

**REPORT OF THE BOARD OF DIRECTORS
OF OJSC MMC NORILSK NICKEL**
including a reasoned viewpoint of the Company's Board of Directors
on agenda items of the annual General Meeting of the Shareholders of the Company
June 6, 2014

1. Approval of the annual report of OJSC MMC Norilsk Nickel for 2013.

Recommendation:

The Board of Directors recommends approving the annual report of OJSC MMC Norilsk Nickel for 2013.

Viewpoint of the Board of Directors:

The Board of Directors preliminarily studied the annual report.

The annual report was developed in accordance with Federal Law On Joint-Stock Companies and complies with the requirements of Regulation on information disclosure by the securities issuers, approved by Decree of Russia's Federal Financial Markets Service No. 11-46/pz-n of 04.10.2011, concerning the content of the Annual Report and recommendations of the Corporate Codes of Conduct (recommended by Resolution of Russia's Federal Commission for the Securities Market N 421/r of 04.04.2002), and Resolution of Russia's Federal Commission for the Securities Market 'Guidelines for the Content and Form of Disclosed Data on Compliance with the Corporate Codes of Conduct in Annual Reports of Joint-Stock Companies' No. 03-849/r of 03-849/p, concerning the content of a report on compliance with the Corporate Codes of Conduct.

2. Approval of 2013 Annual Accounting Statements of OJSC MMC Norilsk Nickel, including 2013 financial results.

Recommendation:

The Board of Directors recommends approving the annual financial statements including 2013 financial results.

Viewpoint of the Board of Directors:

The Board of Directors preliminarily studied the annual financial statements for 2013. The Board of Directors also examined the opinion of the Company's auditor, i.e. Rosexpertiza LLC, concerning RAS financial statements of OJSC MMC Norilsk Nickel and the opinion of the Internal Audit Commission of OJSC MMC Norilsk Nickel on the performance of OJSC MMC Norilsk Nickel in 2013.

Having analyzed the provided information and based on the auditor's opinion, the Board of Directors believes that the RAS financial statements were prepared according to applicable rules and give a true and fair view of the Company's financial position in 2013.

3. Approval of 2013 consolidated financial statements of OJSC MMC Norilsk Nickel, prepared in accordance with international financial reporting standards.

Recommendation:

The Board of Directors recommends approving the consolidated annual financial statements of OJSC MMC Norilsk Nickel for 2013.

Viewpoint of the Board of Directors:

The Board of Directors preliminarily studied the consolidated annual financial statements for 2013, prepared in accordance with international financial reporting standards.

The Board of Directors also examined the opinion of the Company's auditor, i.e. CJSC KPMG, concerning consolidated IFRS financial statements of OJSC MMC Norilsk Nickel and the opinion of the Internal Audit Commission of OJSC MMC Norilsk Nickel on the performance of OJSC MMC Norilsk Nickel in 2013.

Having analyzed the provided information and based on the opinion of the Auditor and Internal Audit Commission, the Board of Directors believes that the consolidated financial statements give a true and fair view of the Company's financial position in 2013 as of December 31, 2013, and that its financial results and cash flow statements for 2013 were prepared in accordance with the international financial reporting standards.

4. Distribution of profit and loss of OJSC MMC Norilsk Nickel for 2013, including payment (announcement) of dividends, based on the results of 2013 fiscal year.

Recommendation:

The Board of Directors recommends approving the following distribution of profit and loss of OJSC MMC Norilsk Nickel for 2013:

Announce dividends on ordinary shares of OJSC MMC Norilsk Nickel, based on the results of fiscal year 2013, in the amount of RUB 248,48 per ordinary share. Dividend payments shall be carried out in cash.

It is proposed not to distribute net profits left over after dividend payouts.

For record

	<i>million RUB</i>
RAS net profit	78 305
Net profit allocated to dividend payment (50,2 % of the net profit)	39 321

Total amount of dividends for 2013 is fixed at RUB 74 246 million as the sum of 50% of the profit amount before interest payments, taxes and depreciation costs (EBITDA) and proceeds from non-core assets sales, calculated in line with the consolidated 2013 IFRS financial accounts of OJSC MMC Norilsk Nickel.

