

APPROVED
by the Board of Directors,
Open Joint Stock Company Uralkali
Minutes N 164 dated 14 August 2006

**REGULATIONS
OF THE DIVIDEND POLICY
OF
OPEN JOINT STOCK COMPANY URALKALI**

Berezniki
2006

CONTENTS:

1. General Provisions	3
2. The Conception of Dividend Policy. Dividends of the Company	3
3. Conditions of Dividends Payment	3
4. Determination of Dividends Amount	4
5. Procedure of Adoption of a Resolution of Dividends Payment	4
6. List of Persons Entitled to Dividends	4
7. Term of Dividends Payment	5
8. Arrangement of Dividends Payment	5
9. Dividends Payment	6
10. Information of Shareholders of Dividends Policy	6
11. Responsibility of the Company for Incomplete or Inopportune Payment of Dividends	6

1. GENERAL PROVISIONS

- 1.1. These Regulations of dividend policy (hereinafter referred to as the Regulations) have been drafted according to laws of the Russian Federation, provisions of the Charter of Open Joint Stock Company Uralkali (hereinafter referred to as the Company), the Code of Corporate Governance of the Company and other internal documents of the Company.
- 1.2. These Regulations are adopted to determine priorities of the Board of Directors in performing their recommendations with respect to dividends on shares, terms and methods of dividends payment, and inform shareholders and other concerned persons (potential investors and professional participants of the stock market) of the Company's dividend policy.
- 1.3. The dividend policy of the Company is based on observation of interests of the Company and its shareholders when determining the amount of dividends to be paid, increasing the investment attraction of the Company and its capitalization, and strict observation of shareholders' rights and contributing to their prosperity.

2. THE CONCEPTION OF DIVIDEND POLICY. DIVIDENDS OF THE COMPANY

- 2.1. The dividend policy is established by the Board of Directors to determine proportions between the after-taxation part of profits of the Company (the net profit of the Company) and the part of profits to be paid as dividends.
- 2.2. Dividends are the part of a net profit of the Company to be distributed among its shareholders in ratio to the number of shares of the respective category (type) they own.
- 2.3. The Company shall be entitled, according to results of the first quarter, half a year, nine months of the fiscal year and (or) according to results of the fiscal year, to take a decision (make a declaration) of dividends to be paid on outstanding shares unless otherwise is provided for by the Federal Law "On Joint Stock Companies".
- 2.4. Subject to observation of provisions of the Federal Law "On Joint Stock Companies", other acts of the Russian Federation, the Charter of the Company and these Regulations, the Board of Directors of the Company shall, when preparing its recommendation for the General Meeting of Shareholders as to the amount of dividends to be paid for a specific period of time, provide that the sum of funds to be allotted for this purpose shall be at least 15 percent of the net profit determined on the basis of financial statements of the Company prepared according to International Accounting Standards (IAS) for the respective period, for which the recommendation is given.
- 2.5. To adopt a decision of dividends payment is a right but not an obligation of the Company.
- 2.6. Payment of declared dividends is an obligation of the Company. The Company shall be responsible before its shareholders, according to laws of the Russian Federation, for its failure to fulfill this obligation.
- 2.7. If any questions concerning dividends payment to shareholders of the Company are not settled by provisions of the Federal Law "On Joint Stock Companies", other acts of the Russian Federation, the Charter of the Company and these Regulations, they shall be settled basing on the necessity to observe rights and interests of shareholders.

3. CONDITIONS OF DIVIDENDS PAYMENT

- 3.1. The Company aims to increase the amount of dividends to be paid to shareholders basing on and subject to increasing the amount of net profit received in fiscal years and necessity of the Company development.
- 3.2. Dividends shall be paid subject to the following conditions:
 - the Company has a net profit for the respective fiscal year to be determined according to Subpar. 4.1. hereof;
 - there are no restrictions to dividends payment as provided in Art. 43 of the Federal Law "On Joint Stock Companies";

- the financial state of the Company is stable and prospects of the Company development are obvious;
- the Board of Directors of the Company has given its recommendation on the amount of dividends;
- the General Meeting of Shareholders of the Company has adopted a resolution of payment (declaration) of dividends.

