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Explanatory Note

To Items 9, 11, 12, 13 and 14

of the agenda of the annual general meeting of shareholders of OJSC “Uralkali”

9. On approval of the Amendments to the Regulations on Remuneration and Reimbursement of the Members of the Board of Directors of OJSC “Uralkali”.
11. On establishment of the price of property which is the subject matter of the Deeds of Indemnity between OJSC “Uralkali” and each of the members of the Board of Directors of OJSC “Uralkali”.
12. On approval of interrelated transactions – Deeds of Indemnity between OJSC “Uralkali” and each of the members of the Board of Directors of OJSC “Uralkali” – as interested-party transactions.
13. On establishment of the price of insurance services – liability insurance of the directors and officers of OJSC “Uralkali”.
14. On approval of insurance transactions – liability insurance of the directors and officers of OJSC “Uralkali” - as interested-party transactions.

Items 9, 11-14 of the AGM agenda are by some means interrelated.

Under Item 9, the shareholders are proposed to approve Amendments to the Remuneration and Reimbursement of the Members of the Board of Directors of OJSC “Uralkali” (the “Regulations”).

Proposed changes in the Regulations include two amendments.

The first amendment (Item 5.3 of the Regulations) aims to commit OJSC “Uralkali” (the “Company”) to insure Directors’ property interests related to a potential incurrence of losses, which may arise in relation to their office duties, including protection expenses, investigation expenses, and awarded damages.

Pursuant to the Code of Corporate Conduct approved by Instruction No 421/r dated 4 April 2002 of the Russian Federal Securities Commission, a company is recommended to arrange insurance for its directors at its own expense so that potential damage to the company or third parties caused by actions of directors could be indemnified by an insurance company.

Directors’ and officers’ liability insurance has been successfully applied by many countries for several decades and is an effective tool to prevent potential financial problems caused by errors of directors and officers while performing their duties.

Current D&O programmes not only enable a company to avoid losses related to erroneous management but also support its perception by foreign investors and partners as a high-status reliable organisation.

The said amendment therefore relates to Items 13 and 14, which recommend to the annual general meeting of the Company to determine the price of a the Corporate Guard Directors & Officer Liability Insurance (the D&O policy) (Item 13 of the agenda), as provided for by the Federal Law “On joint stock companies” and the Charter of the Company, and to approve the corresponding insurance agreement as a related party transaction (Item 14 of the agenda).

The D&O policy is executed annually. On 8 December 2012, an extraordinary general meeting of shareholders of the Company approved a D&O insurance agreement for the period from 25 July 2011 through 24 July 2012. The upcoming annual general meeting is recommended to approve the D&O policy for the period from 25 July 2012 through 24 July 2013.

It should also be noted that the availability of the D&O policy is an important tool, which helps to attract independent directors to the Company's Board of Directors, primarily foreign nationals who are essential to improve the level of corporate governance in the Company and increase its investment attractiveness.

The price of the proposed insurance agreement matches current market conditions set by the largest insurance company in Russia and abroad for Russian entities listed on foreign stock exchanges.

The second amendment (Item 5.4 of the Regulations) provides for an execution of Deeds of Indemnity between the Company and each Director, which cover any claim, action, investigation, demand, and financial liability related to the performance of Directors' duties as members of the Board of Directors or a committee of the Board of Directors.

The practice of deeds of indemnity is widely used all over the world and is an additional indemnity of Directors' property interests. Certain countries' laws allow for such deeds to have no coverage limit, which implies that a company will compensate expenses of a director related to his/her director duties to any extent. At the same time Deeds of Indemnity which are submitted for approval at the Annual General Meeting of Shareholders provide a limit (cap) and Deed's coverage only applies when such payments are in some way limited by the D&O policy (e.g. a deductible) or when an insurer delays pay-outs or when the coverage limit under the D&O policy is not enough to protect property interests of all insured parties. Generally, the coverage provided by deeds of indemnity does not include additional coverage events as opposed to a corporate D&O policy, and when payments under the D&O policy are subject to a limit, as it is proposed to enter into Deeds of Indemnity for all members of the Board of Directors, these transactions will be related party transactions for every Director and will thus be subject to an approval by the general meeting of shareholders. Taking into account all legal rules applicable to such transactions, the shareholders are proposed (as part of Items 11 and 12 of the agenda) to determine the price of property, which is the subject of the Deeds of Indemnity, and approve the transactions. It is important to note that the shareholders are asked to approve the payment cap under the agreements, and that the cash will not be provided upon the execution of the agreements and will not be paid until a claim is made against a Director to make certain expenses (which require a confirmation) and, provided such expenses are not covered by the corporate D&O policy.

Hand-out materials for the annual general meeting include draft resolutions on the aforementioned matters pursuant to a requirement to the distribution of materials to shareholders in relation to annual general meetings.

For reference.

CJSC "Chartis" (the D&O insurer) is related to the Chartis Inc. global network. Chartis was formerly the 'Property Casualty Insurance' arm of AIG and was detached in 2009.

Chartis has been operating in the Russian market for over 15 years, and OJSC "Uralkali" has been engaging Chartis (previously, AIG) for various types of insurance for over 8 years.

Chartis is one of the key players in the D&O insurance market in Russia and are insurers or reinsurers under 80% of policies in Russia.

Chartis's wide range of products and services, 90 years of experience in the insurance field, deep expertise of claim settlements, high financial stability, and first-class reinsurance protection enable its clients, both legal and natural persons, to confidently manage any type of risk.

Corporate clients include a number of large global corporations, including Nokia, Philips, Nestle, HSBC, BHP Billiton, ExxonMobil, Peugeot, Pirelli, Credit Suisse, and Hilton.

Chartis also holds numerous professional awards including StrategicRISK's *The most client-oriented insurer in 2010*; Euromoney's *The Best Insurer in Russia in Settlement of Insurance Losses in 2009*. According to Russia's largest production and financial organisations, which took part in a survey conducted by Euromoney (a leading international financial analytical magazine), CJSC "Chartis" was named the most reliable company in terms of settlement of insurance losses.