

**Report of the Board of Directors of MMC Norilsk Nickel
containing the Board's opinion regarding the issues included in the agenda of
AGM to be held on June 28, 2007**

1. Re.: Approval of MMC Norilsk Nickel's annual report and annual accounting statements, including profit-and-loss statement, distribution of profits and losses of MMC Norilsk Nickel, for the year 2006.

Recommendation:

The Board of Directors recommends approving the Company's annual report and annual accounting statements, including profit-and-loss statement, for the year 2006.

Opinion of the Board of Directors:

Opinion of the Board is based on the preliminary review of the following documents: MMC Norilsk Nickel's 2006 annual report; annual accounting statements; conclusions of Rosexpertiza LLC, the Auditor of the Company's accounting reports prepared in accordance with Russian Accounting Standards (RAS); conclusion of the Revision Commission of MMC Norilsk Nickel regarding the Company performance in 2006; opinion of Deloitte & Touche, the independent Auditor of the Company's financial statements prepared in accordance with IFRS. IFRS compliant financial statements had been reviewed by the Audit Committee of the Board of Directors.

Having analyzed the information provided, and relying on the opinion of aforementioned auditors, the Board comes to the conclusion that both RAS and IFRS compliant financial statements are prepared in accordance with appropriate reporting rules and regulations, and fairly present the financial standing of the Company in 2006.

The annual report is prepared in compliance with Federal Law "On Joint Stock Companies", recommendations of the Federal Commission on Securities Market (FCSM) regarding the contents of the annual report (Resolution No. 17/nc of March 31, 2002), FCSM Corporate Governance Code, and FCSM Resolution No.03-849/p of April 30, 2003 regarding the contents of the Report on Compliance with Corporate Governance Code.

2. Distribution of dividends on the shares of MMC Norilsk Nickel in 2006.

Recommendation:

The Board of Directors recommends approving the distribution of final dividend payable upon the results of the year 2006 in the amount of RUB 176 per share, including RUB 56 of interim dividend paid earlier.

Opinion of the Board of Directors:

The year of 2006 saw high and at some point historically maximal prices for non-ferrous and precious metals produced by MMC Norilsk Nickel

(hereinafter, the Company). Average LME prices for metals in 2006 were much higher than in 2005, price growth reached:

- 82.7% to USD 6,731 for Cu;
- 64.9% to USD 24,287 for Ni;
- 58.4% to USD 320 for Pd;
- 27.4% to USD 1,143 for Pt.

2006 showed high financial results. Net profit from continuing operations (net of gold mining assets) in 2006 amounted to USD 5 bln.

Taking into account the financial results achieved in 2006, the Board of Directors recommends to the Annual General Meeting of Shareholders approving dividend payable upon the results of the year 2006 in the amount of RUB 176 per ordinary share.

The amount suggested complies with the Company's dividend policy, whereby 20-25% of the Company's annual net profit as reported under IFRS shall be used for dividend payout to shareholders.

Taking into account the fact that the Company has already paid interim dividends for 9 months of 2006, additional dividends will amount to RUB 120 per ordinary share.

3. Elections to the Board of Directors of MMC Norilsk Nickel

Recommendation:

The Board of Directors recommends the following persons for the election to the Board:

- A.E. Bougrov
- Guy de Selliers
- V.I. Dolgikh
- A.A. Klishas
- R.T. Morgan
- D.S. Morozov
- E.M. Salnikova
- K.L. Ugolnikov
- Heinz Schimmelbusch

Opinion of the Board of Directors:

The Board of Directors may be comprised of 9 members. Shareholders of the Company have nominated 11 candidates for the election.

Mr. Guy de Selliers, Mr. V.I. Dolgikh, Mr. K.L. Ugolnikov and Heinz Schimmelbusch are independent candidates to the Board of Directors. Mr. D.S. Morozov and Mr. R.T. Morgan represent the Company's management. Mr. A.A. Klishas, Mr. A.E. Bugrov and Mrs. E.M. Salnikova are representatives of Interros Holding Company.

