



MMC Norilsk Nickel: Building Momentum Through Transformation

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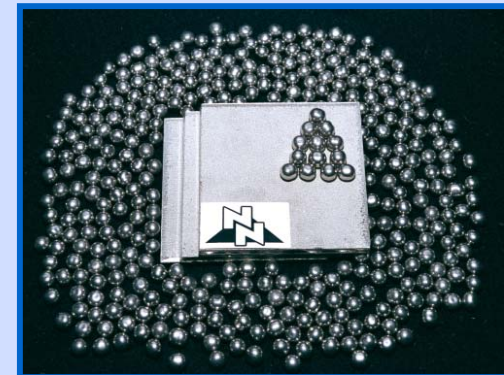
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Norilsk Nickel today



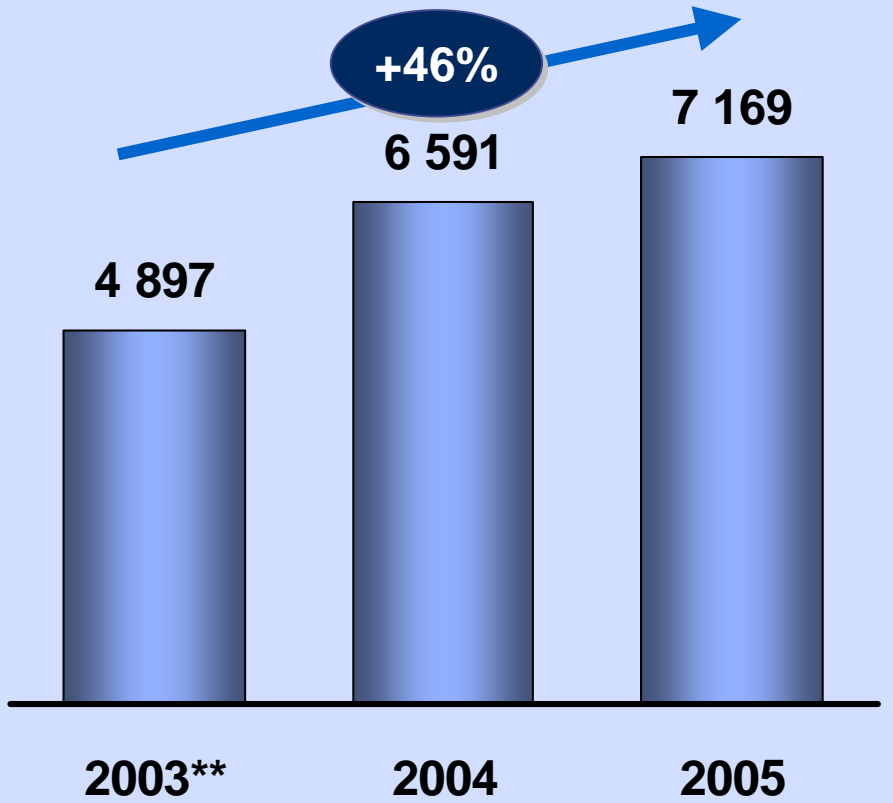
- **Leading Russian mining and metals company with global sales network**
 - Largest producer of nickel with ~19% share of world mined production
 - Largest producer of palladium with ~45% share of world mined production
 - Largest producer of platinum outside of South Africa with ~ 11% share of world mined production
- **Lowest cost producer of refined nickel with largest amount of nickel in attributable reserves and resources**
- **Largest metals and mining company in Russia in terms of revenue and market capitalization**
- **Largest company in Murmansk and Krasnoyarsk regions**
- **Highest combined credit rating amongst Russian private companies**
- **Recognized leader in corporate governance and transparency amongst Russian companies**



