Adapted advanced technologies allowed to successfully repel cyber-attacks against information systems of OJSC Kola MMC and Mining Enrichment Plant "Bystrinskoye" which aimed to infect enterprise networks. According to the Institute for Information Security Issues of Lomonosov Moscow State University, the level of the Company's Information Security Software today has got five points as per five-point grading scale. MMC Norilsk Nickel holds active international activities aimed at improving safety in the production and trading of precious metals. Company's representative chairs the Security committee of International Association of platinum group metals manufacturers and in cooperation with United Nations Interregional Crime and Justice Research Institute (UNICRI) and the South African law enforcement agencies is actively involved in programmes to combat illicit trafficking of raw materials and precious metals to combat transnational crime.

In 2014, the concept of an integrated security system of MMC Norilsk Nickel was developed to implement progressively the system security solutions that meet the long-term interests and plans of the Company. The concept provides fundamentally new solutions to improve the security architecture based on proven modern Russian and foreign approaches using the latest techniques and technologies. Their implementation will optimize security costs, increase transparency and cost-effectiveness. Stage-by-stage implementation of the proposed solutions is planned for the period up to 2020.

CHAPTER 8: SHARE CAPITAL AND STOCK MARKET

SHARES

The authorized capital of Norilsk Nickel consisted of 158,245,476 ordinary shares with a par value of RUB 1 as of December 31, 2014.

In Russia, the shares of Norilsk Nickel are included in the Level 1 Quotation List of MICEX, as well as the list of securities admitted to trading on the Saint Petersburg Stock Exchange under the single state registration number: 1-01-40155-F dated December 12, 2006.

Securities codes

Trading platform	Bloomberg code	Reuters code	Reuters code
Moscow stock exchange (GMKN)			
JSC «SPB» (GMKN)	GMKN RN		GMKN.MM
	GMKN RX		GMKN.RTS

International securities identification numbers

Description	Number
ISIN	RU0007288411
SEDOL 1	B5B1TX2 RU

MMC Norilsk Nickel Price and trading volume of shares

Share price at the MICEX (in rubles)				
	Min	Max	By the end of period	Volume (pcs)
2010	4,362	7,206	7,169	211,565,911
2011	4,047	8,417	4,943	154,291,682
2012	4,610	5,939	5,606	89,275,016
2013	4,106	6,089	5,400	76,120,053
2014	5,140	10,805	8 080	75,766,353
1 quarter	5,140	6,273	5,823	25,749,640
2 quarter	5,963	7,029	6,719	14,735,194
3 quarter	6,733	7,647	7,320	14,145,755
4 quarter	6,800	10,805	8,080	21,135,764

Source: Bloomberg

American Depositary Receipts

In June 2001, the Company signed a depositary agreement with The Bank of New York Mellon, which began to issue Level-1 American Depositary Receipts (ADRs) for the shares of Norilsk Nickel. VTB Bank provides custodial services for ADR transactions.

Since February 19, 2008, the Company's shares have been concerted to ADRs at a ratio of 1:10 as the result of an ADR split.

The total number of ADRs issued against shares of Norilsk Nickel was 638,486,450 shares, or 40.35% of the share capital as of December 31, 2014.

ADRs are traded on the US OTC market, and in the electronic trading system of OTC sections of the London and Berlin stock exchanges.

The company provides information to ADR holders in English as per Rule 12g3-2 (b) of the US Securities Exchange Act of 1934.

ADR Tickers

Platform	Bloomberg code	Reuters code
IOB, London Stock Exchange – London, United Kingdom	MNOD LI	NKELyq.L
OTC Market – New York, USA	NILSY US NILSY UV	NILSY.PK
Frankfurt Stock Exchange – Frankfurt, Germany	NNIA GR NNIA GF	NKELy.F

Source: Bloomberg

International Identification Numbers ADR

Description	Code
ISIN	US46626D1081
CUSIP	46626D108
SEDOL1	B114RK6 GB

Price and trading volume of ADRs of MMC Norilsk Nickel

Price of ADRs at the OTC section of London Stock Exchange (USA Dollars)				
	Min	Max	By the end of period	Volume (pcs)
2010	14.0	24.3	23.7	1,611,054,233
2011	15.0	27.9	15.3	2,027,267,723
2012	14.4	20.5	18.4	1,168,251,876
2013	12.4	20.3	16.6	1,022,238,584
2014	14.2	21.5	14.2	1,166,038,332
1 квартал	15.0	17.6	16.2	326,295,265
2 квартал	16.9	20.4	19.8	331,509,960
3 квартал	18.5	21.5	18.7	233,073,567
4 квартал	14.2	18,7	14,2	275,159,540

Companies holding shares of MMC Norilsk Nickel (as of December 31, 2014)

Company name	Share in the authorized capital, %
OLDERFREY HOLDINGS LIMITED ¹	30.41
United Company Rusal Plc ¹	27.83
Crispian Investments Limited	5.87