4. DETERMINATION OF DIVIDENDS AMOUNT

- 4.1. According to provisions of laws of the Russian Federation, dividends shall be paid to shareholders of the Company from the net profit of the Company calculated on the basis of accounts prepared under Russian accounting standards and specified in profit-and-loss statements of the Company according to the Company's results for the respective period of time.
- 4.2. Dividends shall not be accrued and paid if shares are:
 - un-issued (unplaced);
 - purchased on balance of the Company;
 - redeemed on balance of the Company;
 - disposed to the Company in view of the vendor's failure to fulfill his/her obligations of the shares purchase;
 - in other cases provided for by laws of the Russian Federation.
- 4.3. The sum of dividends accrued to each shareholder shall be determined by multiplication of dividends fallen on one share by the number of shares belonging to such shareholder.

5. PROCEDURE OF ADOPTION OF A RESOLUTION OF DIVIDENDS PAYMENT

- 5.1. The question of an opportunity to pay dividends according to results of a fiscal period shall be pre-considered by the Board of Directors basing on financial results obtained by the Company.
- 5.2. The Board of Directors of the Company shall consider the principal directions of profits distribution and determine the part of profits which is advisable to be allotted as dividends.
- 5.3. A resolution of the amount of dividends recommended to the General Meeting of Shareholders shall be adopted by the Board of Directors of the Company according to the Charter and Regulations of the Board of Directors of the Company by the majority of votes of members of the Board of Directors of the Company participating at the meeting.
- 5.4. A resolution of payment (declaration) of dividends shall be adopted by the General Meeting of Shareholders of the Company. The amount of dividends may not exceed that recommended by the Board of Directors of the Company.
- 5.5. A resolution of payment (declaration) of dividends shall determine the amount of dividends as per one share and the sum of funds to be allotted as dividends.

6. LIST OF PERSONS ENTITLED TO DIVIDENDS

- 6.1. As the General Meeting of Shareholders, at order of the Company, has adopted a resolution of payment (declaration) of dividends, the Registry Holder (Registrar) shall perform a list of persons entitled to receive dividends on shares. Such list shall be performed on the date of performing the list of persons entitled to participate in the General Meeting of Shareholders where the resolution of payment of the respective dividends is to be adopted.
- 6.2. The list of persons entitled to dividends shall contain information of registered persons included to the registry system kept with disclosure of information of clients of nominal holders being holders of shares in the Company, as on the date of such list performance.

- 6.3. The opportune provision of reliable data for insertion of the respective amendments to a questionnaire of a registered person shall be the responsibility of shareholders of the Company.
- 6.4. A list of shareholders being clients of nominal holders shall contain information of shareholders, which rights to shares shall be counted on accounts of nominal holders as well as banking particulars where their dividends are to be remitted. If dividends are remitted to a nominal holder's account, a reference to the document, under which shareholders has given him/her such right, shall be specified. The reliability of data of nominal holders' clients shall be responsibility of nominal holders.
- 6.5. If shares are in joint possession, the respective dividends shall be distributed among shareholders in ratio to their portion according to documents kept by the Registrar.
- 6.6. For the purpose of protection of titles of the Company's shareholders to dividends on shares belonging to them, the Company, when arranging its relations with the Registrar, shall make necessary efforts to determine the responsibility of the latter for consistency of the data specified in the list of persons entitled to dividends on shares with the data inserted to the Shareholders Registry of the Company.
- 6.7. All amendments to the list of persons entitled to dividends on shares, if any, shall be made by the Registrar with the specification of the reason of such amendments.

7. TERM OF DIVIDENDS PAYMENT

- 7.1. The term of dividends payment may not exceed 60 days from the date of adoption of the respective resolution thereof.
- 7.2. The Company shall continue to effect payment of declared dividends on shares which holders within the term specified according to Subpar. 7.1. have not received accrued dividends (unclaimed dividends) for reasons specified in Subpar. 9.4. hereof. The period of unclaimed dividends payment may not be less than three years.
- 7.3. No interest on unclaimed dividends shall be accrued.