Taking into account the interim dividend payout in the amount of RUB 34 925 million, the left-over payout makes RUB 39 321 million.

Viewpoint of the Board of Directors:

The Board of Directors analyzed the production and financial results of OJSC MMC Norilsk Nickel for 2013, the current financial position, investment program, prioritized directions of the production and social development of OJSC MMC Norilsk Nickel in the future. Having analyzed the provided

information and based on the auditor's opinion on the RAS financial statements, the Board of Directors believes that OJSC MMC Norilsk Nickel can distribute the net profit as described above.

The Extraordinary General Meeting of Shareholders held on 20.12.2013 ordained payout of dividends on ordinary registered OJSC MMC Norilsk Nickel-issued shares for 9M FY 2013 in the amount of RUB 220.70 per share, the Company shareholders received RUB 34.925 million in dividends.

The Board of Directors of OJSC MMC Norilsk Nickel believes that the Company has a reason to declare dividend on the Company's shares for 2013 and pay the dividend in accordance with Article 43 of the Federal Law 'On Joint-Stock Companies' assuming that as of the date of the decision on payment of the dividend and the date of dividend payment:

- OJSC MMC Norilsk Nickel does not show any signs of insolvency (bankruptcy) in accordance with applicable laws on insolvency (bankruptcy) of the Russian Federation and will not acquire the signs as a result of the dividend payment;
- the value of net assets of OJSC MMC Norilsk Nickel is not less than its authorized capital and reserve fund and does not become less than the mentioned capitals as a result of adopting of the decision to pay the dividend and the dividend payment (as of 31.12.2013 the value of net assets of OJSC MMC Norilsk Nickel is 400 258 million rubles and exceeds the authorized capital and reserve fund by 400 076 million rubles)

Hence, the Board of Directors does not expect that the dividend declaration and payment based on the results of 2013 will affect the strategic potential of OJSC MMC Norilsk Nickel in the long run.

5. Election of members of the Board of Directors of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends the shareholders to vote for candidates that meet the requirements set for independent directors of the Board of Directors.

Viewpoint of the Board of Directors:

The Company is interested in having as members of the Board of Directors independent directors who have both knowledge and skills in the area of finance, production and strategy of holdings and can assist in the development of OJSC MMC Norilsk Nickel as one of the leaders of the global mining industry.

6. Election of members of the Internal Audit Commission of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends supporting the election to the Internal Audit Commission of five candidates listed in the bulletin including: Voziyanova Ekaterina Evgenyevna, Svanidze Georgiy Eduardovich, Shilkov Vladimir Nikolaevich, Masalova Anna Viktorovna. Yanevich Elena Alexandrovna.

Viewpoint of the Board of Directors:

In accordance with paragraph 12.2. of the Articles of Association of OJSC MMC Norilsk Nickel the Internal Audit Commission consists of 5 members.

All candidates to the position of a member of the Internal Audit Commission are recognized experts whose business experience and accounting, financial and auditing knowledge and skills will help the

Internal Audit Commission to fulfill its tasks more effectively.

7. Approval of the Auditor of RAS statements of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving LLC Rosexpertiza to the position of the Auditor of 2013 RAS financial statements of OJSC MMC Norilsk Nickel.

Viewpoint of the Board of Directors:

LLC Rosexpertiza has been an auditor of OJSC MMC Norilsk Nickel and enterprises that form the Group of OJSC MMC Norilsk Nickel from in 2009 - 2013.

LLC Rosexpertiza specializes in providing services to major strategic companies involved in basic areas of the Russian economy including oil and gas extraction, mining production and metallurgy, power economy, nuclear production, machine and instrument engineering (including defense industry), transportation and communications, commerce and credit and finance industry.

LLC Rosexpertiza has accumulated considerable experience in providing audit and consulting services to customers involved in metallurgy and instrument engineering.

8. Approval of the Auditor of IFRS consolidated financial statements of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving CJSC KPMG to the position of the Auditor of 2014 IFRS consolidated financial statements of OJSC MMC Norilsk Nickel.