All candidates are recognized professional experts, capable of contributing

their business experience and knowledge in the areas of financing, production and strategy development for increasing the Board's efficiency in performing its duties.

Recommending the aforementioned nominees, the Board of Directors is guided by the necessity to secure succession in the Board membership and involvement of independent directors.

4. Elections to the Revision Commission of MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends supporting the candidates listed in the ballot in the elections to the Revision Commission.

5. Approval of the Auditor of MMC Norilsk Nickel's Russian accounting statements

Recommendation:

The Board of Directors recommends approving Rosexperiza LLC as the Auditor of Russian accounting statements of MMC Norilsk Nickel for 2007.

6. Remuneration and compensation of expenses incurred by independent directors – members of the Board of Directors of MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends to the Annual General Meeting of Shareholders approving the remuneration of independent directors in the amount of RUB 1,000,000 per quarter for each director, and RUB 1,500,000 per quarter for Independent Director – Chairman of the Audit Committee of the Board of Directors. The Board further recommends approving compensation of their documented expenses related to their duties on the Board of Directors of MMC Norilsk Nickel (travel, accommodation, meal, interpreter services) in the max amount of RUB 2 million per annum for each director.

Opinion of the Board of Directors:

Pursuant to the Federal Law "On Joint Stock Companies" (Article 64, p. 2), the amount of remuneration and compensation for expenses incurred by the members of the Board of Directors in relation with their duties on the Board, should be approved by the General Meeting of Shareholders.

The RUB amount of an independent director's remuneration is equivalent to USD 154,000 per year before tax at 1:26 USD/RUB exchange rate, and this sum assumes the withholding by MMC Norilsk Nickel of personal income tax of 30% applicable to Russia's non-residents and 13% for residents.

The amount of annual compensation of an independent director's expenses has been calculated assuming his/her personal participation in 5 Board meetings per year, accommodation in Moscow hotels (up to USD 500 per day), first class air tickets, ground transportation and interpreter's fees.

7. The cost of liability insurance services for the members of the Board of Directors and the Management Board of MMC Norilsk Nickel.

Recommendation:

The Board recommends establishing the maximum cost of liability insurance services for members of the Board of Directors and Management Board of MMC Norilsk Nickel in the amount of USD 1,000,000 (one million), with total liability limit of USD 20,000,000 (twenty million).

8. Approval of the transaction related to liability insurance for members of the Board of Directors and Management Board of MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving of the transaction that represents an interested-party transaction for all members of the Board of Directors and Management Board of MMC Norilsk Nickel, whereby one of Russian insurance companies will insure these individuals (beneficiaries) against liability for the period of one year, with total liability limit of USD 20 000 000 (twenty million), and maximum insurance premium of USD 1,000,000 (one million).

Opinion of the Board of Directors:

The Code of Corporate Conduct approved by FCSM on April 4, 2002 (No. 421/p) recommends that companies insure their directors against liability so as in the event when any actions of the Board members entail damages to the company or any third parties, these damages can be reimbursed by insurance company. In the FCSM's opinion, which is based on global business practice, liability insurance is reasonable not only from the viewpoint of civil liability efficiency but also because it helps the Board in engaging highly qualified specialists. The insurance premium will not exceed USD 1,000,000 (one million).

9. The value of property being the subject of Indemnity Agreements with members of the Board of Directors and Management Board of MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends that the value of property being the subject of inter-related transactions involving indemnification of members of the Board of Directors and Management Board against damages that these individuals may incur in connection with their duties on the aforementioned boards should not exceed USD 20,000,000 (twenty million) under each of the transactions.

10. Approval of interrelated interest party transactions whereby members of the Board of Directors and Management Board of MMC Norilsk Nickel will be indemnified against damages.

Recommendation:

The Board of Directors recommends approving inter-related transactions that are interested party transactions for all members of the Board of Directors and Management Board of MMC Norilsk Nickel, whereby the Company will be liable for indemnification of these individuals against damages arising out of their duties on the aforementioned boards, with maximum liability limit of USD 20,000,000 (twenty million)per person.