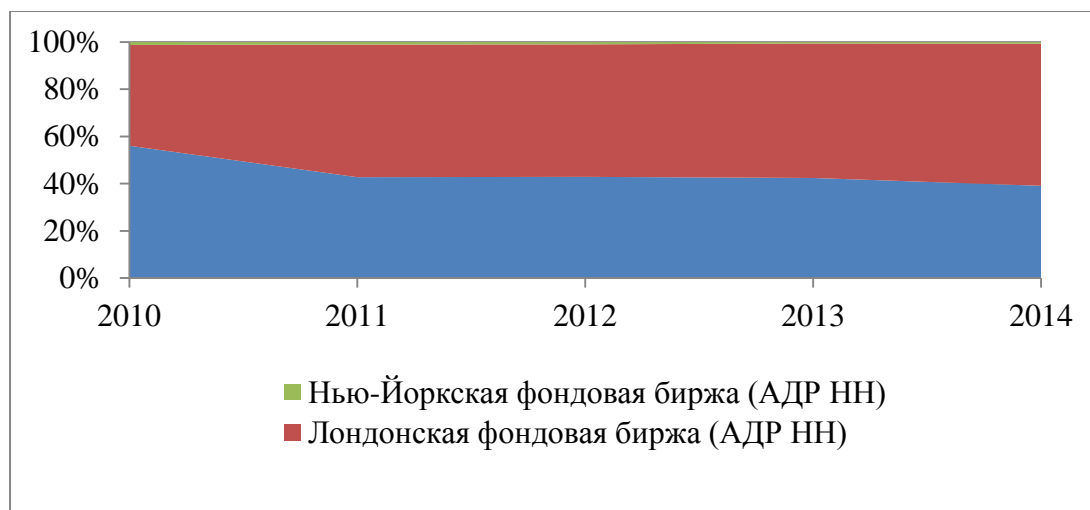
Notes:

¹ Indirect control through controlled entities.

In the system of share register keeping, 28 legal entities (including 3 Nominees) and 42,180 individuals have been registered as of 31 December 2014.

STOCK INDICES

Changes in share of Stock Exchanges in the volume of shares and ADRs Trading of the Company

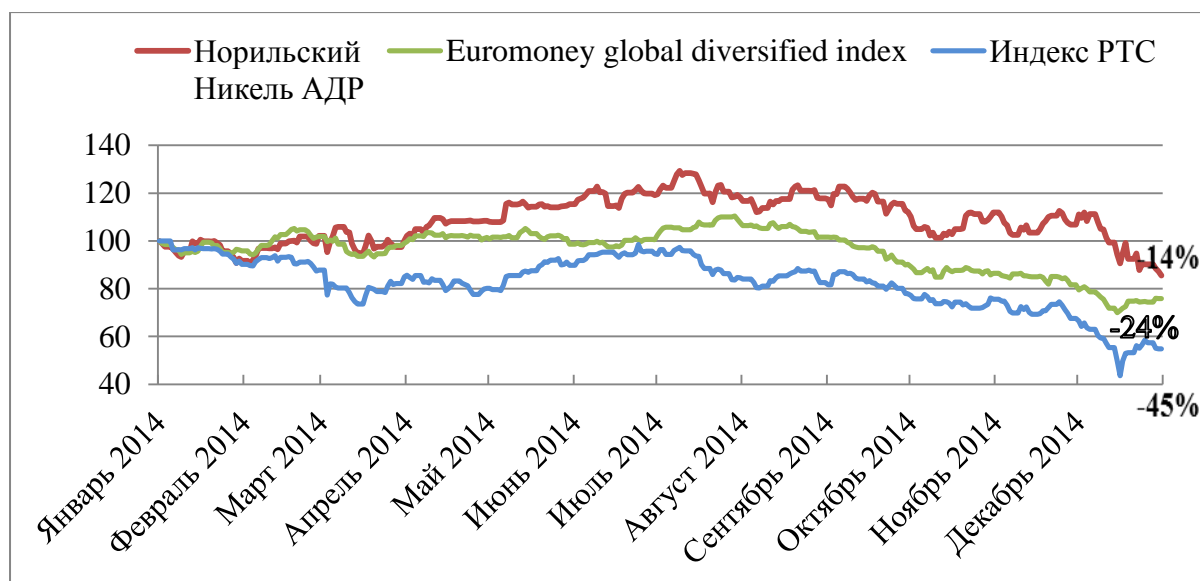


Московская биржа (акции НН)	Moscow stock exchange (NN shares)
Лондонская Фондовая биржа (АДР НН)	London stock exchange (NN ADRs)
Нью-Йоркская фондовая биржа (АДР НН)	New York stock exchange (NN ADRs)

Source: Bloomberg

The Dynamics of the shares of MMC Norilsk Nickel at the Moscow Stock Exchange and other major sectorial indices

(in US dollars for shares of MMC Norilsk Nickel, indices adjusted to the rate of MMC Norilsk Nickel)



Source: Bloomberg

DIVIDENDS

In accordance with the Company's dividend policy approved by the Board of Directors of MMC Norilsk Nickel in 2002, the Company aims to pay a dividend of at least 25% of net income for the year calculated in accordance with IFRS.

The decision to pay dividends on shares of the Company is made by the General Meeting of Shareholders on the basis of recommendations of the Board of Directors. Dividends are paid in cash.