Viewpoint of the Board of Directors:

CJSC KPMG has been conducting IFRS consolidated financial statements audits for OJSC MMC Norilsk Nickel in 2009-2013.

CJSC KPMG is one of the leading international auditing organizations included in the “Big Four”. CJSC KPMG has accumulated considerable experience in providing audit services to leading mining and metallurgy companies.

9. Remuneration and reimbursement of expenses of independent directors who are members of the Board of Directors of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving remuneration and expense reimbursement parameters for Independent Directors. Proposed remuneration amount and the parameters of expense reimbursement of the Independent Directors – members of the Board of Directors of OJSC MMC Norilsk Nickel are determined based on global corporate practice, accounting for the experience of major companies operating in various sectors of economics and taking into consideration opinions of reputable consultants, concerning current market practices for remuneration of independent members of the Board of Directors. The Corporate Code of Conduct advises approval such a remuneration policy that would establish the principles and criteria of setting the remuneration amount for members of the

board of directors.

Viewpoint of the Board of Directors:

In accordance with paragraph 2 of article 64 of the Federal Law ‘On Joint-Stock Companies’ the approving of remuneration payable members of the Board of Directors and of expenses associated with execution of their duties as members of the Board of Directors are reserved matters of the General Meeting of the Shareholders. Accordingly, it is recommended:

1. To approve the Remuneration Policy for members of the Company’s Board of Directors;
2. To approve the remuneration amount and reimbursement of expenses incurred by the Chairman of the Company’s Board of Directors.

10. Remuneration of the Internal Audit Commission of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving remuneration amount of members of the Internal Audit Commission not employed by the Company.

Viewpoint of the Board of Directors:

In accordance with par. 1 art.85 of the Federal Law on Joint-Stock Companies and art.6 of the Regulation on Internal Audit Commission of OJSC MMC Norilsk Nickel approval of remuneration of Internal Audit Commission members lies within the authority of a General Meeting of Shareholders. Therefore it is hereby proposed that the General Meeting of Shareholders approve the remuneration amount of the Internal Audit Commission members.

11. Approval of related party transactions for reimbursement of members of the Board of Directors and the Management Board of OJSC MMC Norilsk Nickel for incurred losses.

Recommendation:

The Board of Directors recommends approving the associated transactions that are related party transactions for all members of the Board of Directors and the Management Board of OJSC MMC Norilsk Nickel the subject matter of which implies the obligation of OJSC MMC Norilsk Nickel to indemnify the members of the Board of Directors and the Management Board of OJSC MMC Norilsk Nickel for any and all losses that the mentioned persons may incur as a result of their election to the mentioned positions in the amount of no more than 115,000,000 (one hundred fifteen million) US Dollars per transaction.

Viewpoint of the Board of Directors:

In accordance with the Corporate Codes of Conduct it is recommended for a joint-stock company to use its own funds to insure the liability of the members of the Board of Directors so that if the Company or third parties incur any losses through a fault of the members of the Board of Directors, the losses could be indemnified using the funds of an insurance company. Based on estimates of Russia’s Federal Commission for the Securities Market and global practices, insuring the liability of the members of the Board of Directors will not only help improve the effectiveness of the civil liability but also convince competent experts of becoming members of the Board of Directors.

The procedure of insuring the liability of officials envisions the negotiation of an Indemnity Agreement between OJSC MMC Norilsk Nickel and each member of the Board of Directors and of the Management Board. The mentioned agreements provide for the obligation of OJSC MMC Norilsk

Nickel to reimburse members of the Board of Directors and the Management Board for any and all losses that they may incur as a result of being elected to corresponding positions.

12. Approval of a related party transaction for insurance of the liability of members of the Board of Directors and the Management Board of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving the transaction that is a related party transaction for all members of the Board of Directors and the Management Board of OJSC MMC Norilsk Nickel the subject matter of which is the insuring by a Russian insurance company of the liability of the members of the Board of Directors and the Management Board of OJSC MMC Norilsk Nickel who are beneficiaries for the purposes of the transaction for a term of one year with a limit of liability in the amount of 200 000 000 US Dollars, and a limit of liability under an additional extension of the coverage for the master agreement in the amount of 25 000 000 US Dollars and with payment of an insurance premium that does not exceed 1,200,000 US Dollars.