8. ARRANGEMENT OF DIVIDENDS PAYMENT

- 8.1. The Company shall notify all shareholders of the time, place and method of dividends payment through publication of such data in 'The Salt of the Earth' periodical edition. The Company may publish such information in the Company's Internet site.
- 8.2. The Company shall be entitled to engage outsource companies (hereinafter referred to as Payment Agents) in arrangement and effectuation of dividends payment. Engaging of a Payment Agent by the Company shall not release the Company from its obligation before its shareholders to pay dividends payable to them.
- 8.3. In case of outsourcing of a Payment Agent for dividends payment, the Company shall conclude a contract with him/her, which contract shall cover rights and obligations of the both parties, the scope of their responsibility and the manner of settlements thereunder.
- 8.4. The Company shall inform its shareholders, by the method provided for in Subpar. 8.1. hereof, of Payment Agents engaged, their substitution and termination of their powers.

9. DIVIDENDS PAYMENT

- 9.1. Dividends declared by the Company shall be paid in monetary form.
- 9.2. The Company shall pay dividends by the method and according to the particulars (postal address, banking details etc) specified in the respective list of persons entitled to dividends.
- 9.3. To receive dividends through a cashless transfer, a person entitled to dividends shall advise the Registrar of the Company (the nominal holder) all banking particulars which are usually specified in 'Questionnaire of Registered Person' in the Registry of Securities Holders (depositor 's questionnaire) which shall be valid on the date of performance of the list of persons entitled to dividends.

- 9.4. If a person entitled to dividends has not advised, or advised inaccurately, the Registrar (the nominal holder) of his/her banking particulars valid on the date of performance of the list of persons entitled to dividends, the Company shall not be responsible for its failure to pay dividends to such shareholder. Dividends may be transferred to a person not having informed the Registrar (the nominal holder) of his/her banking particulars at his/her subsequent written request. Transfer of dividends upon correction of data to a person entitled thereto may be repeated at his/her written request after repayment of incorrectly remitted sums to the Company less expenses of the repayment and re-remittance.
- 9.5. If a shareholder is an employee of the Company i.e. being a person employed by the Company, the Company shall be entitled to pay dividends to such shareholders being its employees to their personal bank accounts (which details they have specified in their salary payment applications).
- 9.6. The Company shall act as a taxation agent when paying dividends to shareholders on shares belonging to them. The Company shall calculate, deduct and remit taxes from dividends in favor to state accounts in the manner and within the terms provided for by laws of the Russian Federation. The Company shall inform persons entitled to dividends of the manner and terms of deduction from dividends and remittance of taxes required by laws of the Russian Federation also through publication of such information in the Company's Internet site.
- 9.7. Dividends shall be paid to persons entitled to dividends less taxes accrued thereon as provided for by laws of the Russian Federation.

10. INFORMATION OF SHAREHOLDERS OF THE DIVIDENDS POLICY

- 10.1. The Company shall publish these Regulations in the Company's Internet site.
- 10.2. Information confirming availability or absence of conditions necessary for dividends payment shall be included to materials to be provided to shareholders for adoption of their resolutions in the General Meeting of Shareholders.

11. RESPONSIBILITY OF THE COMPANY FOR INCOMPLETE OR INOPPORTUNE PAYMENT OF DIVIDENDS

- 11.1. The Company shall pay dividends declared on each category (type) of shares. In case of the Company's failure to fulfill such obligation, shareholders shall be entitled to claim payment of declared dividends through a court.
- 11.2. The Company and the Registrar shall not be responsible for any failure to pay and (or) inopportune payment of dividends in case of absence in the Shareholders Registry of correct and complete data of the registered person if such data are necessary for payment (remittance) of dividends in his/her favor, or in case of his/her nonappearance at the place of dividends payment if he /she shall receive his/her dividends in cash.
- 11.3. In case of incomplete or inopportune payment of dividends at the Company's fault, the Company shall response according to laws of the Russian Federation.