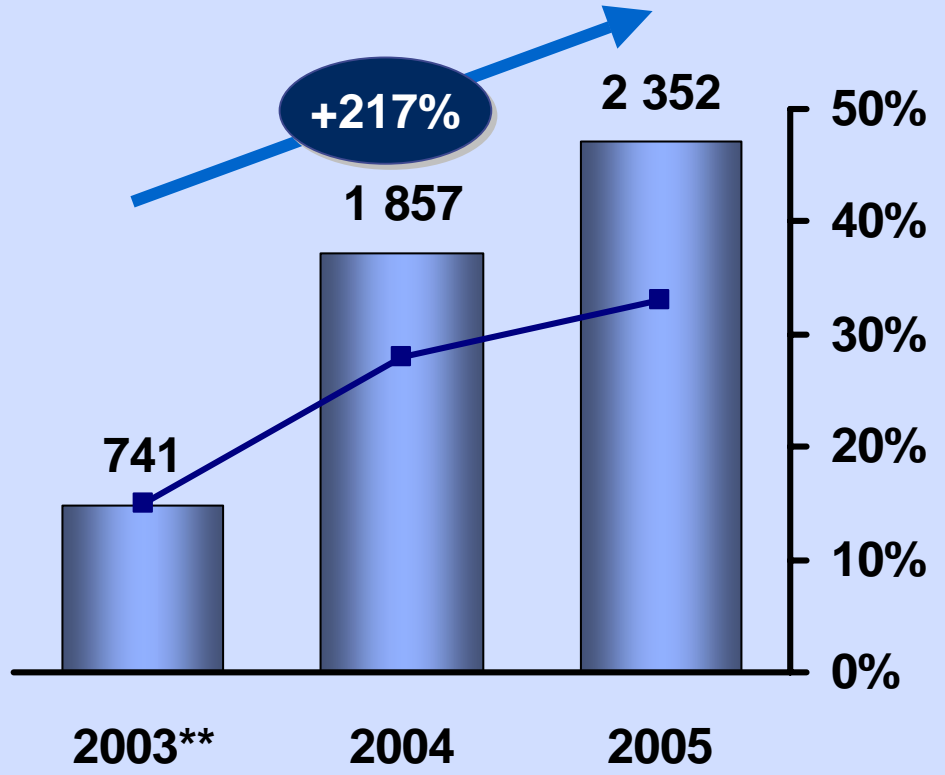
Strong financial performance



Metal sales revenues*
USD million



Net profit and net profit margin*
USD million, percent (line)



* MMC Norilsk Nickel without Polus Group

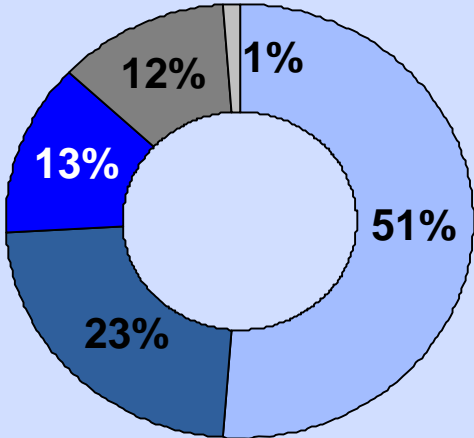
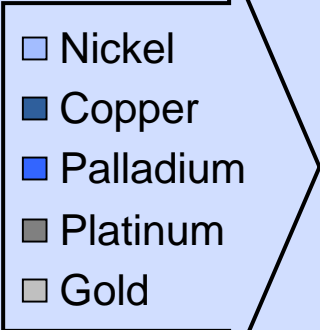
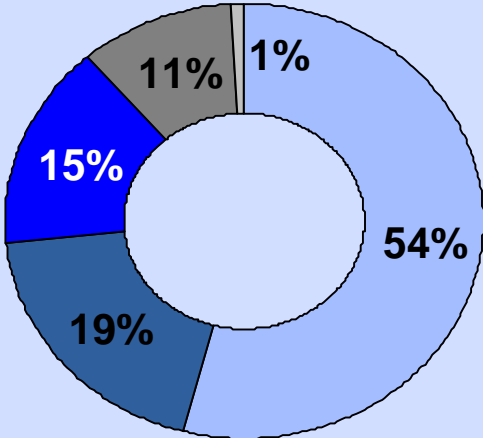
** Estimate

Breakdown of revenues

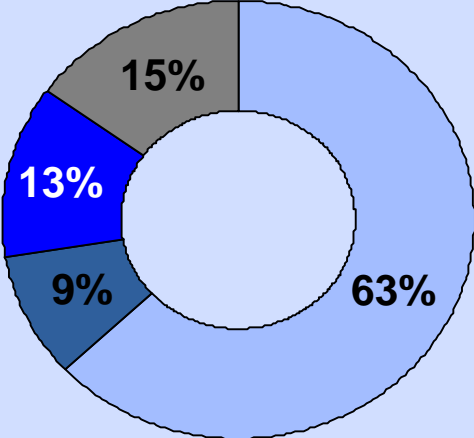
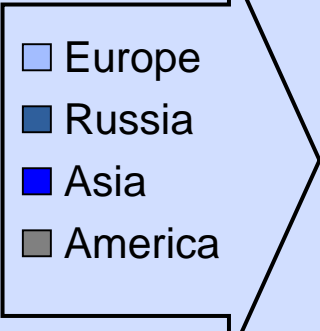
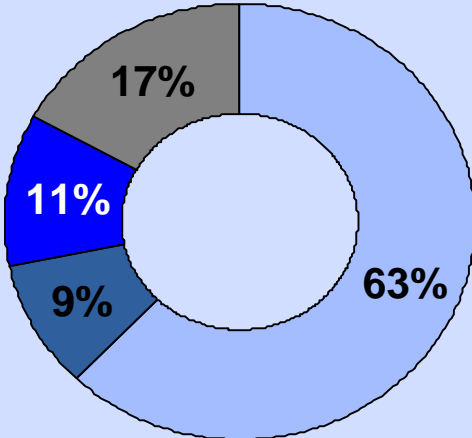
2004
(total USD million 6 591)

