

REPORT OF THE BOARD OF DIRECTORS
OFOJSCMMC NORILSK NICKEL
Including a reasoned viewpoint of the Company's Board of Directors
On agenda of the Annual General Meeting of the Shareholders of the Company
June 29, 2012

1. Approval of the Annual report of OJSC MMC Norilsk Nickel for 2011.

Recommendation:

The Board of Directors recommends approving the Annual report of OJSC MMC Norilsk Nickel for 2011.

Viewpoint of the Board of Directors:

The Board of Directors preliminarily studied the Annual report.

The Annual report was developed in accordance with the Federal Law 'On Joint-Stock Companies' and Statement regarding additional requirements for preparing, calling and holding the General meeting, approved by Resolution of Russia's Federal Commission for the Securities Market No. 17/ps of 31.05.2002, and Regulations for Disclosing of Information by Issuers of Equity Securities approved by the Order of Russia's Federal Financial Markets Service No. 11-46/pz-n of 04.10.2011 concerning the content of the Annual Report, recommendations of the Corporate Codes of Conduct, 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 30.04.2003 concerning the content of a report compliance with the Corporate Codes of Conduct.

2. Approval of Annual financial statements including profit & loss statement of OJSC MMC Norilsk Nickel for 2011.

Recommendation:

The Board of Directors recommends approving the Annual financial statements including profit & loss statement of OJSC MMC Norilsk Nickel for 2011.

Viewpoint of the Board of Directors:

The Board of Directors preliminarily studied the Annual financial statements for 2011. The Board of Directors also examined the opinion of the Company's auditor, i.e. LLC Rosexpertiza, concerning the consolidated RAS financial statements of OJSC MMC Norilsk Nickel, the opinion of the Internal Audit Commission of OJSC MMC Norilsk Nickel on the performance of OJSC MMC Norilsk Nickel in 2011.

Having analyzed the provided information and based on the auditor's and the Internal Audit Commission opinions, 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 2011.

3. Distribution of profit and loss of OJSC MMC Norilsk Nickel for 2011, including payment (declaration) of dividends on shares of OJSC MMC Norilsk Nickel for 2011.

Recommendation:

The Board of Directors recommends approving the following distribution of profit and loss of OJSC MMC Norilsk Nickel for 2011.

The Board of Directors recommends declaring the payment of dividends on ordinary shares of OJSC MMC Norilsk Nickel based on the results of 2011 in the amount of 196 rubles per ordinary share. The dividends should be paid in cash.

The net profit after the dividends should not be distributed.

For reference:

	<i>Million RUB</i>
RAS net profit	112 187
Net profit directed for dividends payout (33% of the net profit)	37 363

Viewpoint of the Board of Directors:

The Board of Directors analyzed the production and financial results of OJSC MMC Norilsk Nickel for 2011, the current financial position, the investment program, and 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.

Furthermore, the Board of Directors of OJSC MMC Norilsk Nickel believes that the Company has a reason to declare dividends on the Company's shares for 2011 and pay the dividends 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 dividends 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 share capital and reserve fund and does not become less than the mentioned capitals as a result of adopting of the decision to pay the dividends and the dividends payment (as of 31.12.2011 the value of net assets of OJSC MMC Norilsk Nickel was 606,346 million rubles and exceeds the authorized capital and reserve fund by 606,127 million rubles).

Hence, the Board of Directors does not expect that the dividends declaration and payment based on the results of 2011 will negatively affect the strategic potential of OJSC MMC Norilsk Nickel in the long run.

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

Recommendation:

The Board of Directors recommends the shareholders to vote for the following 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 areas of finance, production and strategy of holdings and can assist in the development of OJSC MMC Norilsk Nickel as a leader in the world's mining industry.

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

Recommendation:

The Board of Directors recommends shareholders to support the election of further candidates, including Petr Valerievich Voznenko, Natalia Vladimirovna Gololobova, Aleksey Anatolievich Kargachev, Dmitry Viktorovich Pershinkov, and Tamara Aleksandrovna Sirotkina.

Viewpoint of the Board of Directors:

In accordance with paragraph 12.2 of the Charter 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 acknowledged experts whose business experience and accounting, financial and auditing knowledge and skills will help the Internal Audit Commission to fulfill its tasks more effectively.

6. 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 the RAS statements of OJSC MMC Norilsk Nickel in 2012.

Viewpoint of the Board of Directors:

LLC Rosexpertiza was an auditor of OJSC MMC Norilsk Nickel and OJSC MMC Norilsk Nickel Group of Companies in 2011.

LLC Rosexpertiza specializes in providing services to major strategic companies that represent basic sectors 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 great experience in providing audit and consulting services to its customers involved in metallurgy and machine engineering.

7. Approval of the Auditor of IAS consolidated financial statements of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving CJSC KPMG to the position of the Auditor of the IAS consolidated financial statements of OJSC MMC Norilsk Nickel in 2012.

