

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 Management Board of
Joint Stock Company
SITRONICS**

**Moscow
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1. General

- 1.1. The Management Board of Joint Stock Company SITRONICS (hereinafter the "Management Board" and the "Company," respectively) is the collective executive body of the Company.
This Regulation is an internal document of the Company. It establishes the procedure for forming the Management Board, the rights, duties, and liability of the members of the Management Board, the procedures for calling and holding meetings of the Management Board, and the manner in which it makes decisions.
This Regulation has been developed in accordance with the Federal Law on Joint Stock Companies, other current laws of the Russian Federation, and the Company's Charter.
- 1.2. The Management Board in its activities shall be guided by current laws, the Company's Charter, and this Regulation.
- 1.3. The Management Board shall act in the interests of the Company and in its activities shall report to the Board of Directors and the General Meeting of Shareholders.
The Management Board shall manage the current activities of the Company that are within its competence as defined by the Company's Charter, resolutions of the General Meeting of Shareholders, and the Board of Directors.

2. Composition and Formation of the Management Board

- 2.1. The Management Board shall consist of the Chairman of the Management Board and the members of the Management Board. The size and composition of the Management Board shall be approved by the Board of Directors on a proposal from the President. The members of the Management Board may be reelected an unlimited number of times.
Within one month after the election of the Board of Directors at the annual General Meeting of Shareholders, the President of the Company shall submit to the Board of Directors for approval a proposal concerning the size of the Management Board and nominating candidates for member of the Management Board. The Board of Directors may reject individual candidates, but may not approve members of the Management Board who have not been nominated by the President.
The term of office of the members of the Management Board shall run from the time of their approval by the Board of Directors until the Board of Directors approves a newly composed Management Board.
- 2.2. The Board of Directors may at any time adopt a resolution terminating the powers of an individual member of the Management Board or all members of the Management Board; changing the size of the Management Board; or electing new members to the Management Board.
The Board of Directors shall adopt a resolution terminating the powers of any member of the Management Board who so requests in writing.
The powers of the members of the Management Board shall be conferred and terminated from the date of adoption of a relevant resolution at a meeting of the Board of Directors.
The termination of the powers of a member of the Management Board who is under an employment contract with the Company that provides for the performance of other functions shall not be cause for termination of the employment contract.
- 2.3. Persons on the Company's regular staff as well as persons not on the regular staff may be members of the Management Board.
- 2.4. A contract shall be entered into with each member of the Management Board, setting out his/her rights, duties, and liability, the manner of determining the amount of compensation, the terms of reimbursement of expenses associated with the performance of duties of a member of the Management Board, and the procedure for termination of the contract. The contract shall be signed on behalf of the Company by the Chairman of the Board of Directors. The Board of Directors may at any time terminate the contract with a member of the Management Board. The terms of the contract with a member of the Management Board shall be confirmed by the Board of Directors.
- 2.5. The President of the Company shall serve as Chairman of the Management Board.

3. Competence of the Management Board. Rights, duties, and liability of the Management Board.

- 3.1. The competence of the Management Board shall be determined by the Company's Charter. The Management Board shall be competent to decide the following matters:
 - following up resolutions of the General Meeting of Shareholders and the Board of Directors;
 - coordinating the operations of the Company's subsidiaries and dependent companies;

- reviewing reports on operating results of the Company's subsidiaries, dependent companies, and structural units;
- preliminary consideration of major innovation and investment projects and programs to be implemented by the Company and its subsidiaries and dependent companies;
- decisions concerning the Company's position on matters of reorganization, major transactions, interested-party transactions, and increases in charter capital submitted to general meetings of shareholders of the Company's subsidiaries and dependent companies;
- decisions concerning the Company's position on matters submitted to the boards of directors of subsidiaries and dependent companies, as determined by a decision of the Management Board;
- drafting proposals for consideration by the Board of Directors concerning approval of the budget and financial and business plan, or changes to a previously approved budget;
- approving and arranging implementation of programs to attract investment in the Company;
- approving internal documents of the Company (except documents whose approval falls within the competence of the board of directors or general meeting of shareholders);
- taking part in the resolution of labor conflicts and appointing a representative of the administration to settle disputes out of court;
- consideration of other issues relating to current business.

The Management Board may consider and adopt resolutions on other matters relating to the Company's current operations on the instructions of the Board of Directors or on a proposal from the President of the Company.

