

## **Explanatory note**

### **Regarding items 3 and 4 of the agenda of the extraordinary general meeting of shareholders of OJSC “Uralkali”**

**3. On establishment of the price of insurance for liability of the directors and officers of the OJSC “Uralkali”.**

**4. On approval of interested-party transactions to insure for liability of the directors and officers of OJSC “Uralkali”.**

The extraordinary general meeting of shareholders of OJSC “Uralkali” considers and approves interested-party transactions involving the persons specified under Article 83 of the Law “On Joint Stock Companies”.

In compliance with the Code of Corporate Conduct ratified by the Order of FSFM of Russia dated 4 April 2002 # 421/r, companies are advised to terminate the powers of the members of the Board of Directors who are responsible for the losses suffered by the company and to hold these individuals liable for violation of their obligations to the company. Companies are also recommended to insure for liability of the members of its Boards of Directors at the expense of the companies in order to be able to have their losses compensated in cases when the companies or any third parties incur losses through the fault of the members of the Board of Directors.

In order to insure for the risk of liability of the members of the Board of Directors, the management and the officers of the Company, OJSC “Uralkali” acquires a Public Offering of Securities Insurance (POSI) Policy and a Corporate Guard Directors & Officers Liability Insurance (D&O) Policy.

Liability insurance of directors and officers of companies has been the standard practice in numerous countries over many decades. It helps to avoid possible financial problems which may occur due to errors made by the managers and officers of companies.

Modern liability insurance of directors is a reliable way to avoid losses which may be incurred due to decision errors made by the management of the company. In addition, by taking out a liability insurance policy companies are able to enhance their respectability and reliability in the eyes of their foreign investors and partners.

#### **Public Offering of Securities Insurance (POSI).**

In connection with the completion of the merger between OJSC “Uralkali” and OJSC “Silvinit” and in compliance with the Directive on the prospectus to be published due to submission of a request to have the global depository receipts of OJSC “Uralkali” included on the Quotation List of the UK Listing Authority and their subsequent admission to trading on the main market (International order book) of the London Stock Exchange(LSE), OJSC “Uralkali” announced the publication of the securities prospectus (hereinafter the Prospectus) on 16 June 2011. On 21 June 2011 LSE included the global depository receipts of OJSC “Uralkali” and admitted them to trading on the main market.

Pursuant to the provisions of British legislation, all claims connected with submission of incomplete, inaccurate or unreliable information made against the Company, the members of its governing bodies and/or its officers may be filed within six (6) years of the date of publication of the Prospectus. Accordingly, the POSI Policy is valid during the entire six-year term in compliance with the legislation of Great Britain and covers the actions of the company performed during the process of preparation of the Prospectus, including all statements made at the road-shows and presentations during the period of

preparation of the Prospectus and within fourteen (14) days following the date of publication of the Prospectus.

Insurance events under the Policy include claims in relation to the Prospectus and statements made at the road-shows and presentations during the period of preparation of the Prospectus and during fourteen (14) days following the date of its publication.

The total amount of insurance coverage under this policy: 100 million USD.

The insurance premium (price of services to insure from liability of the directors and officers of OJSC “Uralkali”): 405 thousand USD.

#### **Corporate Guard Directors & Officers Liability Insurance (D&O).**

Period of insurance/coverage under D&O Policy: one (1) year.

Insurance events under the Policy include claims against the directors and officers of the company listed in the policy and connected with any wrongful acts (any actual or claimed/imputed/suspected error, oversight, negligence, non-performance or improper performance of one’s obligations, misconduct).

A D&O Policy covers all claims against the insured persons (the Company, members of the Board of Directors, members of the Management Board, officers of the Company) made during the term of the Policy and during one (1) month after its expiration if these claims concern the acts performed during the term of the Policy.

The total amount of insurance coverage under this policy: 100 million USD.

Additional limit: 5 million USD for non-executive directors but no more than 1 million dollars per non-executive director.

The insurance premium (price of services to insure for liability of the directors and officers of OJSC “Uralkali”) is 250 thousand USD.

The price of insurance services is commensurate with the market conditions determined by the largest international and Russian insurance companies for Russian companies whose securities are listed by foreign stock exchanges.

The general meeting of shareholders of OJSC “Uralkali” is to consider the adoption of the following resolutions on items 3 and 4 of the agenda of the Meeting which are within its area of competence as defined by the Law “On Joint Stock Companies” and the Charter of OJSC “Uralkali”:

3.1. To establish the price of services under the agreement for liability insurance of the directors and officers of the Company due to the public offering of securities, with the total limit of liability being 100,000,000 (one hundred million) US dollars, as 450,000 (four hundred and fifty thousand) US dollars.

3.2. To establish the price of services under the insurance agreement – a corporate guard directors and officers liability insurance - with the total limit of liability being 100,000,000 (one hundred million) US dollars – as 250,000 (two hundred and fifty thousand) US dollars.