Viewpoint of the Board of Directors:

In accordance with the Corporate Codes of Conduct it is recommended for a joint-stock company to use its own funds to insure the liability of the members of the Board of Directors so that if the Company or third parties incur any losses through a fault of the members of the Board of Directors, the losses could be indemnified using the funds of an insurance company. Based on estimates of Russia's Federal Commission for the Securities Market and global practices, insuring the liability of the members of the Board of Directors will not only help improve the effectiveness of the civil liability but also convince competent experts of becoming members of the Board of Directors.

13. Approval of a new edition of the Company's Charter.

Recommendation:

The Board of Directors recommends approving the new edition of the Company's Charter.

Viewpoint of the Board of Directors:

Need to approve new edition of the Charter of OJSC MMC Norilsk Nickel arises due to changes in corporate legislation of Russian Federation.

14. Approval of the new version of the Regulations on General Meeting of Shareholders of OJSC MMC Norilsk Nickel.

Recommendation:

Since the adoption of the Regulation on the General Meeting of Shareholders of OJSC MMC Norilsk Nickel in 2007 the Federal Law On Joint-Stock Companies was amended on convocation, preparation and holding of the General Meeting of Shareholders, Regulations were adopted on additional requirements to the procedure of convocation, preparation and holding of the General Meeting of Shareholders (approved by Decree of Russia's Federal Financial Markets Service No. 11-46/pz-n of 04.10.2011), as well as a new edition of the Charter of OJSC MMC Norilsk Nickel (approved by the AGM on 06.06.2013, minutes of the meeting No 3 dd. 07.06.2013), new Listing Rules were developed by CJSC MICEX Stock Exchange (approved by the Board of Directors of CJSC MICEX Stock Exchange on 31.12.2013) and the Code of Corporate Governance (approved by the Government of the

Russian Federation on 13.02.2014) was introduced.

Approval of the Regulations of the Regulation on the General Meeting of Shareholders of OJSC MMC Norilsk Nickel in the new edition is necessitated by the need to bring the regulations therein in line with the provisions of applicable corporate law, as well as to improve the corporate governance in the Company.

15. Related party transactions, which may be entered in the course of regular operations of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors deems it advisable to submit the following related party transactions which may be entered in the course of regular operations of OJSC MMC Norilsk Nickel before the annual General Meeting of Shareholders.

Viewpoint of the Board of Directors:

In accordance with par 2 item 6, Article 83 of the Federal Law On Joint Stock Companies, the General Meeting of Shareholders of OJSC MMC Norilsk Nickel can approve of transactions with related parties which may be entered in the course of regular operations of the Company. Such rulings shall remain in force until the next Annual General Meeting of Shareholders of the Company.

The following planned related party transactions are submitted for approval of the Annual General Meeting of Shareholders in accordance with par 6 art. 83 of the Federal Law on Joint-Stock Companies:

1. Between the Company (through affiliates) and its subsidiaries;
2. Between the Company and OJSC Sberbank of Russia and (or) its subsidiaries;

Information about the transactions is presented on the basis of the Company's 2014 Budget. The total amounts of transactions correspond to the Company's 2014 Budget.

OJSC Sberbank of Russia is one of the leaders in Russian banking industry and is ready to provide the Company and companies of Norilsk Nickel Group with products and services on conditions, which are comparable to those offered by other major credit organizations working with OJSC MMC Norilsk Nickel. Accordingly, the Board of Directors considers it advisable to gain access to the full scope of services offered by OJSC Sberbank of Russia.

The above transactions are submitted to the Annual General Meeting of Shareholders of the Company in order to optimize the activities of the Company's Board of Directors and current operations of the Company.

In accordance with par. 3 art. 49 of the Federal Law On Joint-Stock Companies and par. 7.4 and 9.3.5 of the Company Charter approval of transactions with related parties lies within the authority of the General Meeting of Shareholders on the proposal of the Board of Directors of the Company.