- 3.2. In performing their functions the members of the Management Board shall have the right:
- to participate in meetings of the Management Board, express their opinions, vote on all matters on the agenda, and require that their written dissenting opinions be attached to the minutes of a meeting of the Management Board;
 - to request and obtain documents and information on the Company's operations; and
 - to submit proposals for the agenda of meetings of the Management Board and proposals concerning the formulation of the work plan of the Management Board, and request the holding of extraordinary meetings be held.
- 3.3. Members of the Management Board shall have the obligation:
- to implement resolutions and instructions of the General Meeting of Shareholders, the Board of Directors, and the Management Board of the Company;
 - to comply with the requirements of the Charter and the internal documents of the Company;
 - to act in the interests of the Company and exercise their rights and perform their duties in relation to the Company reasonably and in good faith;
 - to protect the confidentiality of information to which they gain access in the course of performing their duties, and not to use insider information for personal enrichment;
 - to inform the Chairman of the Management Board about: legal entities in which the member of the Management Board holds (whether on his/her own or together with his/her affiliates) 20% or more of the voting shares or interests; legal entities on whose management bodies the member of the Management Board holds office; and current or contemplated transactions in which the member of the Management Board may be deemed interested; and
 - to disclose information on holdings of securities of the Company and the sale and/or purchase of securities of the Company.
- 3.4. Members of the Management Board shall be liable to the Company for losses to the Company resulting from their culpable acts and omissions, unless other grounds and extent of liability are established by federal laws.
- Members of the Management Board shall not be held liable if they voted against or did not participate in voting on the resolution that resulted in the losses to the Company.
- 3.5. Members of the Management Board shall provide the Company with information on their holdings of securities of the Company, and on the sale and/or purchase of securities of the Company within 3 (three) days after title to the securities passes to the member of the Management Board or to another person (in the case of a sale of securities), being the information that the Company discloses in its emissive securities issuer's quarterly report as information that could have a significant effect on the value of the securities of the Company, and through other methods prescribed by current regulations of the Russian Federation and the requirements of the trading organizer in the securities market where the Company's securities are admitted to trading.
- Members of the Management Board shall in a timely fashion provide the Company with information on any change in their interest in the Company and its subsidiaries and dependent companies, and on any changes in their shareholdings of ordinary shares of the Company and its subsidiaries and dependent companies, that is to be disclosed by the Company 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 have been admitted to trading.

4. Chairman and Secretary of the Management Board

- 4.1. The President of the Company shall serve ex officio as the Chairman of the Management Board. The Chairman of the Management Board shall:
- submit nominations of candidates for member of the Management Board to the Board of Directors for consideration;
 - prepare the work plan of the Management Board, approve the agenda of its next meeting, and establish the list of speakers and guests with respect to matters on the agenda;
 - set the date, time, and place of meetings of the Management Board;
 - establish the list of information and materials to be provided to the members of the Management Board in preparation for its meetings;
 - chair meetings, organize discussion of matters under consideration, and summarize results;
 - sign the minutes of meetings of the Management Board; and
 - report to the Board of Directors on the results of the Management Board's work.
- 4.2. A Deputy Chairman of the Management Board shall be appointed by the Chairman of the Management Board and approved by the Management Board. In the absence of the Chairman, the Deputy Chairman of the Management Board shall perform the functions of the Chairman.
- 4.3. A Secretary of the Management Board shall be appointed at the recommendation of the Chairman. The Management Board may at any time terminate the powers of the Secretary of the Management Board and appoint a new Secretary of the Management Board. The Secretary of the Management Board shall:
- send notice of a forthcoming meeting, as well materials relating to matters on the agenda, to the members of the Management Board no later than 3 (three) days prior to the meeting;
 - ensure organizational and technical preparation for meetings of the Management Board;
 - keep and retain minutes of meetings and prepare extracts from minutes;
 - ensure that the resolutions and instructions of the Management Board are taken forward and organize the gathering of information on the progress of the implementation of resolutions adopted by the Management Board; and
 - monitor the implementation of the resolutions of the Management Board, and report to the Management Board on the implementation of previously adopted resolutions.
- The Secretary of the Management Board may request information and documents that he/she requires.

5. Preparation and Holding of Meetings of the Management Board

- 5.1. The Management Board shall conduct its activities by holding meetings and adopting resolutions. Meetings of the Management Board shall be held on a scheduled basis.
- 5.2. The agenda of the next meeting of the Management Board shall be determined according to the Work Plan of the Management Board and proposals of the Chairman and members of the Management Board. Meetings of the Management Board shall be held only in person. The written opinion of an absent member of the Management Board on matters on the agenda of a meeting shall be taken into account when determining whether a quorum is present for the meeting and determining voting results
- 5.3. The Management Board shall have the authority to adopt resolutions (have a quorum) if its meeting is attended by at least half of its members. Should the number of the Management Board members fall below the number required to constitute such a quorum, the Board of Directors shall adopt a resolution to form a newly composed Management Board.
- 5.4. Resolutions on matters on the agenda of a Management Board meeting shall be adopted by a simple majority of votes of the meeting participants. In case of a tied vote the Chairman of the Management Board shall have a casting vote. A member of the Management Board who disagrees with a resolution adopted by the Management Board may require that his or her dissenting opinion, which must be submitted in writing to the Secretary of the Management Board within 2 (two) days after the date of the respective meeting of the Management Board, be attached to the minutes of the meeting.

6. Minutes of Meetings of the Management Board

- 6.1. Minutes shall be kept at the meetings of the Management Board.

The minutes of a meeting of the Management Board shall be prepared no later than 3 (three) days after the meeting and be signed by the Chairman of the Management Board (or, in his/her absence, by the person chairing the meeting) and the Secretary of the Management Board.

- 6.2. The minutes of a meeting of the Management Board shall include:
- the full trade name of the Company;
 - the date, time, and place of the meeting (determination of voting results);
 - a list of the members of the Management Board who participated in the meeting and a list of the guests;
 - the agenda of the meeting;
 - the matters put to a vote and the results of voting thereon; and
 - the resolutions adopted.
- 6.3. The Company shall retain the minutes of meetings of the Management Board at the location of the Company's executive body. The Chairman of the Management Board shall be responsible for the safekeeping of the minutes of meetings of the Management Board.

7. Amendment Procedure

- 7.1. Amendments to this Regulation shall be made on the initiative of the President of the Company, the Board of Directors, or the Management Board itself and be approved by the General Meeting of Shareholders.
- 7.2. If provisions of this Regulation conflict with requirements of the current laws of the Russian Federation, the provisions of the current laws of the Russian Federation shall apply.