

**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 Board of Directors of  
Joint Stock Company  
SITRONICS**

**Moscow  
2006**

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## **Article 1. General**

- 1.1. This Regulation on the Board of Directors (hereinafter the "Regulation") has been approved in accordance with the Federal Law on Joint Stock Companies and other regulations of the Russian Federation and the Charter of JSC SITRONICS (hereinafter the Company) and establishes procedures for forming the Company's Board of Directors, calling and holding meetings of the Board of Directors, and recording its decisions.
- 1.2. The Board of Directors shall provide overall management of the Company's activities, with the exception of decisions on matters within the competence of the General Meeting of Shareholders. The competence of the Board of Directors and the number of votes of its members required to adopt resolutions on matters within its competence shall be determined in accordance with the Federal Law on Joint Stock Companies and the Company's Charter.
- 1.3. The Board of Directors in its activities shall be guided by the regulations of the Russian Federation, the Company's Charter, this Regulation, and other internal documents of the Company.
- 1.4. The primary objectives of the Board of Directors shall be to develop and ensure the implementation of the Company's strategic and overall economic policies, determine future and priority areas of the Company's activities, increase the Company's profitability and competitiveness, promote its financial and economic stability, facilitate, respect, and protect the rights and legitimate interests of the Company's shareholders, and ensure the effectiveness of their investments in the Company.

## **Article 2. Formation of the Board of Directors**

- 2.1. In accordance with the Company's Charter the Board of Directors shall be elected in the number prescribed by law. The size of the Board of Directors shall be determined by resolution of the General Meeting of Shareholders.  
The members of the Board of Directors shall be elected by the General Meeting of Shareholders for a term ending at the next annual General Meeting of Shareholders. If an annual General Meeting of Shareholders is not held within the prescribed time period, all powers of the Board of Directors shall be terminated with the exception of those powers associated with preparing for, calling, and holding the annual General Meeting of Shareholders.
- 2.2. Only natural persons may be members of the Board of Directors. Membership of the Board of Directors is not limited to shareholders of the Company.
- 2.3. The Board of Directors shall include independent directors. Directors shall be deemed independent if they meet the following requirements:
  - the requirements established by the Federal Law on Joint Stock Companies;
  - the requirements for listing shares on a stock exchange in the Russian Federation in accordance with the Regulation on Activity Related to Organization of Trading in the Securities Market, approved by Federal Financial Markets Service Order No. 04-1245/pz-n of 15 December 2004, as amended and supplemented (or, if that regulation is wholly or partly repealed, other similar requirements).
- 2.4. Members of the Board of Directors shall be elected by cumulative voting.  
In cumulative voting the number of votes held by each shareholder shall be multiplied by the number of persons to be elected to the Board of Directors. The shareholder may cast all votes thus received for one candidate or distribute them among two or more candidates for the Board of Directors. The candidates who receive the greatest number of votes shall be deemed elected to the Board of Directors.
- 2.5. Persons elected to the Board of Directors may be reelected to that body an unlimited number of times.
- 2.6. A shareholder or shareholders holding in the aggregate at least 2% (two percent) of the voting shares of the Company shall have the right to submit candidates for the Board of Directors (the number of which may not exceed the number of seats on that body) to the annual General Meeting of Shareholders. Such nominations must be received no later than 100 days (one hundred) days after the end of the fiscal year.  
Nominations of candidates for the Board of Directors may be included in a request to call an extraordinary General Meeting of Shareholders.  
If the proposed agenda of an extraordinary General Meeting of Shareholders includes the election of members of the Board of Directors, a shareholder or shareholders holding in the aggregate at least 2% (two percent) of the voting shares of the Company shall have the right to nominate candidates for election to the Board of Directors (the number of which may not exceed the number of seats on that body). Such nominations must be received by the Company at least 30 (thirty) days before the date of the extraordinary General Meeting of Shareholders.