In accordance with Article 42 of the Federal Law "On Joint Stock Companies" (hereinafter - Federal law), the date on which the list of persons entitled to receive dividends is compiled in accordance with the decision of payment (declaration) of dividends cannot be earlier than 10 and later than 20 days

from the date of the decision on payment (declaration) of dividends. The deadline for payment of dividends to the Nominee and to the Trustee who is a professional securities market participant registered in the Shareholders Register shall not exceed 10 working days. The deadline for payment of dividends to other persons registered in the Shareholders Register shall not exceed 25 working days from the date on which the list of persons entitled to receive dividends is compiled.

Payment of dividends to individuals, whose share rights are recorded in the Register of Shareholders of the Company, shall be carried out by postal order or by wiring money to their bank accounts. The method of dividends transfer shall be indicated by shareholder while filling in registration forms. To change the method of dividends transfer, a request should be sent to the Central Office of Computershare Registrar or to its branches using the addresses shown in the Contacts section.

Payment of dividends to other persons, whose share rights are recorded in the Company's Shareholders Register, shall be made by transferring money to their bank accounts.

Persons entitled to receive dividends and whose share rights are assigned to the Nominee, receive dividends on the shares in cash through a Nominee whose clients they are as per a signed agreement.

In case share rights are certified by securities of a foreign issuer, the payment of dividends shall be transferred to the person on behalf of whom the depository program account is held.

A person who has not received the declared dividends shall be entitled to address a claim for the payment of such dividends (unclaimed dividends) within three years from the date of the decision on their payment.

Taking into account the interim dividends paid in the first nine months of 2014 in the amount of 762.34 rubles per ordinary share, The Board of Directors recommended to the Annual General Meeting of Shareholders of the Company to be held on May 13, 2015, to approve dividends for 2014 in the amount of RUR 670.04 per ordinary share. The total dividend for 2014 is set at RUR 226,668 million (or RUR 1,432.38 per ordinary share).

DIVIDEND PAID PER SHARE

2014	RUR 670.04
9 months of 2014	RUR 762.34
2013	RUR 248.48
9 months of 2013	RUR 220.70
2012	RUR 400.83

Report on dividend payment for 2012-2014

For 2014

On April 4, 2015 the Board of Directors recommends approval of dividend for the fiscal year 2014 in the amount of RUB 670.04 per ordinary share.

For the first nine months of 2014

On December 11, 2014, the decision to pay interim dividends for the first nine months of 2014 in the amount of 762.34 rubles (14.1 USD) per share was taken at the Extraordinary General Meeting of Shareholders. December 22, 2014 was the record date for persons entitled to receive dividends for this dividend period. The total amount of dividends disbursed was RUR120,598 million.

For 2013

On December 20, 2013 the Extraordinary General Meeting of Shareholders approved the payment of interim dividends for the first nine months of 2013 in the amount of RUR 220.70 (USD 6.7) per share. November 1, 2013 was the record date for persons eligible to receive dividends for this dividend period. The total amount of dividends paid amounted to RUR 34,965 million.

On June 6, 2014, the Annual General Meeting of Shareholders approved the payment of dividends for 2013 in the amount of RUR 248.48 (USD 7.1) per share. June 17, 2014 was the record date for persons eligible to receive dividends for this dividend period. The total amount of dividends paid amounted to RUR 39,360 million.

For 2012

On June 6, 2013, the Annual General Meeting of Shareholders approved the payment of dividends for the year 2012 in the amount of RUR 400.83 (USD 12.5) per share. April 30, 2013 was record date for persons eligible to receive dividends for this dividend period. The total amount of the dividends paid amounted to RUR 63,423 million.

TAXATION OF INCOME DERIVED FROM SECURITIES IN COMPLIANCE WITH THE LEGISLATION OF THE RUSSIAN FEDERATION *

** In accordance with the changes in the legislation of the Russian Federation which came into force on 01.01.2015*

Taxation of income derived from securities in accordance with the current legislation of the Russian Federation on taxes and fees: Chapter 23 "Tax on income of individuals" and Chapter 25 "Income Taxes" of the Tax Code of the Russian Federation (hereinafter - the Tax Code).

Taxation of income derived from securities in accordance with the legislation of the Russian Federation*

**In accordance with the amendments to the applicable laws of the Russian Federation effective from January 01, 2015.*

Individuals

Taxation on Individual Income from Securities Transactions is carried out with the specifications established by the Tax Code.

In accordance with the Tax Code, Income from Securities Transactions is recognized as revenue from the sale (redemption) of securities received in the tax period specified in the order established by the Tax Code.

Expenses arising from securities transactions and expenses arising from forward financial instruments transactions are defined as documented and expenses actually performed by the taxpayer related to the purchase, sale, storage and redemption of securities, as well as forward financial instruments transactions, execution and termination of commitments for such transactions.

A financial result on securities transactions and forward financial instruments transactions is defined as income from transactions, net of related expenses. Financial result is calculated separately for each operation and for each set of transactions: with securities traded on an organized securities market; with securities that are not traded on an organized securities market; with forward financial instruments traded on an organized market; with forward financial instruments that are not traded on an organized market.

The negative financial result obtained in the tax period for individual transactions in securities, forward financial instruments reduces the financial result obtained in the tax period for the set of corresponding transactions by reference to specifications established by the Tax Code.

