

**RECOMMENDATIONS OF THE BOARD OF DIRECTORS**  
**To the Annual General Meeting of shareholders**  
**of MMC Norilsk Nickel**

**Re.: Profit and loss distribution based on the financial year results**

Revenues of MMC Norilsk Nickel (the Company) in 2005 as reported under Russian Accounting Standards amounted to RUB 171 137 508 thousand, and the Company's net profit reached RUB 58 159 465 thousand.

Based on the results of the Company operations in the first 9 months of 2005, the Extraordinary General Meeting of shareholders has approved the distribution of interim dividends in the amount of RUB 43 per common share. This payout was carried out in February of 2006. Total sum of interim dividends paid to shareholders amounted to RUB 8.7 bln.

Given the Company's outstanding financial results in 2005, the Board of Directors recommends to this General Meeting to approve dividend for 2005 in the amount of RUB 96.49 per share.

Thus, taking into account previously paid interim dividends for the first 9 months of 2005, this means an additional payout of RUB 10.2 bln.

The Board of Directors recommends to this General Meeting not to distribute the balance of the net profit amount left after the payment of abovementioned dividends.

**RECOMMENDATIONS OF THE BOARD OF DIRECTORS**  
**To the Annual General Meeting of shareholders**  
**of MMC Norilsk Nickel**

**Re.: Dividends on the shares of MMC Norilsk Nickel for 2005**

Market situation for our core metals was extremely favourable throughout 2005. Average LME prices as compared to those of 2004:

- Ni price increased by 6.4% reaching USD 14 733 per ton;
- Cu price increased by 28.5% reaching USD 3 684 per ton;
- Pt price increased by 6% reaching USD 897 per ounce;
- Au price increased by 8.3% reaching USD 444 per ounce.

The Company's net profit in 2005 (under IFRS reporting) reached USD 2 352 mln.

According to the Company's dividend policy approved by the Board of Directors in 2002, 20-25% of the Company's net profit after tax as reported under IFRS may be used for dividend payout to shareholders.

Based on the results of the Company performance in the first 9 months of 2005, the Extraordinary General Meeting on December 30, 2005 approved the distribution of interim dividends in the amount of RUR 43 per common share (USD 1.51 at USD/RUB exchange rate of 1/28.48). This payout was carried out in February of 2005. Total sum of interim dividends paid to shareholders amounted to RUB 8 657 mln (about USD 304 mln at USD/RUB exchange rate of 1/28.48).

Taking into account our outstanding financial results in 2005, we suggest that the Board of Directors recommends to the AGM to approve the payout of 2005 dividends in the amount of 30% of the Company's net profit (under IFRS reporting) or USD 681.6 mln (RUB 18 403.2 mln\*).

Thus, in addition to interim dividends for the first 9 months of 2005, the Company will pay to its shareholders USD 377.7 mln (RUB 10 197.9 mln\*), or USD 1.98 (RUB 53.49\*) per ordinary share.

The Board at the same time confirms the corporate dividend policy approved in 2002, to use 20-25% of the Company's net profit after tax as reported under IFRS for dividend payout to shareholders.

Enclosed hereto is an excerpt from the Protocol of the Board meeting of May 30, 2006, when this recommendation was approved by Directors.

