

EXPLANATORY NOTE

re:

Adoption of the Regulations on the Board of Directors of MMC Norilsk Nickel.

The current Regulations on the Board of Directors of OJSC MMC Norilsk Nickel approved by the Annual General Meeting of Shareholders of MMC Norilsk Nickel (Protocol dated June 28, 2007) meet the requirements set forth in Russian legislation in force and in existing Charter of the Company and reflect high corporate governance standards.

At the same time, in a number of instances international corporate governance standards and operational principles of Russia's leading companies provide for introducing additional rules in Regulations on the Company's Board of Directors. Notably, the proposed new version of the Regulations:

- Sets forth provisions to ensure formalization of confidential information treatment procedures. For this purpose a special Section 4. *Procedures for Confidential Information Treatment by members of the Company's Board of Directors* was added to the Regulations.
- Sets forth the list of committees the Board of Directors shall form to provide for preliminary reviews of important issues and for preparation of advice to the Board of Directors as to adopting resolution on such issues. The proposed list of committees is as follows:
 - Audit Committee – to assist the Board of Directors in implementing controls over the Company's financial and economic operations, including reviews of financial statements, maintaining relations with the Company's auditors, monitoring of key risks and evaluation of quality and consistency of internal control procedures;
 - Remuneration Committee – to assist the Board of Directors in studying of the proposed remuneration packages for top executive officers, developing incentive remunerations for employees of the Company and in addressing all other issues related to remunerations and privileges for staff and members of the Board of Directors;
 - Independent Directors Committee – to evaluate the potential impact of material corporate actions on the interests of the Company and on the rights of its minority shareholders and creditors, to prepare recommendations to the Board of Directors regarding such transactions and to prepare public statements on its recommendations, as well as to ensure optimization of the Company's corporate governance practices;
 - Sustainable Development Committee – to monitor the Company's activities related to health, safety and environment;
 - Strategy and Investments Committee.

The Regulations also allow the Board to form other committees that consist of members of the Board of Directors.

- Sets forth a clearer and more transparent decision-making procedure for the Board of Directors. In particular, it is proposed to establish that agenda of the meeting of the Board of Directors may be amended during such meeting provided that all members of the Board of Directors have been notified in writing of such amendment of the agenda at least one day prior to the meeting of to the absentee voting, or by the absentee voting by unanimous

resolution of all elected members of the Board of Directors while the meeting of absentee voting is in progress. In addition, in order to avoid unclear wording for agenda items, it is proposed to establish that the agenda shall contain full list of specific issues brought for discussion of the Board of Directors and to prohibit inclusion of agenda items containing any wording that will not allow defining the subject of issue brought for discussion of the Board of Directors.

The proposed new version of the Regulations on the Board of Directors provides for improving the efficiency of the Company's corporate governance, ensuring better transparency of decision-making and establishing clearer rules to regulate certain issues that have not been properly addressed in the past.