A negative financial result for each set of transactions is recognized as loss. Loss is recorded in the order prescribed by the Tax Code.

A positive financial result for the corresponding set of transactions calculated for the tax period is determined as the tax base for transactions with securities and forward financial instruments transactions.

The tax base for each set of transactions is calculated separately.

The person recognized as a tax agent in accordance with the Tax Code calculates, withholds and transfers the tax withheld in the order prescribed by the Tax Code (Article 226 of the Tax Code).

If it is impossible to withhold the calculated tax amount wholly or partially, the tax agent shall notify the tax authorities within the time and in the order prescribed by the Tax Code.

The tax rate for stated income for individuals (tax residents of the Russian Federation) is 13% (Article 224 of the Tax Code).

The tax rate for stated income for individuals who are not tax residents of the Russian Federation is set at 30% (Article 224 of the Tax Code).

Legal entities

Determination of the tax base for transactions with securities is described in Article 280 of the Tax Code.

The Tax Code of the Russian Federation prescribes a special accounting treatment for securities sale transactions.

The taxpayer's income from sale or other disposal of securities (including redemption) is calculated from the price of sale or other disposal of securities, as well as the amount of accrued interest (coupon) income paid by the buyer to the taxpayer, and the amount of interest (coupon) paid to the taxpayer by the issuer (the drawer). In this case, the taxpayer's income from the sale or other disposal of securities shall not include the amount of interest (coupon) income previously recorded in taxation.

Expenses on sale (or other disposal) of securities, including investment units of investment funds are calculated on the basis of the price of acquisition of securities (including expenses for acquisition), the cost of conversion, discounts from the calculated value of investment units, the amount of accrued interest (coupon) income paid by the taxpayer to the seller of securities. In this regard, the charges do not include the amount of accrued interest (coupon) income previously recorded in taxation.

Income (expenses) derived from transactions with traded securities is recorded in the common tax base in the standard order and cannot be reduced by expenses or losses from transactions with non-negotiable securities.

The tax base for transactions with non-negotiable securities is determined by taxpayer separately from the tax base.

Within the sale or other disposal of securities, the taxpayer selects one of the following methods for charging-off of the value of withdrawn securities in accordance with the purposes of taxation accounting policy,

1) by the cost of the "First In First Out (FIFO)";

2) by the unit cost.

Taxpayers who have suffered loss(es) from transactions with securities in the previous tax period or in previous tax periods may reduce the tax base for transactions with securities in the reporting (tax) period (defer the reported losses) on the terms and conditions established by the Tax Code.

Foreign organizations which do not operate through a permanent establishment in the Russian Federation and receive income from sources in the Russian Federation, for example, income from the sale of shares (stakes) in Russian entities, which have over 50 percent of the assets of real property located in the territory of the Russian Federation, as well as financial instruments derived from such shares (stakes) (except for the shares recognized as traded on an organized securities market in accordance with Section 3 of Article 280 of the Tax Code) are subject to tax withheld from the source of payment of income (Article 309 of the Tax Code). In this case the person recognized as a tax agent in accordance with the Tax Code, calculates, withholds and transfers a withheld tax in the order prescribed by the Tax Code (Article 309, 310 of the Tax Code).

To determine the tax base for this type of income, the expenses may be deducted from the amount of such income in the order prescribed by the Tax Code (Article 309, 310 of the Tax Code).

The tax rate on corporate income tax is set at 20 percent (Article 284 of the Tax Code), except as otherwise provided by the Tax Code.

Taxation of income received in the form of dividends on securities

Individuals

Personal income taxation in respect of income from equity participation in the organization is established by Article 214 of the Tax Code.

Within the payment of dividend income on shares of Russian organizations, person recognized as a tax agent in accordance with the provisions of the Tax Code determines the tax amount separately for each taxpayer on each payment of the specified income at the rate stipulated by the Tax Code, taking into account the features stipulated by Article 275 of the Tax Code the Russian Federation.

The tax rate is 13 per cent in respect of income from equity participation in the activities of organizations received in the form of dividends by individuals who are tax residents of the Russian Federation (Article 224 of the Tax Code).

The tax rate is 15 per cent in respect of income from equity participation in the activities of organizations received in the form of dividends by individuals who are not tax residents of the Russian Federation (Article 224 of the Tax Code).

Legal entities

Determination of the tax base for income received from equity participation in other organizations is established by Article 275 of the Tax Code.

If the person recognized as a tax agent in accordance with the provisions of the Tax Code, pays dividends to a foreign entity, the tax base of the taxpayer (the recipient of dividends on each such payment) is determined as the amount of dividends paid (Section 6 of Article 275 of the Tax Code).

If the person recognized as a tax agent in accordance with the provisions of the Tax Code pays dividends to the Russian organization, the tax base is determined in accordance with the Tax Code of the Russian Federation (Section 5 of Article 275 of the Tax Code).