- 2.7. Nominations and self-nominations of candidates for the Board of Directors must include the following information about each candidate:
- the name of the body for which the candidate is being nominated (the Board of Directors);
  - full name;
  - date of birth;
  - education (including educational institution and year of completion);
  - position in primary place of employment at the date of the nomination, and positions held in the management and supervisory bodies of other legal entities;
  - places of employment for the last 5 years, specifying the positions held;
  - affiliates of the candidate (including name and reason why the individual or entity is deemed an affiliate);
  - any restrictions or prohibitions imposed by regulations of the Russian Federation and/or a court decision on holding office in the management bodies of commercial entities and/or engaging in certain activities;
  - information on the candidate's holdings (whether on his/her own or together with his/her affiliates) of 20% or more of voting shares or interests in commercial entities; and
  - the candidate's residential address and contact telephone number.
- The nomination must be accompanied by each candidate's written consent to be nominated (unless the candidate is self-nominated) and his/her confirmation that the above information is complete and accurate.
- 2.8. The powers of all members of the Board of Directors may be terminated early by resolution of the General Meeting of Shareholders.
- 2.9. If the number of members of the Board of Directors falls below the number required to constitute a quorum, the Board of Directors shall adopt a resolution to hold an extraordinary General Meeting of Shareholders for the purpose of electing a newly composed Board of Directors. The remaining members of the Board of Directors may adopt only the resolution to hold such meeting.

### **Article 3. Chairman of the Board of Directors. Secretary of the Board of Directors**

- 3.1. The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors shall be elected by the Board of Directors from among their number by a simple majority of votes of the total number of elected members of the Board of Directors.
- The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors may be reelected at any time by a simple majority of votes of the total number of votes of the elected members of the Board of Directors.
- A member of the Board of Directors may be elected as Chairman of the Board of Directors an unlimited number of times.
- The President of the Company may not concurrently be the Chairman of the Board of Directors.
- 3.2. In the absence of the Chairman of the Board of Directors, meetings of the Board of Directors shall be chaired by the Deputy Chairman of the Board of Directors, and in his/her absence by a person selected by the members of the Board of Directors from among its members attending the meeting.
- The Chairman of the Board of Directors shall:
- represent and act on behalf of the Board of Directors in dealings with the Company's executive bodies, shareholders, and third parties;
  - organize the work of the Board of Directors;
  - call meetings of the Board of Directors on his/her own initiative or at the request of a member of the Board of Directors, the Audit Commission, or the President of the Company;
  - allocate responsibilities among the members of the Board of Directors;
  - set the date of meetings of the Board of Directors and the deadline for the receipt of voting forms in conjunction with remote voting;
  - preside at meetings of the Board of Directors and organize remote voting on matters on the agenda of its meetings;
  - open and close meetings of the Board of Directors;
  - announce breaks at meetings of the Board of Directors;
  - decide when to conduct remote voting of the Board of Directors;
  - announce the results of voting;
  - on the Company's behalf sign the contract with the person elected as the Company's individual executive body (the President) and contracts with the members of the Company's collective executive body (the Management Board); and
  - preside at the General Meeting of Shareholders.
- 3.3. The Board of Directors shall appoint a Secretary of the Board of Directors, who shall keep the minutes of the meetings of the Board of Directors and on the instructions of its members do other

acts associated with the adoption of decisions within the competence of the Board of Directors. The functions of the Secretary of the Board of Directors may be performed by the Corporate Secretary, if one has been appointed by the Board of Directors. The Secretary of the Board of Directors may or may not be a member of the Board of Directors.