Viewpoint of the Board of Directors:

CJSC KPMG was in charge of audit of the IAS consolidated financial statements of OJSC MMC Norilsk Nickel in 2009-2011.

CJSC KPMG is one of the leading international audit companies and a member of “The Big Four”. CJSC KPMG has considerable experience in provision of audit services to the major mining and metallurgical companies.

8. 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:

I. 1.1. To establish the basic amount of remuneration to be quarterly paid to an Independent Director shall be USD 120 000 per year (to be paid in equal amounts in Russian Rubles at the exchange rate fixed by the Bank of Russia on the last working day of the reporting quarter), this amount is stated gross of taxes imposed under the current laws of the Russian Federation. To reimburse an Independent Director’s business trip expenses upon presentation of documental proof in accordance with the Company standards set for the I category of job positions. The abovementioned remuneration shall be established for the period from June 29, 2012, and to the date on which the respective Independent Director ceases to be the Member of the Board of Directors or until such Independent Director ceases to be independent.

1.2. If an Independent Director presides over a Board Committee (Committees), the additional remuneration in the amount of USD 150 000 per year shall be paid in equal amounts quarterly to such Independent Director for each of the Committees, over which he/she presides (to be paid in Russian Rubles at the exchange rate fixed by the Bank of Russia on the last working day of the reporting quarter). The amount shown above shall be gross of taxes imposed under the current laws of the Russian Federation. The abovementioned remuneration shall be established for the period from the date of election to the position of the Chairman of the Board Committee (Committees), and until the date on which the respective Independent Director ceases to be the Chairman of the Board Committee (Committees) or until such Independent Director ceases to be independent.

1.3. If an Independent Director is a member of the Board Committee (Committees), the additional remuneration in the amount of USD 50 000 per year shall be paid in equal amounts quarterly to such Independent Director for each of the Committees, where the Independent Director participates (to be paid in Russian Rubles at the exchange rate fixed by the Bank of Russia on the last working day of the reporting quarter). The amount shown above shall be gross of taxes imposed under the current laws of the Russian Federation. The abovementioned remuneration shall be established for the period from the date of election to the position of the Member of the Board Committee (Committees), and until the date on which the respective Independent Director ceases to be the Member of the Board Committee (Committees) or until such Independent Director ceases to be independent.

1.4. If the Chairman of the Board of Directors is an Independent Director, the basic amount of remuneration to be paid quarterly to such Director shall be USD 1 000 000 per year, which will be paid in Rubles at the rate set by the Bank of Russia for the last working day of the reporting quarter (less additional remunerations provided for by p.1.1 – 1.3 of this resolution). The above mentioned amount shall be a gross amount before taxes and charges. The abovementioned remuneration shall be established for the period from the date of election to the position of the Chairman of the Board of Directors, and until the date on which the corresponding Independent Director ceases to be the Chairman of the Board of Directors.

II. The payment of the above stated remunerations shall be done after the Independent Director signs Confidentiality Agreement in accordance with the form approved by the Board of Directors of OJSC MMC Norilsk Nickel.

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 discharging of their duties as members of the Board of Directors are reserved matters of the General Meeting of the Shareholders. The recommended fee and reimbursement amount payable to independent members of the Board of Directors is estimated based on the global corporate practices and the experience of major Russian companies (including overviews and statistics of the Russian Managers Association and the Independent Directors Association), and on the analysis of the current market practices of remuneration of independent members of the Board of Directors.

9. Approval of interested party transactions related to compensation of the losses of the members of the Board of Directors and the members of the Management Board of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving the interested 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 losses that the mentioned persons may bear 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 for each member.

Viewpoint of the Board of Directors:

In accordance with the Corporate Codes of Conduct approved by Resolution of Russia’s Federal Commission for the Securities Market No. 421/r of April 4, 2002 it is recommended for a joint-stock company to insure, as its own expense, the liability of the members of the Board of Directors so that if the Company or third parties bear any losses due to any actions of the members of the Board of Directors, the losses were reimbursed by the 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 to become members of the Board of Directors.

The procedure of insuring the liability of officials envisions signing the 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.

10. Approval of the interested party transaction related to insurance of the liability of the members of the Board of Directors and the members of the Management Board of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving the interested 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 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 (two hundred million) US Dollars, and a limit of 6,000,000 (six million) US Dollars for independent directors over of the total limit, and the additional coverage limit for the principal agreement in the amount of 25,000,000 (twenty five million) US Dollars and with payment of an insurance premium that does not exceed 1,200,000 (one million two hundred thousand) US Dollars.

Viewpoint of the Board of Directors:

In accordance with the Corporate Codes of Conduct approved by Resolution of Russia's Federal Commission for the Securities Market No. 421/r of April 4, 2002 it is recommended for a joint-stock company to insure, as its own expense, the liability of the members of the Board of Directors so that if the Company or third parties bear any losses due to the actions of the members of the Board of Directors, the losses will be reimbursed by 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. Insurance premium shall not exceed 1,200,000 (one million two hundred thousand) US Dollars.