Taxation of dividend yield is performed at the following rates (Article 284 of the Tax Code):

- 0 percent - on income received by Russian organizations in the form of dividends, provided that the organization receiving the dividend continuously owns the right of ownership of at least 50 percent contribution (shares) in the authorized (share) capital (fund) of the organization paying dividends, or it owns depositary receipts giving the right to receive dividends in an amount equal to not less than 50 percent of the total amount of dividends paid by the organization for at least 365 calendar days from day of the decision to pay dividends. This provision shall apply subject to the specifications established by the Tax Code of the Russian Federation;

- 13 percent - on income received in the form of dividends from Russian organizations by Russian organizations in case of non-compliance of criteria established by the Tax Code for tax purposes at a rate of 0 per cent;

- 15 percent - on income received in the form of dividends from Russian entities by foreign organizations.

Taxation of income in the form of dividends established by the Tax Code

The Tax Code sets out a procedure to calculate the amount of tax that the person recognized as a tax agent in accordance with the Tax Code in respect of income in the form of dividends on shares issued by a Russian organization, shall withdraw and transfer to the budget within the payment of the reported income to the taxpayers- recipients of income (tax residents of Russia).

The amount of tax to be withheld from the income of the taxpayer - recipient of dividends is calculated by the tax agent as follows:

$$H = K \times S_n \times (D1 - D2)$$

where:

H - the amount of tax to be withheld;

K - the ratio of dividends to be distributed in favor of the taxpayer (the recipient of the dividend) to the total amount of dividends to be distributed by a Russian organization;

S_n - corresponding tax rate established by the Tax Code;

D1 - the total amount of dividends to be distributed by a Russian organization for the benefit of all recipients;

D2 - the total amount of dividends received by a Russian organization in the current reporting (tax) period and the previous reporting (tax) periods (excluding dividends specified in subsection 1 of Section 3 of Article 284 of the Tax Code) by the time when dividends are distributed to taxpayers (recipients of dividends) provided that such dividend amount has not been taken into account when determining the tax base in respect of income received by a Russian organization in the form of dividends.

Russian organization paying the dividend income provides the relevant tax agent with values of D1 and D2. If H is a negative value, the obligation to pay tax will occur and no reimbursement from the budget will be performed.

Within payment of dividend income to foreign entities and (or) individuals who are not tax residents of the Russian Federation, the tax base of the taxpayer (recipient of income) is determined by a person recognized as a tax agent in accordance with the Tax Code within each payment as the amount of dividends paid and tax rate of 15 percent is applied to it.

Within receipt of dividend income on assets placed into trust, the recipient of such income is the founder (s) of trust (beneficiary) if the Trustee receives the corresponding dividend income which is not in the interests of mutual investment fund.

The relevant Fund (the company) is recognized as the Recipient of the dividend income on the assets placed into trust of the foreign investment fund (Investment Company) which refers to collective investment schemes in accordance with the personal law of the Fund (the company).

Taxation of income received in the form of interest on securities

Legal entities

In accordance with Section 3 of Article 43 of the Tax Code, interest is any pre-declared (established) income, including discount received on a debt obligation of any kind (regardless of the method of its registration). In accordance with subsection 6 of Article 250 of the Tax Code, the interest income on securities and other debt obligations is included in non-operating income of the taxpayer.

Income of legal entities which are Russian organizations or foreign organizations operating through a permanent establishment, in the form of interest on the bonds is subject to taxation in the order prescribed by Chapter 25 of the Tax Code of the Russian Federation at the tax rate of 20 per cent as per Section 1 of Article 284 of the Tax Code. The tax amount is determined by the taxpayer independently for each reporting (tax) period.

According to subsection 3 of Section 1 of Article 309 of the Tax Code, interest income from the bonds received by a foreign entity and which is not related to its business activities in the Russian Federation, refers to the income of a foreign organization from the sources in the Russian Federation and is subject to withholding of tax from the source of payment of income at a rate of 20%. The person recognized as a tax agent in accordance with the Tax Code, calculates, withholds and transfers a withheld tax in the order prescribed by the Tax Code.

Tax on income from interest on bonds issued after 01.01.2012 by Russian organization which is recorded on the depositary account of a foreign Nominee or depositary account of a foreign authorized holder, is calculated and withheld by the depositary (tax agent) on the basis of information on the recipients of income (final beneficiaries) provided to the depositary (tax agent). In case where this information is not provided, the depositary (tax agent) is obliged to pay taxes on recorded income using the incremental tax rate of 30%.

Information about income recipients (final beneficiaries) stipulated by the Tax Code is submitted to the Depository (tax agent) by a foreign Nominee or by a foreign authorized holder in the order prescribed by the Tax Code.

Individuals

By virtue of Article 43 of the Tax Code, interest is defined as any pre-declared (fixed) income, including that in the form of a discount received on a debt obligation of any kind regardless of the method of its registration.

Interests received from a Russian organization are referred to income from sources in the Russian Federation as per subsection 1 of Section 1 of Article 208 of the Tax Code. Since this type of income is not named in Article 217 of the Tax Code, interest on the bonds is not exempt from taxation by the tax on personal income.

Tax rate for stated income of individuals - tax residents of the Russian Federation is set at 13 per cent (Article 224 of the Tax Code).

Tax rate for stated income for individuals who are not tax residents of the Russian Federation, is set at 30 per cent (Article 224 of the Tax Code).