2005
(total USD million 7 169)

By metal



By destination

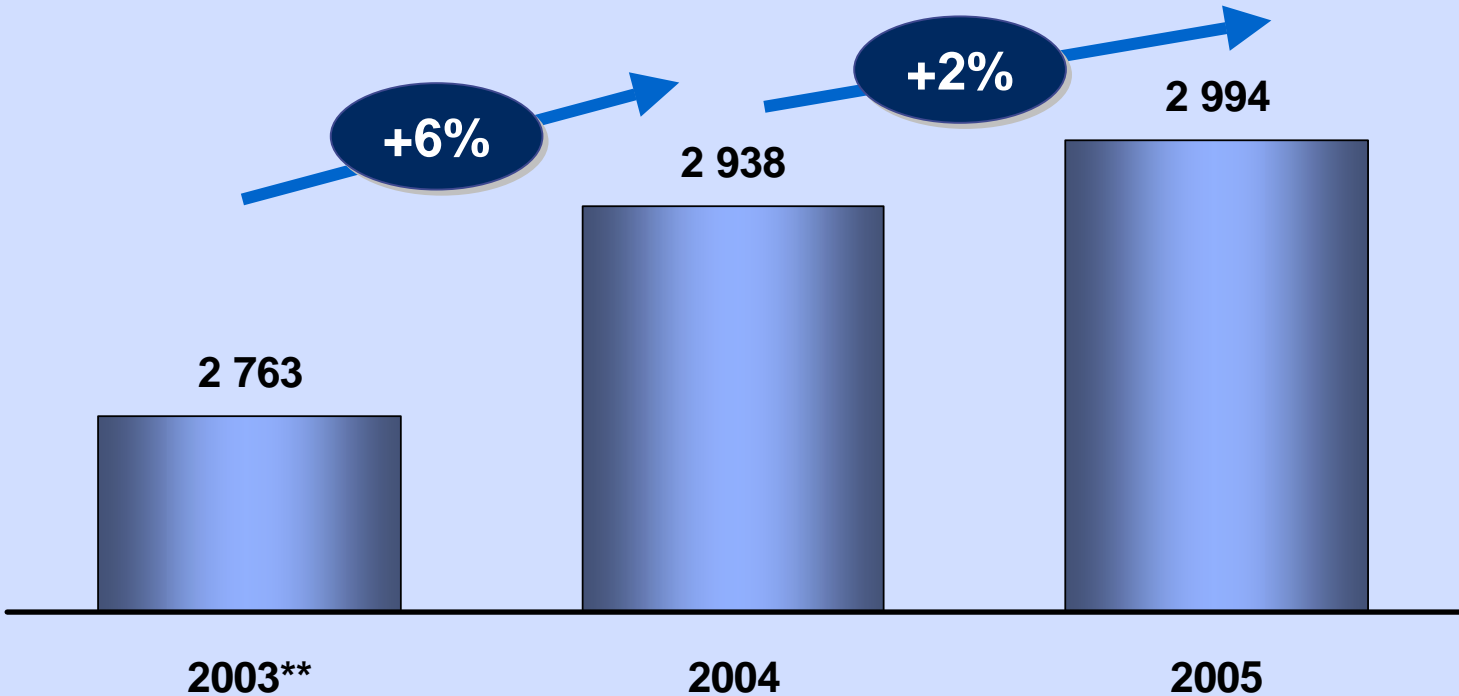


Focus on controlling production costs



Cost of metal sales*

USD million



Cost controls countering:

- Inflationary pressures:
 - 11.7% in 2004
 - 10.9% in 2005
- Rising input costs (steel, fuel, etc.)
- Russian Rouble appreciation