#### **Article 4. Preparation and conduct of meetings of the Board of Directors**

- 4.1. A quorum for a meeting of the Board of Directors shall be one-half of the elected members of the Board of Directors. In the case of remote voting, a quorum shall be constituted if by the voting deadline at least half of the members of the Board of Directors have signed and submitted to the Secretary of the Board of Directors their voting forms concerning matters on the agenda of the meeting.
- 4.2. Meetings of the Board of Directors shall be called as necessary by the Chairman of the Board of Directors on his/her own initiative or at the request of a member of the Board of Directors, the Audit Commission, the auditor, or the President of the Company.
- 4.3. Any request to hold a meeting of the Board of Directors must be in writing and include:
- the name of the initiator of the meeting;
  - the wording of matters on the agenda;
  - the rationale for considering the matters on the agenda;
  - the signature of the initiator of the meeting;
  - accompanying materials relating to matters on the agenda may be attached to the request.
- The request shall be sent by post or courier or be delivered personally by the initiator addressed to the Chairman of the Board of Directors at the Company's location: 39/5, ul. 3-ya Tverskaya-Yamskaya, bldg. 1, Moscow, 125047, Russian Federation.
- 4.4. Within 5 (five) days after receiving a request to hold a meeting of the Board of Directors, the Chairman of the Board of Directors shall consider the request and decide whether to call such meeting or refuse to call such meeting.  
Within 3 (three) days after making such decision, the Chairman of the Board of Directors shall communicate the decision to the initiators of the meeting.
- 4.5. An initiator's request to call a meeting of the Board of Directors may be denied by the Chairman of the Board of Directors in the following cases:
- if the initiator is not one of the persons specified in clause 4.2 of this article;
  - if the matter proposed for inclusion in the agenda of the meeting is not within the competence of the Board of Directors;
  - if the request to hold a meeting of the Board of Directors does not comply with this Regulation.
- 4.6. Preparation for meetings of the Board of Directors is assigned to the Secretary of the Board of Directors. In preparation for each meeting the Secretary shall:
- organize the agenda of the meeting and submit it to the Chairman of the Board of Directors for approval;
  - compile the list of participants in the meeting;
  - arrange to notify the members of the Board of Directors and invited participants concerning the time and place of the meeting;
  - organize the preparation of materials relating to matters on the agenda of the meeting; and
  - provide such materials to the members of the Board of Directors and invited participants at least 5 (five) days before the meeting.
- Responsibility for the preparation for a meeting of the Board of Directors shall, however, rest with the Chairman of the Board of Directors.
- 4.7. At a meeting of the Board of Directors additional matters may be added to the agenda with the consent of all members of the Board of Directors (disregarding removed members of the Board of Directors).
- 4.8. Written notice of a meeting of the Board of Directors shall be sent to each member of the Board of Directors and invited participants at least 5 (five) days before the scheduled date of the meeting. The method of delivering notices (post, courier, etc.) shall be determined by the Chairman of the Board of Directors.
- 4.9. In the case of meetings of the Board of Directors held in remote form, voting forms shall be attached to the notice of the meeting.
- 4.10. The form of a meeting (direct, with the joint attendance of the members of the Board of Directors, or indirect, with resolutions adopted by poll) shall be decided by the Chairman of the Board of Directors, unless the initiator of the meeting has specified in the request to hold the meeting that the meeting should be held in direct form.
- 4.11. Persons invited to participate in a meeting of the Board of Directors in relation to selected matters on the agenda may speak during the discussion of agenda materials, submit proposals, make

comments and clarifications, and provide substantive information on matters under discussion. Discussion of a matter shall be ended on a proposal from the Chairman of the Board of Directors.

#### **Article 5. Procedure for the adoption of resolutions by the Board of Directors**

- 5.1. During the adoption of resolutions at a meeting of the Board of Directors each member of the Board of Directors shall have one vote. The transfer of a vote by one member of the Board of Directors to any other person, including another member of the Board of Directors, is prohibited. In case of a tie of votes of the members of the Board of Directors during the consideration of matters at a meeting of the Board of Directors, the Chairman of the Board of Directors shall have a casting vote.
- A member of the Board of Directors shall be deemed to have attended a meeting:
- if the member participates in the meeting (including by telephone conference) or otherwise during the meeting is able expeditiously to express his/her opinion and vote on the matters under discussion;
  - if by the start of the meeting the member has expressed his/her will in writing “for” or “against” a resolution put to a vote on a matter on the agenda, the draft of which the member has seen in advance.
- 5.2. The Board of Directors may adopt resolutions by remote voting (by poll). Remote voting shall be conducted through the filling out by the members of the Board of Directors of voting forms sent to them. Members of the Board of Directors shall be deemed to have participated in remote voting if their voting forms are received by the relevant deadline specified in the notice sent to them.
- 5.3. The sending out and acceptance of voting forms shall be within the competence of the Secretary of the Board of Directors. Responsibility for the sending out and acceptance of voting forms shall, however, rest with the Chairman of the Board of Directors.
- 5.4. The results of remote voting shall be communicated to the members of the Board of Directors through the provision to them of copies of the minutes of the relevant meeting no later than 3 (three) days after the signing of the minutes.