Tax on income from interest on bonds issued by Russian organization after 01.01.2012 recorded at the depositary account of foreign Nominee or at the depositary account of a foreign authorized holder, is calculated and withheld by the depositary (tax agent) on the basis of information on the recipients of

income (final beneficiaries) provided to the depository (tax agent). In case where this information is not provided, the depository (tax agent) is obliged to pay taxes on recorded income using the incremental tax rate of 30%.

Information about income recipients (final beneficiaries) stipulated by the Tax Code is submitted to the Depository (tax agent) by a foreign Nominee or by a foreign authorized holder in the order prescribed by the Tax Code.

Taxation of securities income adjusted for the provisions of international treaties

If an international treaty with the Russian Federation containing the provisions concerning taxes and dues specifies any rules and norms other than those provided for by the Tax Code of the Russian Federation and the regulations on taxes and/or dues adopted in accordance with the Tax Code of the Russian Federation, the rules and norms of international treaties with the Russian Federation apply (Article 7 of the Russian TC).

When applying the provisions of an international treaty of the Russian Federation a foreign entity or individual, who has the actual right to receive income, shall, in accordance with the procedure specified in the Russian TC, submit documentary evidence of the fact that such foreign entity or individual has permanent residence in a state with which the Russian Federation has concluded an international treaty (agreement) regulating tax matters certified by the competent authority of the relevant foreign state.

In addition, since 01.01.2015, in connection with a legislative recognition by the Tax Code of the concept of "person who is a beneficial owner of income", for applying the provisions of international treaties of the Russian Federation, a foreign organization or foreign individual upon the request of a tax agent shall provide a proof confirming that the organization or individual is a beneficial owner of the income (p. 1 of Article 312 of the Tax Code). Such proof shall be provided to the tax agent prior the date of payment of the income in respect of which an international treaty of the Russian Federation stipulates beneficial tax regime in the Russian Federation, and such income is exempt from tax withholding at the source of payment or taxes are withheld at the source of payment at lower rates.

If in respect of income received in the form of dividends, a foreign entity recognizes no actual right to receive such income (does not claim for the application of the provisions of international treaties of the Russian Federation), the provisions of international treaties of the Russian Federation can be applied to any other person if such person directly and (or) indirectly participates in a Russian company, which paid such income in the form of dividends, with providing the documents mentioned in this article to the tax agent who pays such income.

In this case, the entitlement to apply the provisions of international treaties of the Russian Federation shall arise in the successive entity who participates directly in the entity which recognized the absence of the actual right to receive an income in the form of dividends, in the part that corresponds to such share of participation. In case if a successive entity recognizes an absence of the actual right to receive an income in the form of dividends paid by a Russian organization, entitlement to apply the provisions of international treaties of the Russian Federation shall arise in the successive entity in a corresponding participation sequence.

In this case, a foreign organization or foreign individual who has received income in the form of dividends, and the entities beneficially entitled to receive dividends, in order to apply the provisions of international treaties of the Russian Federation and (or) the tax rates established by the current Tax Code, upon the request of the tax agent, it is required to submit the following documents in addition to the documents mentioned above: 1) confirmation that this foreign entity recognizes no actual right to receive such income (does not claim to apply the provisions of international treaties of the Russian Federation); 2) information about the person that is recognized by a foreign entity to be the beneficial owner of income (with indicating of the proportion and documentary evidence about the direct

participation in that foreign organization and indirect participation in the Russian company which distributed dividends, as well as the country (territory) of the person's tax residence).

In respect of income paid as dividend on shares of Russian entities to foreign entities acting for third parties who qualify for a lower tax rate, as compared to the standard rate established in the Russian TC or an international treaty to which the Russian Federation is a party, and if the application of such rate is subject to additional terms contained in the Russian TC or such an international treaty, the tax agent must calculate and pay the tax amount using the tax rate named in the Russian TC or an international treaty for income paid as dividend on shares of Russian entities, while no tax benefits shall apply. Tax amounts overpaid on dividend incomes for which the tax agent has not applied a tax discount are refunded through the tax authorities of the Russian Federation.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

GLOSSARY

Anode. Crude metal (nickel or copper) obtained from anode smelting and fed for electrolytic refining (electrolysis), whereby it is dissolved.

Cake. Solid residue obtained from pulp filtering resulting from the leaching of ores, concentrates or intermediate metallurgical products, as well as the purification of technological solutions.

Cathode. Pure metal (nickel or copper) obtained as a result of electrolytic refining of anodes.

Concentrate. A product resulting from ore enrichment, with a high grade of extracted mineral. The concentrate is named after the most prevalent metal (copper, nickel, etc.).

Concentration. Artificial improvement in the mineral grades in the rock for metallurgic purposes by removing a major portion of waste rock that does not contain any beneficial minerals.

Conversion. Autogenous pyrometallurgical process, where ferrous and other detrimental impurities are oxidized and removed as slag. The result of the conversion is blister copper (copper concentrate smelting) or high-grade matte (copper and nickel concentrate smelting).

Cuprous ores. Ores containing 20% to 70% sulphides. Mineralization is as follows: nickel 0.2–2.5%, copper 1–15%, platinum group metals 5–50 g/ton.

Disseminated ores. Ores containing 5 to 30% sulphides, 0.2 to 1.5% nickel, 0.3 to 2% copper, 2 to 10 g/ton platinum group metals.

