

**REPORT OF THE BOARD OF DIRECTORS
OF OJSC MMC NORILSK NICKEL**
**containing the motivated position of the Board of Directors of the Company
with respect to items of the agenda of the Annual General Meeting of Shareholders
of the Company scheduled for June 30th, 2009**

1. Approval of MMC Norilsk Nickel's 2008 Annual Report.

Recommendation:

The Board of Directors recommends approving the MMC Norilsk Nickel's 2008 Annual Report.

Position of the Board of Directors:

The Board of Directors has preliminarily considered the Annual Report.

The Annual Report is prepared in accordance with the Federal Law 'On Joint Stock Companies' and complies with recommendations contained in Resolution of the Federal Commission for the Securities Market (FCSM) No. 17/пс dated May 31st, 2002, the Regulations on Information Disclosure, approved by the Order of the Federal Financial Markets Service (FFMS) of the Russian Federation No. 06-117/пз-н dated October 10th, 2006 concerning the contents of an annual report, as well as recommendations of the Corporate Conduct Code and Resolution of the FCSM of Russia dated April 30th, 2003 No. 03-849/п concerning the contents of the report with respect to compliance with the Corporate Conduct Code.

2. Approval of MMC Norilsk Nickel's 2008 Annual Accounting Statements including Profit and Loss Statement.

Recommendation:

The Board of Directors recommends approving MMC Norilsk Nickel's 2008 Annual Accounting Statements including Profit and Loss Statement.

Position of the Board of Directors:

The Board of Directors has preliminarily considered Annual Accounting Statements for 2008.

The Board of Directors has also examined the opinion of the auditor, LLC ROSEXPERTIZA, regarding consolidated accounting statements of OJSC MMC Norilsk Nickel issued in accordance with Russian Accounting Standards (RAS), the opinion of the Revision Commission of OJSC MMC Norilsk Nickel with respect to performance of OJSC MMC Norilsk Nickel in 2008, and the opinion of Deloitte & Touche auditors with respect to consolidated annual financial statements of the Group issued in accordance with the International Financial Reporting Standards (IFRS). The financial statements issued in accordance with the IFRS have been preliminarily considered at the meeting of the Audit Committee of the Board of Directors of the Company.

Having analyzed the information submitted and relying on the opinion of the above mentioned auditors, the Board of Directors believes that the financial statements as per RAS and IFRS are prepared in compliance with rules for preparation of such statements and correctly reflect the financial standing of the Company in 2008.

3. Approval of distribution of MMC Norilsk Nickel's profits and losses for 2008.

Recommendation:

The Board of Directors recommends using undistributed profit of previous periods to cover losses for 2008.

Position of the Board of Directors:

Due to losses of RUB 86 billion in 2008 in accordance with the Russian Accounting Standards, the Board of Directors recommends to use undistributed profit of previous periods to cover losses for 2008.

4. Dividends on MMC Norilsk Nickel's shares for the year 2008.

Recommendation:

The Board of Directors recommends not paying dividends on MMC Norilsk Nickel's shares for the year 2008.

Position of the Board of Directors:

In 2008, revenue from metal sales reduced by 26% compared to 2007 and amounted to USD 11,799 million. The main factors for this were the substantial decrease of sales prices for nickel and decrease of physical volumes of metals sold.

Generally unfavorable situation in the metal prices related to the global financial crisis led to the decrease in revenues from metal sales, impairment of property, plant and equipment, as well as impairment of goodwill, and to net loss of USD 555 million in accordance with IFRS.

In order to preserve the strategic potential of the Company, the Board of Directors proposed to pay no dividends for 2008 financial year.

5. Election of members to the Board of Directors of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends voting FOR independent directors - Mr. Bradford Allan Mills and Mr. John Gerard Holden on the General Meeting of Shareholders. The Board of Directors and the Company's management positively evaluate their significant professional experience, skills and contribution to elaboration of the development strategy of MMC Norilsk Nickel.

Position of the Board of Directors:

All candidates to the Board of Directors of OJSC MMC Norilsk Nickel are prominent professionals capable of boosting efficiency of the Board of Directors' performance in carrying out its duties through application of their professional experience and knowledge in such areas as finance, production and strategy. In addition, the Board of Directors believes that the presence of independent directors in the Board of Directors meets the interests of MMC Norilsk Nickel.

