

APPROVED

by Resolution of the Extraordinary General Meeting of
Shareholders of
Joint Stock Company SITRONICS

Minutes No. 11
of 30 October 2006

**Regulation
on the Individual Executive Body
(the President) of
Joint Stock Company
SITRONICS**

**Moscow
2006**

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1. General

- 1.1. This Regulation (hereinafter the "Regulation") establishes the status, competence, and procedures of the individual executive body of Joint Stock Company SITRONICS (hereinafter the Company): the President of the Company.
- 1.2. This Regulation has been developed in accordance with the requirements of the Federal Law on Joint Stock Companies, other regulations, and the Company's Charter.

2. Election and Dismissal of the President of the Company

- 2.1. The President of the Company shall be appointed by the Board of Directors of the Company for a term of 3 (three) years.
- 2.2. The Board of Directors may at any time adopt a resolution terminating the contract with the current President of the Company early and electing a new President of the Company.

3. Competence of the President of the Company

- 3.1. All matters relating to management of the Company's current operations are within the competence of the President. The President shall organize the implementation of the resolutions of the General Meeting of Shareholders and the Board of Directors.
- 3.2. The President shall organize the Company's operations, be responsible for their results, and ensure the implementation of the resolutions of the General Meeting of Shareholders and the Board of Directors.
 - (1) represent the Company's interests in dealings with third parties;
 - (2) manage the property and funds of the Company;
 - (3) open settlement and other accounts with banks for purposes of carrying out all types of settlements and credit and cash transactions;
 - (4) independently enter into agreements, contracts and other transactions on the Company's behalf in the Russian Federation and elsewhere, except major transactions and interested-party transactions entered into by resolution of the Board of Directors or the General Shareholders' Meeting;
 - (5) issue orders and instructions binding upon all employees of the Company;
 - (6) enter into contracts, including employment contracts and contractor agreements, effect commercial transactions, and engage in civil transactions;
 - (7) appoint and remove the directors of structural units;
 - (8) hire and dismiss employees in compliance with the current laws of the Russian Federation;
 - (9) provide incentives to employees showing outstanding performance and impose disciplinary penalties;
 - (10) establish the terms of wages including salaries, allowances, and supplemental payments to employees, and bonus arrangements, and establish and approve the Company's internal work rules and the principles and procedures for setting and revising wage rates;
 - (11) send employees abroad on business trips and receive foreign experts;
 - (12) challenge in a court of law or arbitration court, in the manner provided by the current laws of the Russian Federation, acts of individuals, legal entities, and governmental and administrative authorities that affect the Company's interests;
 - (13) organize the Company's accounting and reporting.The following matters are within the competence of the President:
 - (1) following up resolutions of the General Meeting of Shareholders concerning the allocation of a portion of profits for the development of the Company;
 - (2) reviewing reports on operating results of the Company's structural units;
 - (3) making arrangements to support the preparation for and holding of a General Meeting of Shareholders in accordance with a resolution of the Board of Directors;
 - (4) approving the list of information constituting a commercial secret by agreement with the Board of Directors;
 - (5) advising the Board of Directors on: taking out long-term loans; capital investment by the Company; entry into other transactions and issuance of documents whose adoption falls within the competence of the Board of Directors; submitting to the General Meeting of Shareholders the issue of issuing new securities;; modification and expansion of the operations of the Company and its representative offices, branches, and subsidiaries; rules of procedure and other internal regulations governing the relations within the Company; and the organizational structure of the Company;

