

EXPLANATORY NOTE

Recommendations of the Board of Directors of MMC Norilsk Nickel on profit and loss distribution in 2007 financial year, the amount of the dividend on the shares of the Company and procedure of their payment

The year 2007 saw high prices for non-ferrous and precious metals produced by MMC Norilsk Nickel (hereinafter the Company). Average LME prices for metals in 2007 were higher against 2006 prices with growth figures as shown below:

- 53% to USD 37,181 for Ni;
- 6% to USD 7,126 for Cu;
- 11% to USD 355 for Pd;
- 14% to USD 1,303 for Pt.

In the reported year the Company has shown high financial results. 2007 net profit is expected at about USD 5.3 billion and the profit figure of USD 7.2 billion is expected before goodwill depreciation.

In accordance with best practices of leading companies including those in mining industry, it is proposed to calculate dividends on the basis of net profit total without taking into account extraordinary events, such as depreciation of goodwill. In accordance with the Company's dividend policy, the Company pays 20-25% of its IFRS-based net profit for the year in dividends. The amount equivalent to 25% of the Company's net profit in 2007 before goodwill depreciation is USD 1.790 billion, which we propose to pay as dividend for 2007.

The Board of Directors recommends to the Annual General Meeting of Shareholders to approve dividend payable upon the results of 2007 in the amount of 220 rubles per ordinary share.

Taking into account the fact that the Company has already paid interim dividends for 9 months of 2007 in the amount of RUB 108 per ordinary share of the Company, the additional dividend will amount to RUB 112 per ordinary share of the Company.

In accordance with existing laws of the Russian Federation, the dividend shall be paid within 60 days after the General Meeting of shareholders adopts the resolution.