4.1. To approve the interested-party transaction - agreement for liability insurance of directors and officers due to the public offering of securities between OJSC “Uralkali” (Policy Holder) and CJSC “Chartis” (Insurer) for the term from 21 June 2011 until 21 July 2017, with the total limit of liability being 100,000,000 (one hundred million) US dollars and with the payment of an insurance premium in the amount of 450,000 (four hundred and fifty thousand) US dollars, whose subject matter is property and

liability insurance of the directors and officers of OJSC “Uralkali” and its subsidiaries (Beneficiaries under this transaction), namely: individuals (including non-residents of the Russian Federation) elected or appointed as past, present or future directors, officers, administrators or managers of OJSC “Uralkali” and its subsidiaries, the sole executive body, members of the Management Board, members of the Board of Directors, Supervisory Board or Advisory Board of OJSC “Uralkali” or any of its subsidiaries, as well as past, present or future Chief Legal Counsels, Financial Directors, Chief Accountants, Corporate Secretaries, Secretaries of the Board of Directors and Heads of the Risk Management Department (or analogous posts) of OJSC “Uralkali” or its subsidiaries and other individuals holding posts in OJSC “Uralkali” or its subsidiaries whose duties and area of competence are analogous to the posts/job titles indicated above or any analogous posts in compliance with foreign legislation, and other individuals named as potential directors or officers of the Company in the Application for Admission to Listing on the Official List and to Trading on the London Stock Exchange of Global Depository Receipts, including the financial information and the appendices included therein (hereinafter the Prospectus), connected with losses incurred due to failure of the indicated directors and officer to perform their official duties including the costs of representation (legal defense), amounts of awarded damages, amounts of settlements and losses, for which the insured are liable under the law, incurred due to claims against the Prospectus, costs of investigations and any other payments made by the insured under any extensions allowing for insurance coverage under the present agreement for liability insurance of directors and officers due to the public offering of securities.

4.2. To approve the interested-party transaction - the insurance agreement – a corporate guard directors and officers liability insurance - concluded by OJSC “Uralkali” (Policy Holder) and CJSC “Chartis” (Insurer”) for the period from 25 July 2011 until 24 July 2012 with the total limit of liability being 100,000,000 (one hundred million) US dollars and with the payment of an insurance premium in the amount of 250,000 (two hundred and fifty thousand) US dollars and an additional limit of 5,000,000 (five million) US dollars for non-executive directors without payment of additional insurance premiums whose subject matter is property and liability insurance of directors and officers of OJSC “Uralkali” and its subsidiaries (Beneficiaries under this transaction) , namely: individuals (including non-residents of the Russian Federation) elected or appointed as past, present or future directors, officers, administrators or managers of OJSC “Uralkali” and its subsidiaries, the sole executive body, members of the Management Board, members of the Board of Directors, Supervisory Board or Advisory Board of OJSC “Uralkali” or any of its subsidiaries as well as past, present or future Chief Legal Counsels, Financial Directors, Chief Accountants, Corporate Secretaries, Secretaries of the Board of Directors and Heads of the Risk Management Department (or analogous posts) of OJSC “Uralkali” or its subsidiaries and other individuals holding posts in OJSC “Uralkali” or its subsidiaries whose duties and area of competence are analogous to the posts/job titles indicated above or any analogous posts in compliance with any legislation connected with incurrance of losses due to the failure to perform their official duties by the indicated directors and officers, including costs of representation (legal defense), costs of investigations, amounts of awarded damages or payments under out-of-court settlements, for which the insured are liable under the law, as the result of claims against the insured in relation to any wrongful act.

#### **For information**

CSJC “Chartis” is part of the global network of Chartis Inc. Renamed to Chartis in July 2009 due to rebranding of the personal and property insurance departments of AIG. Active in Russia since 1994.

OJSC “Uralkali” has worked with Chartis (previously AIG) for more than 7 years.

Chartis is an acclaimed leader in D&O insurance worldwide. The Chartis companies have many years of professional experience in providing D&O insurance to major Western and Russian companies acting as insurers and re-insurers of 80% of insurance policies in Russia.

Chartis is a world leading property-casualty and general insurance organization serving more than 70 million clients in over 160 countries and jurisdictions.

With a 90-year history, one of the industry's most extensive ranges of products and services, deep claims expertise and excellent financial strength, Chartis enables its commercial and personal insurance clients alike to manage virtually any risk with confidence.

Chartis serves more than 40 million clients worldwide some of whom include Nokia, Philips, Nestle, HSBC, BHP Billiton, ExxonMobil, Peugeot, Pirelly, Credit Suisse and Hilton.

Chartis is an award winning organization. In 2010 it won The Most Client Responsive Insurer of the Year Award (StrategicRISK magazine); in 2009 – Euromoney Award as Best Insurer for Claims Resolution in Russia (Euromoney magazine, [www.euromoney.com](http://www.euromoney.com)). Chartis was named the most reliable company for claims resolution by the management of Russia's largest corporations and financial organizations who took part in the survey conducted by Euromoney.