- (6) ensuring compliance with the Company's contractual obligations;
 - (7) providing for the maintenance of the Company's shareholder register;
 - (8) ensuring the repurchase of own shares and sale of shares at the Company's disposal in accordance with a resolution of the Board of Directors, providing support for subscriptions to newly issued shares, and ensuring that dividends are paid in the manner and according to the timeframe established during the share offering by the General Meeting of Shareholders or the Board of Directors;
 - (9) ensuring legal protection of the Company's interests, maintenance of commercial secrets, and security of the Company and its officers;
 - (10) informing shareholders of the state of affairs of the Company. The President shall give warning of any risk of bankruptcy of the Company in the event that it is unable to meet its obligations to its creditors;
 - (11) coordinating and monitoring the operations of the Company's main units and performance of other management functions within his/her competence; and
 - (12) allowing shareholders and their authorized representatives to access and inspect the Company's records at any time during the business day and take copies thereof, except records constituting a commercial secret of the Company.
- 3.3. The President of the Company may not make decisions on matters assigned by current laws and the Company's Charter to the competence of the General Meeting of Shareholders or the Board of Directors.

4. Rights, Duties, and Liability of the President of the Company

- 4.1. The rights and duties of the President of the Company shall be determined by the Federal Law on Joint Stock Companies, other regulations of the Russian Federation, the Company's Charter, this Regulation, and the contract between the President and the Company. The Contract shall be executed on behalf of the Company by the Chairman of the Board of Directors.
- 4.2. The President of the Company in exercising his/her rights and performing his/her duties shall act in the Company's interests and exercise his/her rights and perform duties in relation to the Company reasonably and in good faith.
- 4.3. The President of the Company may hold positions in management bodies of other entities concurrently with his/her position in the Company only with the consent of the Company's Board of Directors.
- 4.4. The President of the Company shall agree with the Board of Directors on a candidate for Acting President during times of leave and other extended absences from the workplace.
- 4.5. The President of the Company shall be liable to the Company for losses to the Company resulting from his/her culpable acts and omissions, unless other grounds and extent of liability are established by federal laws. In determining the grounds and extent of the President's liability, consideration shall be given to normal business practice and other relevant circumstances.
- 4.6. Information on the Company's activities, securities of the Company, and transactions in securities of the Company that is unavailable to the general public and the disclosure of which could have a significant effect on the market value of the securities of the Company, as well as other information constituting an official or commercial secret, shall be used by the President of the Company solely in the interests of the Company and in compliance with its internal documents.
- 4.7. The President of the Company shall in a timely fashion provide the Company with information on his/her holdings of securities of the Company and on the sale and/or purchase of securities of the Company.

The information mentioned in this clause shall be disclosed by the Company in its emissive securities issuer's quarterly report as information that could have a significant effect on the value of securities of the Company, and by the other means provided by current regulations and the requirements of the trading organizer in the securities market where the Company's securities have been admitted to trading.
- 4.8. The President of the Company shall in a timely fashion provide the Company with information on changes in his/her interest in the charter capital of the Company's subsidiaries and dependent companies and/or changes in the size of his/her shareholding of ordinary registered shares in the Company's subsidiaries and dependent companies, being the information that the Company discloses in the circumstances and in the manner provided by current regulations and the requirements of the trading organizer in the securities market where the Company's securities are admitted to trading.
- 4.9. The compensation paid to the President shall be disclosed by the Company in its emissive securities issuer's quarterly report and through the other methods prescribed by current regulations and the requirements of the trading organizer in the securities market where the Company's securities are admitted to trading.

5. Concluding Provisions

- 5.1. The requirements of this Regulation supplement and expand the requirements of the Company's Charter and are binding upon the Company, its shareholders, the members of the Board of Directors, and other officers and employees of the Company.
- 5.2. Aspects of the activity of the President of the Company that are not regulated by this Regulation and the Company's Charter should be guided by current laws, resolutions of the General Meeting of Shareholders and the Board of Directors, and other internal documents of the Company.
- 5.3. If any one or more of the provisions of this Regulation shall be held invalid under the laws of the Russian Federation, such provisions shall be ineffective without affecting the validity of this Regulation as a whole.
- 5.4. Amendments and supplements to this Regulation shall be made by resolution of the General Meeting of Shareholders and be effective upon the adoption of the relevant resolution to make such amendments and supplements.
- 5.5. This Regulation shall be effective from the date when the General Meeting of Shareholders adopts a resolution approving this Regulation.