* MMC Norilsk Nickel without Polus Group

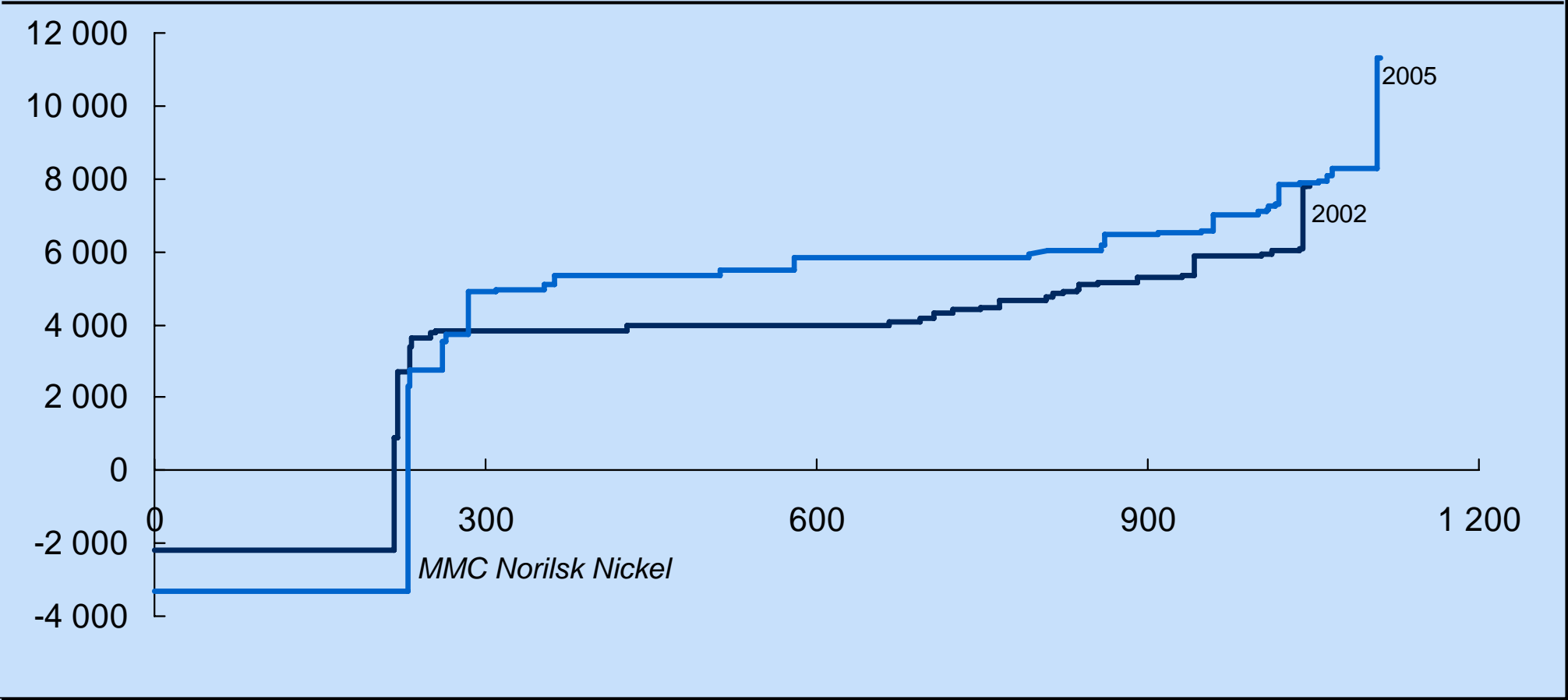
** Estimate

Improving cost position in the nickel industry



C1* industry cash costs in 2002 and 2005E

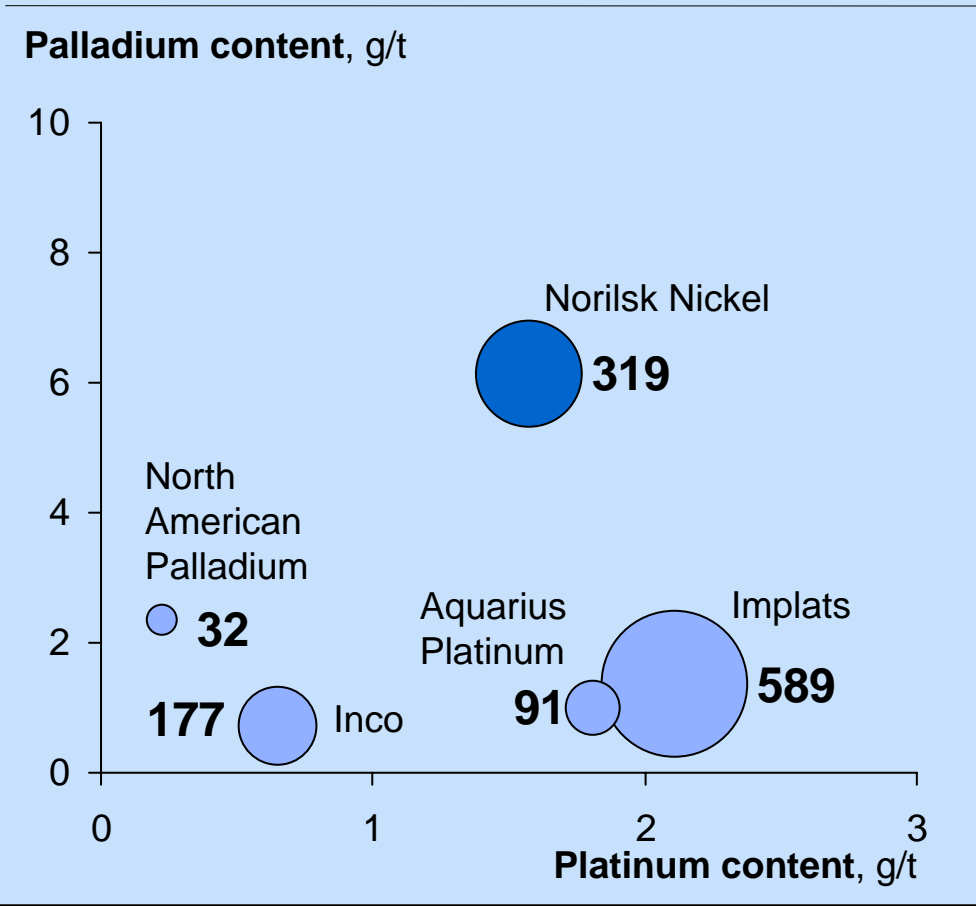
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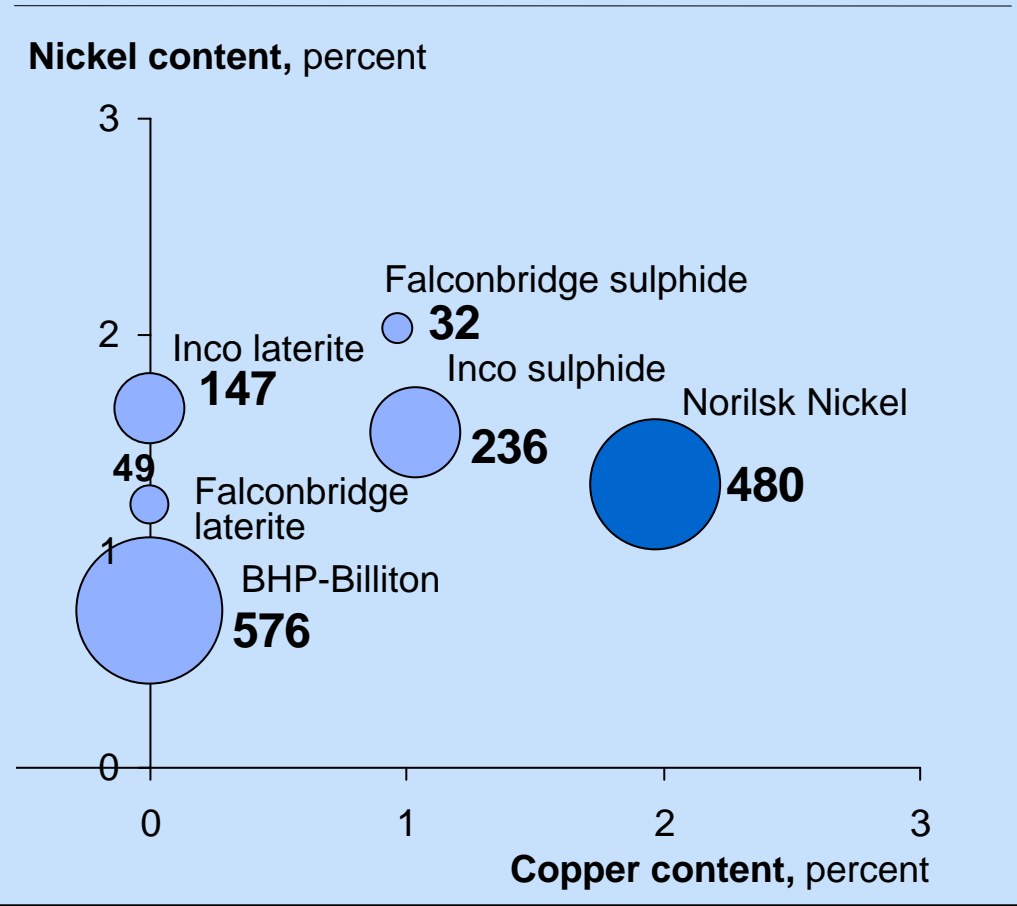
Norilsk Nickel reserves vs competitors'



Proved and probable ore reserves at PGM operations*
Million mt ore



Proved and probable ore reserves at Nickel operations**
Million mt ore



* As per December 31, 2004, except for Implats and Aquarius data as per June 30, 2005 and Lonmin data as per September 30, 2004. Implats total includes ruthenium. Implats palladium and Aquarius Platinum palladium and platinum grades are estimates based on disclosed PGE grades and metal splits. NN: Ore Reserves of its Taimyr (Polar) Division, Inco: Ore Reserves of Ontario operations