Opinion of the Board of Directors:

D&O liability insurance implies entering into Indemnity Agreements with each member of the Board of Directors and Management Board. Under these agreements, all members will be indemnified by MMC Norilsk Nickel against damages that they may incur in connection with their duties as directors and managers. The Company's payments under these agreements will be compensated by insurance companies to the max. amount of USD 20,000,000 (twenty million), excluding damages within franchise limits that will be covered by MMC Norilsk Nickel.

11. Approval of the revised version of MMC Norilsk Nickel Charter.

Recommendation:

The Board of Directors recommends approving the revised version of MMC Norilsk Nickel Charter.

Opinion of the Board of Directors:

The revised version of the Charter indicates the new name of the Company's location in accordance with the law. In conformity with Federal Constitutional Law dated October 14, 2005 No. 6-FKZ *On Formation of a New Subject of the Russian Federation as a Result of Consolidation of Krasnoyarsk Territory, Taimyr (Dolgano-Nenets) Autonomous District and Evenk Autonomous District*, since January 1, 2007 Taimyr (Dolgano-Nenets) Autonomous District no longer exists in the form of an individual subject of the Russian Federation. In accordance with clause 4 Art. 6 of the aforementioned Federal Constitutional Law, not later than on December 31, 2007 joint stock companies are supposed to introduce corresponding changes in their statutory documents.

The revised version of the Charter provides for conformity with modifications and supplements introduced to the Federal Law of December 26, 1995 No. 208-FZ *On Joint Stock Companies* during 2006. Another modification to the revised version of the Charter specifies the competencies of the Management Board and of the Board of Directors of the Company.

The revised version of the Charter incorporates the array of amendments and supplements to the version approved by Norilsk Nickel AGM on June 30, 2002 into a single document.

12. Approval of the revised version of Regulations on MMC Norilsk Nickel Board of Directors

Recommendation:

The Board of Directors recommends approving the revised version of Regulations on MMC Norilsk Nickel Board of Directors.

Opinion of the Board of Directors:

The revised version of the Regulations On the Board of Directors complies with the revised version of the Charter of the Company submitted for approval of the Annual General Meeting of Shareholders.

The revised version of the Regulations On the Board of Directors was amended to ensure conformity with 2006 amendments and supplements to the Federal Law dated December 26, 1995 No. 208-FZ *On Joint Stock Companies* and introduces a number of changes aimed at improving corporate governance in the Company.

The revised version of the Regulations On the Board of Directors as well as the revised version of the Charter incorporates the array of amendments and supplements to the version approved by Norilsk Nickel AGM on June 30, 2002 into a single document.

13. Termination of MMC Norilsk Nickel membership in non-profit organisation Cobalt Development Institute.

Recommendation:

The Board of Directors recommends adopting a resolution on termination of MMC Norilsk Nickel membership in non-profit organisation Cobalt Development Institute.

Opinion of the Board of Directors:

The resolution on MMC Norilsk Nickel membership in non-profit organisation Cobalt Development Institute was adopted by the AGM in June 24, 2004. MMC Norilsk Nickel membership in Cobalt Development Institute is no longer advisable.

14. Termination of MMC Norilsk Nickel membership in non-profit organisation Palladium Council.

Recommendation:

The Board of Directors recommends adopting a resolution on termination of MMC Norilsk Nickel membership in non-profit organisation Palladium Council.

Opinion of the Board of Directors:

The resolution on MMC Norilsk Nickel membership in non-profit organisation Palladium Council (hereinafter, Council) was adopted by the AGM in June 24, 2004. The Council was supposed to be established in 2004 in the USA. However, the Council never commenced any activities.

Federal Law On Joint Stock Companies (Art. 48, par.18) requires official resolution on termination of MMC Norilsk Nickel membership in non-profit organisation Palladium Council adopted by MMC Norilsk Nickel AGM.