Drying. Removal of moisture from concentrates, performed in designated drying furnaces (to a moisture level below 9%).

Electrolysis. A series of electrochemical oxidations through reactions at electrodes in contact with an electrolyte by the passage of an electric current from an external source.

Filtration. The process of reducing the moisture of the pulp by moving liquids or gases through a porous medium.

Flash smelter. An autogenous smelter for the processing of dry concentrates. Smelting occurs during the flow of crushed rock through a gas oxidizer (air, oxygen), which suspends particles of melted metal. The heat generated by the oxidizing reaction is actively used in the process.

Flotation. A process of concentration by selectively attaching air bubbles to mineral particles within pulp. Dry mineral particles do not attach well to the air bubbles and rise through the suspension to the top of the pulp, producing foam. Mineral particles that absorb moisture well attach themselves to the bubbles and remain in the pulp. In this way, the metals are separated.

High-grade matte. A metallurgical semi-product produced as a result of matte conversion. Depending on the chemical composition, the following types of high-grade matte are distinguished: copper, nickel and copper-nickel.

Leaching. Selective dissolution of any or a number of components of the processed solid material in organic solvents or water solutions of inorganic substances.

Matte. Intermediate product in the form of alloy of ore sulphides and non-ferrous metals with varying chemical composition. Matte is the main product in which precious and auxiliary metals are accumulated.

Metal content. Ratio of metal mass in dry material to total dry weight of the material, as percentage or grams per tonne (g/ton).

Metal extraction. Ratio of the quantities of a component extracted from the original material to its quantity in the original material (as a percentage or fraction of an integer).

Mine. A mining location for extraction of ores.

Mineral deposit. A mass of naturally occurring mineral material near to the surface, or deeper underground, which is suitable for economic use in terms of quantity, quality and conditions.

Ore mixture. A mixture of materials in a certain proportion needed to produce the required chemical composition of ultimate product. Smelting charge can include ore, concentrates and agglomerates, return slag, trapped dust, and metals (mostly as scrap)

Ore. Natural minerals containing metals or their compounds in economically valuable amounts and forms.

Oxide. A compound of a chemical element with oxygen.

Probable ore deposits. Part of indicated or, in some cases, explored mineral reserves, the mining of which is economically reasonable. Such deposits include diluted rocks, and suggest possible losses during production.

Proven ore deposits. Part of explored mineral reserves, the mining of which is economically reasonable. Such deposits include diluted rocks, and suggest possible losses during production.

Pulp. A mixture of crushed minerals with water or a water solution.

Pyrometallurgical processes. Metallurgical processes performed at high temperatures. In accordance with the technological characteristics, the following types of pyrometallurgical processes are distinguished: roasting, smelting and conversion.

Refinement. The process of extracting high-purity precious metals by separating and removing their impurities.

Rich ores. High-sulphide grade (over 70%) ores. Mineralization is as follows: nickel 2–5%, copper 2–25%, platinum group metals 5–100 g/ton.

Roasting. A process performed upon heating and keeping various materials (ores, concentrates, etc.) To eliminate light components and change the chemical composition of such material at temperatures enabling various chemical reactions between solid components of the processed material and gases and insufficient for the melting of solid components.

Shop area. A part of a metallurgical shop.

Slag. Melted or solid substance with a varying composition that covers the liquid product in the course of metallurgical processes (obtained from melting the ore mixture, processing melted intermediate products and metal refining) and which includes waste rock, fluxing substances, fuel ash, sulphides and metal oxides, the products of interaction between the processed materials and the lining of the melting facilities.

Sludge. Powder product containing precious metals precipitated during electrolysis of copper and other metals.

Smelting. A pyrometallurgical process performed at high temperatures enabling the complete melting of the processed metal.

Sulphides. A compound of metals and sulphur.

Tailing pit. A complex of hydraulic structures used to receive and store mineral waste/ tailings.

Tailings. Waste materials left over after concentration operations containing primarily waste rock with a minor amount of precious metals.

Thickening. The separation of liquid (water) from solid particles within the dispersion systems (pulp, suspension or colloid) based on natural precipitation of solid particles under gravity in waste basins, thickeners and centrifugally in cyclones.

Underground (subsurface) mining. Stripping, preparatory and sloped excavation works on a natural resource.

Vanukov Furnace. An autogenous smelter for the processing of concentrates. Smelting is performed in a bath of liquid slag and matte, which is intensively rabbled by a mixture of air and oxygen. The heat generated by the oxidizing reaction is actively used in the process.

TABLE FOR UNIT CONVERSION

Length		Area		Weight	
1 km	0.6214 miles	1 m ²	10.7639 sq. feet	1 kg	2.2046 pounds
1 m	3.2808 feet	1 km ²	0.3861 sq. miles	1 metric tonne	1000 kg
1 cm	0.3937 inch	1 hectare	2.4710 acres	1 short tonne	907.18 kg
				1 troy ounce	31.1035 grams
Length		Area		Weight	
1 mile	1.609344 km	1 sq. foot	0.09290304 m ²	1 pound	0.4535924 kg
1 foot	0.3048 m	1 sq. mile	2.589988 km ²	1 gram	0.03215075 troy ounce
1 inch	2.54 cm	1 acre	0.4046873 hectare		

EXCHANGE RATES IN 2010 - 2014

This appendix contains currency exchange rates used for converting ruble-denominated expenditure amounts to US dollars.

