

**REPORT OF THE BOARD OF DIRECTORS
OF PJSC MMC NORILSK NICKEL**
**outlining a reasoned viewpoint of the Company Board of Directors
on the item of the agenda for the Extraordinary General Shareholders' Meeting
to be held on December 16, 2016**

1. Payment (declaration) of dividends on PJSC MMC Norilsk Nickel shares based on the results for 9 months of 2016.

Recommendation:

The Board of Directors recommends to the extraordinary general shareholders' meeting to declare dividends on ordinary registered shares of PJSC MMC Norilsk Nickel based on the results for 9 months of 2016 financial year in the amount RUB 444.25 per ordinary share.

Reference (according to financial statements of PJSC MMC Norilsk Nickel as of 30.09.2016 under RAS):

	<i>RUB million</i>
Retained earnings as of 30.09.2016, which can be used to pay dividends	250,627
<i>including:</i>	
net profit for 9 months of 2016	126,598

The amount of net profit allocated for the current dividend payment is RUB 70,300 million.

Opinion of the Board of Directors:

The Board of Directors studied production and financial results of activities of PJSC MMC Norilsk Nickel over 9 months of 2016, current financial state, investment program, priorities of production and social development of PJSC MMC Norilsk Nickel in the future. Upon analyzing the provided information, the Board of Directors believes that PJSC MMC Norilsk Nickel can distribute net profits using the aforesaid method.

The company meets the conditions to declare dividends on the shares of the Company for 9 months of 2016 and pay dividends in accordance with Article 43 of the Federal Law 'On Joint Stock Companies' with the expectation that on the day of the resolution to pay dividends and at the date of dividends payment:

- PJSC MMC Norilsk Nickel will not meet the criteria of insolvency (bankruptcy) in accordance with the legislation of the Russian Federation on insolvency (bankruptcy) and the aforementioned indicators fail to emerge as a result of dividends payment;
- the cost of net assets of PJSC MMC Norilsk Nickel will not fall below the value of its authorized capital and reserve fund and will not fall below their value as a result of the resolution to pay dividends and dividend payments (as of 30.09.2016, the value of net assets of PJSC MMC Norilsk Nickel amounts to RUB 299,020 million and exceeds its authorized capital and reserve fund by RUB 298,838 million).

Thus, the Board of Directors does not expect that declaration and payment of dividends for ordinary shares based on the results of 9 months of 2016 will have a negative effect on the strategic potential of PJSC MMC Norilsk Nickel in the longer term.