

Annex 1

Annex

to the protocol of the Extraordinary General Meeting of Shareholders

APPROVED

by the General Meeting of Shareholders of OJSC MMC Norilsk Nickel

on [●]

**Remuneration Program for Independent Directors of OJSC MMC
Norilsk Nickel – Options Plan**

Contents

Section 1. Introduction	3
Section 2. Definitions	3
Section 3. Fundamentals of Program Implementation.....	4
Section 4. Duration and Stages of the Program	4
Section 5. Program Participants	4
Section 6. Phantom stock package for Program	5
Section 7. Vesting and exercise	5
7.1. Vesting	5
7.2. Payout calculation.....	5
7.3. Payout under the Program.....	6
Section 8. Program implementation in Special Conditions	6
Section 9. Final Provisions	7

Section 1. Introduction

Remuneration program for Independent Directors of OJSC MMC Norilsk Nickel – option plan (hereinafter – the Program) is designed for independent members of the Board of Directors of OJSC MMC Norilsk Nickel.

The objective of the Program is to promote the long-term well-being of the Group by means of providing the Company's Independent Directors with an opportunity to share the long-term growth of the Company's value, thus creating an incentive for the enhancement of their performance and aligning the interests of the Program Participants and shareholders focused on the growth of the Company's capitalization.

Section 2. Definitions

Unless the context clearly indicates otherwise, the following capitalized terms, when used in the Program, shall have the meanings set forth in this Section 2. Wherever used in the Program, words in the masculine gender shall be deemed to refer to females as well as to males; words in the singular number shall be deemed to refer also to the plural number.

«**Company**» means OJSC MMC Norilsk Nickel or any of its legal successors.

«**Group**» includes the Company and all its subsidiaries and affiliated companies or their legal successors.

«**Independent Director**» means a member of the Board of Directors of MMC Norilsk Nickel meeting the criteria set forth by the Company's Charter.

«**Program Participant (Participant)**» – an Independent Director of the Company, entitled to participate in the Program in accordance with provisions of this document.

«**Date of Program Implementation**» means date defined in p. 4.1 of this Program.

«**Date of Program End**» means date, defined in p.4.1 of this Program.

«**Company's share**» - one ordinary share of OJSC MMC Norilsk Nickel.

«**Phantom stock package**» – the number of phantom ordinary Company's shares, which are granted to each Program Participant in accordance with this Program for the purpose of payout calculation within the Program.

«**Market Price**» means average weighted price of one share for the period of 90 calendar days prior to the Date of Program End or prior to the date of Extraordinary General Meeting of the Shareholders of the Company as provided for in p. 4.2. of this Program.

«**Initial Price**» means average weighted price of one share for the period of 90 calendar days preceding the Date of Program Implementation or the date of Extraordinary General Meeting of the Shareholders of the Company as provided for in p. 4.2. of this Program.

«**Average Weighted Price**» means the price of one Share calculated as a result of dividing the total sum of all transactions with shares effected via MICEX for a certain period of time by the total number of shares involved in the aforementioned transactions.

«**MICEX**» - Moscow Interbank Currency Exchange.

All mathematical calculations which are performed within the payout calculation are to be done to a precision of 2 decimal points and in accordance with arithmetical rules of rounding.

Section 3. Fundamentals of Program Implementation

- Conditions of the Program shall be transparent for shareholders of the Company and Program Participants, comprehensive and equitable;
- Conditions of the Program shall not be worsened for the Program Participants within the period when the Program is effective;
- Calculation of remuneration payment to Program Participants without the transfer of title or any other rights with respect to the Company's shares;

Section 4. Duration and Stages of the Program

4.1. The Program becomes effective as of June 21, 2011 (Date of Program Implementation) and remains in force till the date of the Annual General Meeting of Shareholders in 2012 (Date of Program End).

4.2. In case the Extraordinary General Meeting of Shareholders, resulting in the election of the New Board of Directors, occurs prior to the Date of Program End, then the Program covers the newly elected Independent Directors of the Board from the moment of their election. The Independent Directors, who were re-elected at such Extraordinary General Meeting of Shareholders (hereinafter – the Re-elected Independent Directors) retain their participation in Program under initial terms and conditions.

4.3. The Program envisages remuneration payments to the Program Participants once the Program is over, as well in cases stipulated in Section 8 of the Program.