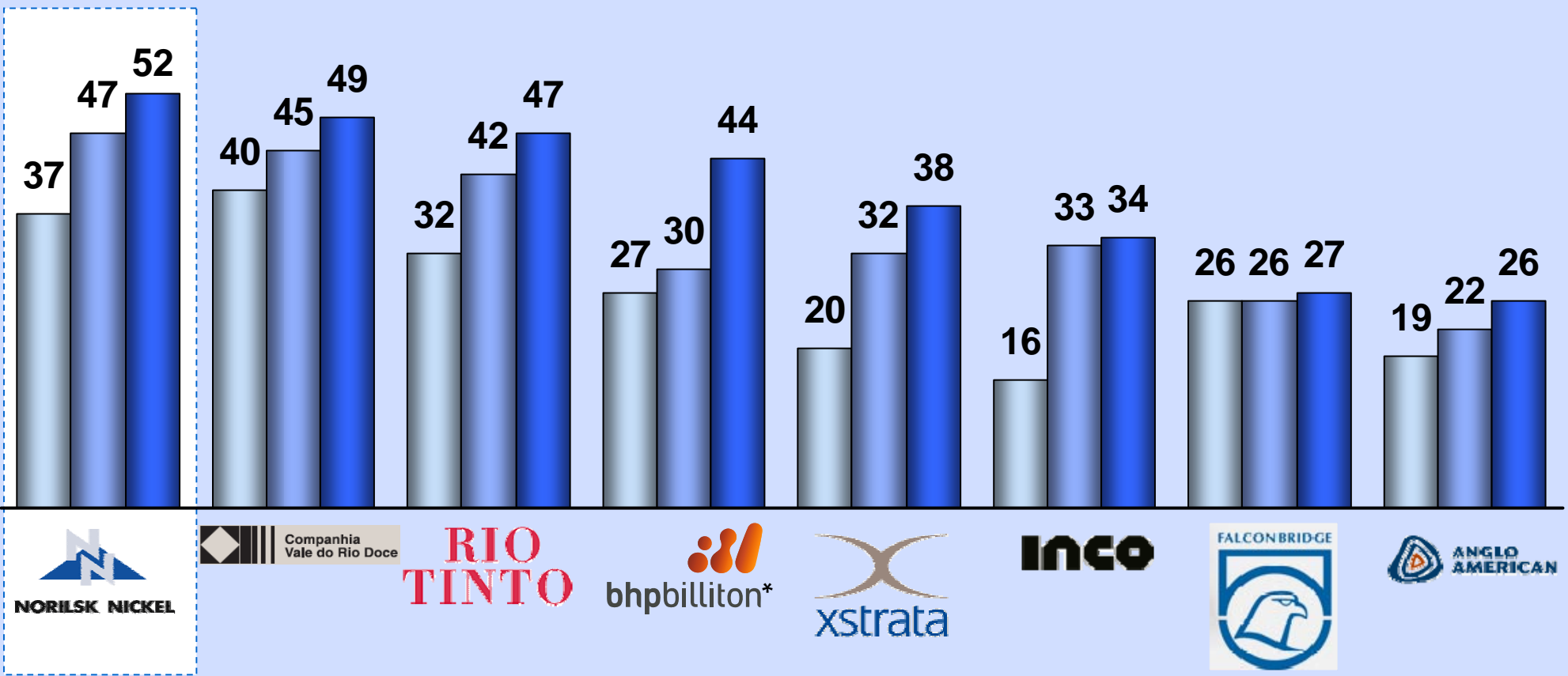
** As per December 31, 2004, except for BHP-Billiton data reported as of 30 June, 2005. NN includes Ore Reserves of its Taimyr (Polar) and Kola Divisions. BHP-Billiton does not disclose Cu grade of its Ni deposits. Falcondo, Goro and Indonesian Inco operations have lateritic ores

Leading EBITDA margin



EBITDA Margin
Percent

- 2003
- 2004
- 2005



* 2005 EBITDA margin for 6 months ending 31/12/2005, 2004 and 2003 EBITDA margins for fiscal year ending 30 June

Corporate development: 2H 2005, 1H 2006



Polyus Gold Spin Off

- Polyus Gold created and spun-off
- Stock newly listed and trading since May
- Level 1 ADR program being set up (subject to approval)



Disclosure of PGM reserves

- Independently audited PGM reserve and resource results for Taimyr deposits released in February
- Results confirm competitive strength/longevity of mineral asset base

44 Ru 101.07	45 Rh 102.91	46 Pd 106.42
76 Os 190.2	77 Ir 192.22	78 Pt 195.08

Investment credit rating

- Earns first investment grade rating (Fitch) amongst private Russian companies
- Highest overall rating among privately owned Russian companies



Quality control & environmental management

- Earned international certification of company's environmental management and quality control systems (in accordance with ISO 9001:2000 and ISO 14001:2004, BVQI Holding)



Norilsk Nickel corporate mission

MMC Norilsk Nickel aims to strengthen its leadership in the global mining and metals industry and its role as a responsible producer and supplier of base and precious metals through

- Effective use of unique mineral resources and stability of operating costs
- Growth in prospecting, exploration and development of world class mineral deposits
- Support of sustainable development in the regions in which the company operates