6. Election of members to the Revision Commission of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends electing the candidates whose names are listed in the voting ballot to the Revision Commission.

Position of the Board of Directors:

In accordance with clause 12.2. of the Charter of OJSC MMC Norilsk Nickel, 5 persons shall be elected to the Revision Commission.

All candidates to the Revision Commission are recognized professionals who will contribute their professional experience and knowledge in accounting, finance and managing financial and business activities to improve the efficiency of the Revision Commission in performance of its duties.

7. Approval of Auditor of MMC Norilsk Nickel's 2009 Russian accounting statements.

Recommendation:

The Board of Directors recommends approving LLC ROSEXPERTIZA as the Auditor of MMC Norilsk Nickel's Russian accounting statements for 2009.

Position of the Board of Directors:

LLC ROSEXPERTIZA has been the auditor of OJSC MMC Norilsk Nickel and the companies of MMC Norilsk Nickel Group from 1997 to 2008.

LLC ROSEXPERTIZA specializes in rendering services to major organizations that operate in fundamental sectors of the Russian economy, including oil and gas, mining and metals, energy, nuclear plants, machine and instrument engineering (including the military industrial operations), transport and communications, trade, credit and finance sector.

LLC ROSEXPERTIZA has significant experience in providing audit and consulting services to customers in metals production and machine engineering.

8. Approval of the new version of the Charter of OJSC MMC Norilsk Nickel.

Recommendation:

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

Position of the Board of Directors:

Amendments contained in the new version of the Charter of OJSC MMC Norilsk Nickel are aimed at improving the corporate governance, correspond to the best international practice and to the interests of shareholders.

9. Approval the new version of the Regulations on the Board of Directors of OJSC MMC Norilsk Nickel.

Recommendation:

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

Position of the Board of Directors:

Amendments contained in the new version of the Regulations on the Board of Directors of OJSC MMC Norilsk Nickel are aimed at improving the corporate governance, correspond to the best international practice and to the interests of shareholders.

10. Approval of the Regulations on the Management Board of OJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving the Regulations on the Management Board of OJSC MMC Norilsk Nickel.

Position of the Board of Directors:

Provisions contained in the Regulations on the Management Board of OJSC MMC Norilsk Nickel are aimed at improving the corporate governance, correspond to the best international practice and to the interests of shareholders.

11. Remuneration and reimbursement of expenses of Independent Directors – members of the Board of Directors of MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends establishing that the basic amount of remuneration to be paid to an Independent Director shall be USD 62,500 per quarter paid in Rubles at the exchange rate fixed by the Bank of Russia for the date of payment, and that their expenses shall be reimbursed upon presentation of documental proof in the amount of up to RUB 2 million a year. In addition, if an Independent Director presides over a Board Committee (Committees), the additional remuneration in the amount of USD 31,250 per quarter paid in Rubles at the exchange rate fixed by the Bank of Russia for the date of payment, shall be paid to such Independent Director for each of the Committees, over which he/she presides. It is advisable to establish the term for the aforementioned remunerations from July 1, 2009 and to the date, on which the term of the respective Independent Director will end and/or until he/she ceases to carry out his/her professional duties as Chairman of the Committee (respectively).

The Board of Directors also considers it necessary to complement the compensations package for independent members of the Board of Directors of MMC Norilsk Nickel through introducing a remuneration that will depend on the Company's performance in the form of the Incentive Program – Options Plan for Independent Directors, and to establish the term of the Program for the period from July 1, 2009 to June 30, 2010 or until the end of term of each respective Independent Director.

Position of the Board of Directors:

In accordance with the Federal Law *On Joint Stock Companies* (p. 2 Art. 64), the General Meeting of Shareholders is authorized to approve remuneration amounts to be paid to members of the Board of Directors and to approve the amount of compensations for expenses incurred by directors in relation to carrying out their functions in this capacity. The proposed remuneration and compensation amounts for independent members of the Board of Directors are established based on international corporate practice and taking into account the experience of major Russian companies (including reviews and statistical data provided by the Russian Directors Institute and by the Association of Independent Directors) and based on the results of analysis of existing market practice regarding remunerations for Independent Directors

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

Recommendation:

The Board of Directors recommends to establish that the value of property being the subject of interrelated transactions to indemnify members of the Board of Directors and members of the Management Board of MMC Norilsk Nickel against damages the aforementioned persons may incur in their respective positions mentioned above shall not exceed USD 115,000,000 (one hundred fifteen million US dollars) for each transaction.

