

## EXPLANATORY NOTE

### **Re: Payment of dividends on the shares of MMC Norilsk Nickel for 9 months of 2006**

In the first nine months of 2006 there was favorable market environment for main metals produced by OJSC MMC Norilsk Nickel (hereinafter – the Company). The comparison of 1H2006 and 1H2005 average metal prices shows the following:

- Nickel: 9% growth to USD 17,387
- Copper: 83% growth to USD 6,091
- Platinum: 28% growth to USD 1,112
- Palladium: 67% growth to USD 319

As a result, the Company's financial performance has improved substantially. The amount of 1H2006 revenues under IFRS is USD 4.2 billion, and net profit is USD 2.4 billion.

Based on the above, the Company's Board of Directors recommends that the Extraordinary General Shareholders Meeting approve the payment of cash dividends for nine months of 2006 in the amount of RUB 56 per ordinary share. The period for dividend payout will be 60 days from the date of this resolution approval by the EGM.

The proposed decision fits well with the corporate dividend policy adopted in 2002, under which the Company may allocate 20% - 25% of its net profit for the year (under IFRS) for paying dividends to its shareholders.