New mission and strategic objectives



Corporate mission elements

Strategic objectives

Priorities

Effective use of unique mineral resources and stability of operating costs

- Effective use of the mineral resources
- Modernization of production facilities
- Cost stability
- Strengthening vertical integration and secure supply of low-cost services and resources
- Further improvements in corporate governance through restructuring

- Implementation of approved production strategy
- Operational effectiveness initiatives
- Development of energy and transportation assets
- Division based reorganization

- Review mine development plans and develop optimal long term mining calendar in order to prepare for gradual depletion of currently mined deposits and compensate for expected decrease in ore grades
- Begin optimization of technical-production configuration (“footprint”) by reducing the number of production shops and simplify process flow sheets
- Develop technical solutions to improve effectiveness of ore beneficiation (concentrate quality and sulphur extraction into tailings), increase utilization in metallurgy, and keep emissions within agreed limits
- Ensure stability of operations and production output of base and precious metals
- Retain focus on controlling unit costs and improving capital efficiency to retain current cost position among nickel producers

Key elements of production strategy



Mining

- Increase ore throughput from 21 mta to 26 mta by 2015
- Build new mines
 - Skalisty (Talnakh)
 - Severny-Gluboky (Kola)
- Optimize existing mines utilization

Beneficiation

- Expand ore beneficiation facilities in Taimyr
- Improve quality of concentrates and sulfur extraction at the beneficiation stage

Smelting

- Reduce number of nickel concentrate smelting sites in Taimyr by closing sintering/smelting at Nickel Plant
- Invest into sulfur emissions reduction

Refining

- Improve metal recoveries in refining
- Examine and test new technologies of nickel and copper refining in Kola

Metal production volumes

- Planned mining calendar foresees increase in nickel production while keeping copper and PGMs at current levels
 - Nickel production growth from existing level of 243 kta to ~260 kta by 2011
 - Maintenance of copper production at ~420 kta
 - Maintenance of PGM production at ~114 t/year
- Mine calendar sets base off of which incremental volumes can be achieved through
 - Operational improvements
 - Technical solutions in ore beneficiation
 - Continued optimization of the production “footprint”

Capital investment program

- Overall investment increase focused on intensive development of mineral reserve base to compensate for planned depletion of existing ore and creation of foundation for long-term production development in Taimyr and Kola
- Annual capex requirements for production strategy in period from 2007-2010 approximately \$800 – 1000 mln/year

Polar Division

- Mine development – \$450-470 mln/year
- Ore beneficiation - \$140 mln/year in the period 2007-2009
- Metallurgy – \$290-300 mln/year including investments in sulfur utilization projects

Kola MMC

- Mine development – 50 mln/year in 2007-2010 to complete Severny-Gluboky construction
- Metallurgy – \$100-150 mln/year in 2007-2009, depending on metallurgical configuration

Programs

Status

- **Broad based operational effectiveness projects**

focused on:

- Cost reduction
- De-bottlenecking
- Quality improvements

- Program designed and launched in Norilsk in 2004
- Covers 5 production facilities to date
- Program launched in Kola in February 2006 at concentrator

- **Continuous improvement program**

- Systematic process based on KPIs and specific goals
- Rigorous training and coaching of plant personnel

- Pilot project successful at Copper plant
- Program now being rolled out in Norilsk
- Scheduled to start in Kola in late summer 2006