Position of the Board of Directors:

The indicated value of property being the subject of interrelated transactions to indemnify members of the Board of Directors and members of the Management Board of MMC Norilsk Nickel against damages the aforementioned persons may incur in their respective positions mentioned above is established based on international corporate practice and taking into account the experience of major Russian companies (including reviews and statistical data provided by the Russian Directors Institute and by the Association of Independent Directors) and based on the results of negotiations with insurance companies and insurance brokers.

13. Approval of interrelated interested party transactions whereby the members of the Board of Directors and the Management Board of MMC Norilsk Nickel shall be indemnified against damages.

Recommendation:

The Board of Directors recommends approving interrelated transactions, to which all members of the Board of Directors and members of the Management Board of MMC Norilsk Nickel are interested parties, and which involve the obligations of MMC Norilsk Nickel to indemnify members of the Board of Directors and members of the Management Board of MMC Norilsk Nickel against damages the aforementioned persons may incur in their respective positions mentioned above that shall not exceed USD 115,000,000 (one hundred fifteen million US dollars) for each such person.

Position of the Board of Directors:

The Corporate Governance Code approved by Order of FCSM dated April 4, 2002 No. 421/p advises that joint stock companies at their own expense secure insurance for liability of members of the board of directors to ensure that in situations where the company or third parties incur damages as a result of actions taken by members of the board of directors such damages could be reimbursed by insurance agents. In accordance with estimates of the FCSM and with sustainable international practices, liability

insurance for members of the board of directors help raise efficiency of civil liability and entice highly competent professionals into board membership.

The mechanism of officials' liability insurance involves entering into Indemnity Agreements between MMC Norilsk Nickel and each member of the Board of Directors and the Management Board. The aforementioned Indemnity Agreements set forth MMC Norilsk Nickel's obligations to indemnify members of the Board of Directors and the Management Board against damages they may incur as a result of their appointments to corresponding posts. The Company's indemnification payments will be repaid by insurance agents in the total amount of up to USD 115,000,000 (one hundred fifteen million US dollars)

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

Recommendation:

The Board of Directors recommends establishing that the cost of liability insurance services for members of the Board of Directors and members of the Management Board of MMC Norilsk Nickel with liability limited to USD 150,000,000 (one hundred fifty million US dollars) and additional insurance coverage limit of USD 50,000,000 (fifty million US dollars) shall not exceed USD 1,200,000 (one million two hundred thousand US dollars).

Position of the Board of Directors:

The Corporate Governance Code approved by Order of FCSM dated April 4, 2002 No. 421/p advises that joint stock companies at their own expense secure insurance for liability of members of the board of directors to ensure that in situations where the company or third parties incur damages as a result of actions taken by members of the board of directors such damages could be reimbursed by insurance agents. In accordance with estimates of the FCSM and with sustainable international practices, liability insurance for members of the board of directors help raise efficiency of civil liability and entice highly competent professionals into board membership.

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

Recommendation:

The Board of Directors recommends approving the transaction, to which all members of the Board of Directors and members of the Management Board of MMC Norilsk Nickel are interested parties, related to liability insurance by a Russian insurance company for members of the Board of Directors and members of the Management Board of MMC Norilsk Nickel who will be beneficiary parties to the transaction, for the one-year term with liability limited to USD 150,000,000 (one hundred fifty million US dollars) and additional insurance coverage limit of USD 50,000,000 (fifty million US dollars) and with premium to insurer not exceeding USD 1,200,000 (one million two hundred thousand US dollars).

Position of the Board of Directors:

The Corporate Governance Code approved by Order of FCSM dated April 4, 2002 No. 421/p advises that joint stock companies at their own expense secure insurance for liability of members of the board

of directors to ensure that in situations where the company or third parties incur damages as a result of actions taken by members of the board of directors such damages could be reimbursed by insurance agents. In accordance with estimates of the FCSM and with sustainable international practices, liability insurance for members of the board of directors help raise efficiency of civil liability and entice highly competent professionals into board membership. The amount of premium to insurer will not exceed USD 1,200,000 (one million two hundred thousand US dollars)