Russian ruble / US dollar	2014	2013	2012	2011	2010
Average rate for the year ending December 31, 2014	38.42	31.85	31.09	29.39	30.37

DISCLAIMER

This Annual Report (hereinafter, the Annual Report) has been prepared based on the information available to the Open Joint Stock Company Metals and Mining Company Norilsk Nickel (hereinafter, MMC Norilsk Nickel or the Company) and its subsidiaries (hereinafter, Norilsk Nickel or the Group) as at the issue date.

This Annual Report includes certain forward-looking statements with respect to the Group's operations, economic indicators, financial position, results of operating and production activities, its plans, projects and expected results, as well as the trends related to commodity prices, production and consumption volumes, costs, estimated expenses, development prospects, useful lives of assets, reserve estimates and other similar factors and economic projections with respect to the industry and markets, start and completion dates of certain geological exploration and production projects, and liquidation or disposal of certain entities (including related costs).

Words such as “intends”, “strives”, “projects”, “expects”, “estimates”, “plans”, “considers”, “assumes”, “may”, “should”, “will”, “continues” and other words with similar meanings usually indicate the forward-looking nature of the statement. These forward-looking statements, due to their specific nature, involve inherent risks and uncertainty (both general and particular), and there is a risk that the assumptions, expectations, intentions and other projection statements may never transpire. In the light of the above risks, uncertainties and assumptions, the Company advises that the actual results may differ significantly from the indicated, directly or indirectly, in the said forward-looking statements that are effective only at the date of this Annual Report.

The Company neither confirms nor guarantees that the results indicated in these forward-looking statements will be achieved. Norilsk Nickel accepts no responsibility for any losses that may be incurred by any individual or legal entity by their reliance on the forward-looking statements. Each particular forwardlooking statement represents one of the numerous development scenarios and should not be treated as the most probable one.

In particular, other factors that may affect the starting date of construction or production, estimated expenses and volume of production, or useful lives of assets include the possibility of deriving profit from production, the effect of exchange rate changes on commodity prices of the goods produced, activities of the government authorities in the Russian Federation and other jurisdictions where the Group explores, develops or uses the assets, including changes in tax, environmental and other laws and regulations. This list of significant factors is not exhaustive. When considering forward-looking statements, the above factors should be carefully considered and taken into account – in particular, the economic, social and legal environment of the Group's activities.

Except for cases directly provided for by the applicable laws, the Company does not assume any obligations to publish updates and amendments to the forward-looking statements, based on either new information or subsequent events.

CONTACTS

Zhukov Vladimir Sergeevich
Director of the Investor Relations Department

Borovikov Mikhail Aleksandrovich
Head of the Investor Relations Department

Address: 123100 Moscow,
1st Krasnogvardeisky proezd, 15
Phone: (495) 786-83-20
Fax: (495) 797-86-13
E-mail: ir@nornik.ru

Registrar

CJSC "Computershare Registrar"

(till August 2010 - The National Registration Company)

Russian Federal Securities Commission license number 10-000-1-00252, dated September 6, 2002,
valid indefinitely

Web- site: www.computershare-reg.ru

Head office:

Address: Business Center «Kutuzoff Tower»
Russia, 121108, Moscow, 8 Ivan Franko St.
Tel .: +7 (495) 926-81-60
Fax: +7 (495) 926-81-78
E-mail: info@computershare-reg.ru

Norilsk Branch:

Address: 16 Leninsky Prospect,
Norilsk, Krasnoyarsky Krai, 663301, Russia
Tel .: +7 (3919) 46-28-17, 42-50-25
Fax: +7 (3919) 42-61-63
Helpdesk operating hours:
Monday - Thursday from 10:00 to 17:00, lunch break from 13:00 to 14:00
Friday from 10:00 to 16:00 from 13:00 to 14:00

Krasnoyarsk branch

Address: office center "Voskresensky", office 314, 94 Prospekt Mira, Krasnoyarsk, 660017 Russia
Tel .: +7 (391) 216-51-01
Fax: +7 (391) 216-57-27
Helpdesk operating hours:
Monday - Friday from 9:00 to 13:00

ADR depositary

The Bank of New York Mellon
Depositary Receipts Division
101 Barclay Street, 22nd Floor West, New York,
NY 10286
Tel .: +1 (212) 815-22-93
Fax: +1 (212) 571-30-50 / 1/2
www.bnymellon.com

Auditors

LLC Rosexpertiza
Address: 11 Mashki Poryvaevoy St., Moscow, 107078 Russia
Tel .: +7 (495) 721-38-83
Fax: +7 (495) 721-38-94

E-mail: rosexp@online.ru

Web- site: www.rosexpertiza.ru

CJSC "KPMG"

Address: Naberezhnaya Tower Complex, Block C,
3035, 18/1 Olympiysky prospekt, Moscow, 129110 Russia

Tel .: +7 (495) 937-44-77

Fax: +7 (495) 937-44-99

E-mail: moscow@kpmg.ru

Web- site: www.kpmg.com/ru