Transportation and energy developments

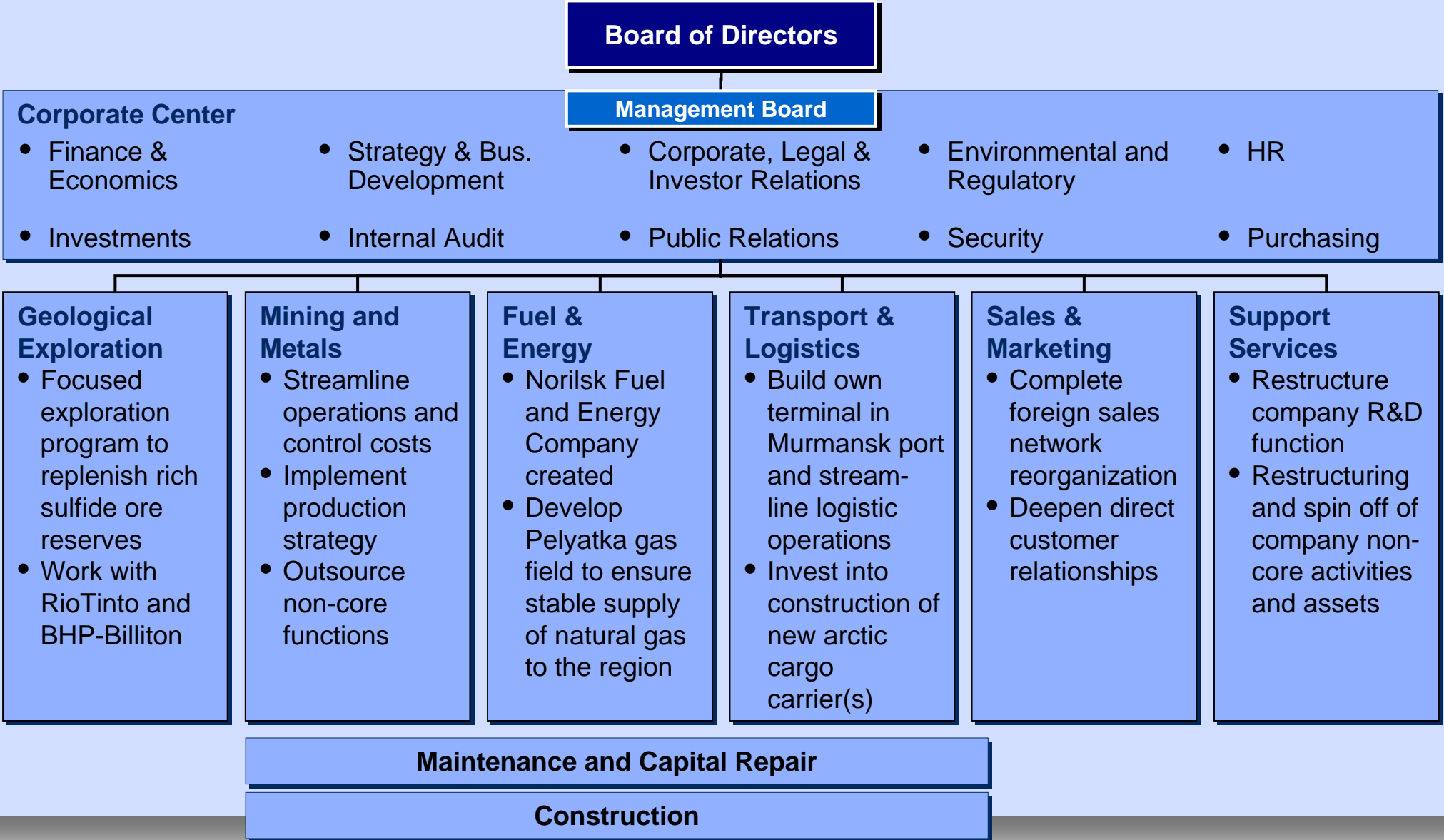
- Launch of first arctic cargo container carrier (no icebreaker assistance)
- Successful trials completed, coming into full service
- Plans to build up to 5 vessels
- Construction of own port in Murmansk



- Norilsk-Taimyr Energy Company (NTEC) was established
- Energy assets in Kola peninsula and Krasnoyarsk were restructured
- Norilsk Nickel increased its share in UES of Russia up to 3.52%



Transition to business unit based structure



New mission and strategic objectives



Corporate mission elements

Strategic objectives

Priorities

Growth in prospecting, exploration and development of world class mineral deposits

- Active participation in prospecting, geological investigation and exploration of new promising world-class mineral deposits both in Russia and abroad
- Creation of strategic alliances
- Search for growth opportunities for the existing business through strategic acquisitions

- Own geological exploration in Russia
- JV with Rio Tinto
- Alliance with BHP-Billiton

BHP Billiton – exploration & development alliance



Area of focus



- Alliance agreement signed June 12th, 2006
- Joint Steering Committee to oversee exploration and development activities
- Project companies to be owned 50%+1 share by Norilsk, 50%-1 by BHPB
- Initial focus on North West and Western Siberia



Mikhail Prokhorov (NN),
Chip Goodyear (BHPB)

Rio Tinto – JV exploration and development



RIO TINTO

Area of focus



- JV agreement signed January 27th, 2006
- RioNor Exploration LLC founded in April to manage exploration and development activities
- 51% owned by Norilsk, 49% owned by Rio Tinto
- Bruno Hegner appointed General Director; Maxim Finsky, Chairman of Board
- Initial focus on southern regions of East Siberia and Far East
- Work programs and budget approved; review of potential projects underway



Leigh Clifford (RT),
Mikhail Prokhorov (NN)

New mission and strategic objectives



Corporate mission elements

Strategic objectives

Priorities

Support of sustainable development in the regions in which the company operates

- Creating proper environment for professional growth
- Compliance with both Russian and international environmental standards
- Implementation of projects in social and economic development of communities

- Compliance with ISO environmental and quality management regulations and standards

- **Production strategy implementation**
- **Operational effectiveness initiatives**
- **Examination of future growth opportunities**
- **Execution of geological exploration programs**
- **Corporate strategy to be released by the end of the year**