

**REPORT OF THE BOARD OF DIRECTORS OF MMC NORILSK NICKEL**  
with the Board's opinion regarding the issues included in the agenda  
of Extraordinary General Meeting of Shareholders  
on February 17, 2006

**1. Decrease in the charter capital of MMC Norilsk Nickel through the redemption of shares that were purchased and bought-back by the Company**

Recommendation:

The Board of Directors recommends to diminish the charter capital of MMC Norilsk Nickel by RUB 23 278 137 through the redemption of 10 799 433 ordinary registered shares with par value of 1 rouble that were bought back from the shareholders in connection with the reorganization approved by the EGM of MMC Norilsk Nickel on September 30, 2005, as well as through the redemption of 12 478 704 ordinary shares with par value of 1 rouble that were purchased by the Company pursuant to the Board of Directors' decision of December 2, 2004.

Opinion of the Board of Directors:

December 14, 2005 was the last day of the period allowed for the Company to buy back shares from the shareholders who had not participate in the voting or had voted against the Company's reorganization at the EGM of MMC Norilsk Nickel on September 30, 2005. During this period the Company has bought back 10 799 433 ordinary shares with par value of 1 Rouble. Upon the redemption of these shares, the charter capital of MMC Norilsk Nickel is to be decreased by the aggregate sum of their par values, i.e. by RUB 10 799 433. Besides, in accordance with the Board's decision of December 2, 2004, the Company has purchased from its shareholders 12 478 704 ordinary shares with par value of 1 Rouble. Since the Company has not sold these shares on the market within one year after their acquisition, pursuant to the Federal Law *On Joint-Stock Companies* (Article 72, p. 3), the general shareholders' meeting is to pass a resolution regarding the decrease in the Company's charter capital through the redemption of the aforementioned shares.

**2. Amendments to the Charter of MMC Norilsk Nickel.**

Recommendation:

The Board of Directors recommends to approve the proposed amendments to the Charter of MMC Norilsk Nickel.

Opinion of the Board of Directors:

1. A new version of Rules that regulate the admission of securities to NP FB RTS (Non-profit Partnership RTS Stock Exchange) was put into force on October 11, 2005.

A number of provisions have been modified in this version, and in particular, the RTS's listing requirements specified in Annex 7 to the Rules (The Issuer's quarterly report on compliance with corporate conduct standards).

The most important modifications include:

- definition of the term “independent director”;
- functions of the Audit Committee;
- clarifications regarding membership of State representatives in the Board of Directors.

RTS’s listing requirements (Annex 7 to the Rules) in all their aspects are based on the provisions of Regulations on the trade organization on securities markets (Annex 3), approved by the FSFM’s Order 04-1245/pz-n of 15.12.2004 (as amended by the FSFM’s Order 05-22/pz-n of 22.06.2005).

Shares of MMC Norilsk Nickel are currently listed at two exchanges: RTS (B-list) and MICEX.

The MICEX’s listing rules currently in force also contain the same provisions as required by RTS.

As was non-officially recommended to MMC Norilsk Nickel by RTS Exchange, in order to keep the Company’s listing, we have to introduce appropriate modifications in our Charter and internal documents.

Securities of any Russian issuer must be included in the list of at least one of the Russian trade organizers. This is a mandatory requirement, and if it is not met, these securities will not be admitted for placement or circulation out of the territory of the Russian Federation (including securities in the form of ADR).

2. In view of the completion of shares buy-back (as approved by the Company’s EGM of September 30, 2005) and the necessity to redeem 12 478 704 ordinary shares that have been purchased by the Company under the Board’s decision of December 2, 2004, p.p. 3.1 and 3.2 of the Charter are to be modified so as to reflect the decrease in the charter capital of MMC Norilsk Nickel.
3. Under p. 6.3.3.29 of the Company’s Charter, decisions on ruble or foreign currency spending in the amount exceeding five million US dollars at the exchange rate set by the Central Bank of the Russian Federation as of the date such decision was made, to pursue goals not outlined in the Company budget are referred to the competence of the Board of Directors. This provision makes the Company’s relations with its counterparties more complicated, providing them with a possibility to require the Company’s budget documentation so as to verify the competence of the executive body responsible for the decision on entering into relevant transaction. This is why we deem reasonable to eliminate this provision from the Charter.

### **3. Amendments to the Regulations on the Board of Directors of MMC Norilsk Nickel.**

#### **Recommendation:**

The Board of Directors recommends to approve the amendments to the Regulations on the Board of Directors of MMC Norilsk Nickel as proposed.

#### **Opinion of the Board of Directors:**

Due to the introduction of the aforementioned changes in the Company’s Charter, the Regulations on the Board of Directors are to be amended appropriately.