Section 5. Program Participants

5.1. The Program shall be approved by the General Meeting of Shareholders.

5.2. The right to participate in the Program shall be granted to every Independent Director, provided that such member of the Board of Directors has the Independent Director's status conferred on him as of the date when the Program comes into effect in accordance with p. 4.1 of the present Program or as of the date of Extraordinary General Meeting of the Shareholders of the Company as provided for in p. 4.2. of this Program.

5.3. When necessary, the right to participate in the Program and the main provisions of the Program are provided in the agreement with Program Participant.

Section 6. Phantom stock package for Program

6.1. Each Program Participant is granted a Phantom stock package including 20,000 shares.

6.2. The Phantom stock package entitles the Program Participant only to receive cash payment (bonus) within the Program and does not entitle the Participant to any dividends, participation in the meetings of the Company's shareholders or any other rights attached a share.

Section 7. Vesting and exercise

7.1. Vesting

On the last day of the Program a certain share of the Phantom stock package of the Participant vests and he becomes entitled to receive a cash payment in the amount calculated in accordance with rules stipulated in Section 7.2 of the Program provided that he has a status of an Independent Director of the Company on the last date of the Program term.

In certain cases, upon fulfillment of the conditions and in accordance with the procedure stipulated in Section 8 of this Program, Participants are also entitled to an early payout.

7.2. Payout calculation

7.2.1 Due to the completion of the Program

The payout to the Program Participant shall be calculated as a total cash amount, by which the Market Price of Share exceeds the Initial Price of Share, multiplied by the number of Shares granted to the Participant in accordance with p. 6.1 of the Program.

7.2.2 In case of circumstances provided in p. 8.1. of the Program

If any of the conditions stipulated in p. 8.1 of the Program occur, the remuneration to the Participant shall be calculated as a total cash amount, by which the Market Price of Share exceeds the Initial Price of Share, multiplied by the number of Shares granted to the Participant in accordance with p. 6.1 of the Program pro rata to the duration of the Participant's performance as an Independent Director of the Company within the Program term.

7.2.3. The remuneration within the Program including bonuses, reimbursement of expenses, etc., to the Participant performing the functions of an Independent Director within the Program term under the AGM resolution shall not exceed USD1 (one) million to be paid in Russian Roubles at the exchange rate fixed by the Central Bank of the Russian Federation on the date of the remuneration.

7.3. Payout under the Program

The payout under the Plan shall be made within 30 calendar days following the last date of the program term (the vesting date).

If the payout is made to the Program Participants upon conditions stipulated in p. 8.1. of the Program, the payout shall be made within 30 days following the date when the Participant becomes entitled to receive the payout.

Section 8. Program implementation in Special Conditions

8.1. Loss of Independent Director's status

In case of loss of Independent Director's status the Program Participant becomes entitled to cash payment. For the purposes of the present item, the loss of Independent Director's status shall be defined as:

- Occurrence of circumstances which results into Participant's failure to comply Independent Director's criteria set forth by the Company's Charter;
- Termination of Participant's powers as a member of the Board of Directors of the Company in accordance with the decision of extraordinary meeting of the Company's shareholders as provided for in p. 4.2. of this Program.

In this case the payment amount shall be calculated under p. 7.2.2. of this Program based on the share of Phantom stock package of the Program Participant pro rata the duration of the Participant's performance as an Independent Director of the Company within the Program term.

8.2. Change of the Number of Shares in the Company's Share Capital

In the event of any change in the Company's share capital during the operation of the Program the number of shares in the Phantom stock package granted to the Program Participant shall be adjusted proportionally to the change in the number of shares in the Company's share capital.

8.3. Share Split

In the event of Company share split being performed during the operation of the Program, the number of shares in the Phantom stock package granted to the Program Participant shall be increased proportionally to the increase in the total holding of the Company's shares.

Section 9. Final Provisions

- This Program is prepared in accordance with the Law of the Russian Federation.
- Given that in the course of the Program operation certain personal data of Plan Participants may be required, Participants shall agree to reveal the required information to the Company and the Company shall be obliged to follow all legislative requirements in respect to Participants' personal data processing and protection.
- The Company bears all administrative costs related to the operation of the Program. The Company pays remuneration directly to all Program Participants entitled to receive remuneration in accordance with the Program.
- In the course of Program operation, the Company shall ensure that sufficient funds to perform remuneration payment to all Program Participants on time and in full are available.