#### **Article 6. Minutes of meetings of the Board of Directors**

- 6.1. Resolutions of the Board of Directors shall be recorded in the minutes of the relevant meeting of the Board of Directors. The minutes of a meeting of the Board of Directors shall be prepared by the Secretary of the Board of Directors.
- 6.2. The minutes of a meeting of the Board of Directors shall be prepared no later than 3 (three) days after the meeting (or after the deadline for the receipt of voting forms in case of remote voting). The following information shall be included in the minutes:
- the place and time of the meeting (or the deadline for the receipt of voting forms in case of remote voting);
  - the persons who attended the meeting (or persons who sent in voting forms);
  - the agenda of the meeting;
  - the matters put to a vote and the results of voting thereon;
  - the resolutions adopted; and
  - other information prescribed by current regulations of the Russian Federation and the Company's internal documents.
- 6.3. The minutes of a meeting of the Board of Directors shall be signed by the Chairman of the Board of Directors, or by the person acting in his/her stead, and by the Secretary of the Board of Directors.
- 6.4. The Chairman of the Board of Directors shall be responsible for the correct preparation of the minutes of its meetings.
- 6.5. When resolutions are adopted by the Board of Directors by poll, the voting forms shall be attached to the minutes of the meeting.

#### **Article 7. Rights, duties, and liability of members of the Board of Directors**

- 7.1. Members of the Board of Directors shall be entitled to request that the Company's individual executive body (the President), directors of its structural units, and other employees of the Company provide complete and accurate information, documents, and materials needed by the members of the Board of Directors to perform their functions.

- 7.2. Members of the Board of Directors in exercising their rights and performing their duties shall 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, and shall not divulge commercial and other confidential information made known to them concerning the Company's activities.
- 7.3. Members of the Board of Directors shall maintain loyalty to the Company and shall not use the capacities of the Company, or allow them to be used, for personal purposes.
- 7.4. 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 members of the Board of Directors solely in the interests of the Company and in compliance with its internal documents.
- 7.5. Members of the Board of Directors 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 Board of Directors or to another person (in the case of a sale of securities), that is to 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 the securities of the Company, and by other means provided 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.
- 7.6. Members of the Board of Directors shall in a timely fashion provide the Company with information on changes in their interest in the charter capital of the Company's subsidiaries and dependent companies and/or changes in the size of their shareholdings of ordinary registered shares in the Company's subsidiaries and dependent companies within 3 (three) days after such change occurs, being the information that the Company discloses in the circumstances and in the manner provided 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.
- 7.7. Members of the Board of Directors shall within the last 10 (ten) days of each quarter of the fiscal year communicate the following information to the Board of Directors:
- on legal entities in which, whether independently or jointly with their affiliates, they hold 20% (twenty percent) or more of voting shares or interests;
  - on legal entities in whose management bodies they hold office; and
  - on concluded or contemplated transactions in which they may be deemed interested parties.
- 7.8. By resolution of the General Meeting of Shareholders, the members of the Board of Directors during their term of office may receive compensation and/or reimbursements for expenses associated with their performance of the functions of the members of the Board of Directors. The compensation paid to the members of the Board of Directors shall be disclosed by the Company through the 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.
- 7.9. Members of the Board of Directors 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 Board of Directors 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. In determining the grounds and extent of the liability of members of the Board of Directors, consideration shall be given to normal business practice and other relevant circumstances. In the event that several persons are liable under this article, their liability to the Company shall be joint and several. The Company or a shareholder or shareholders holding in the aggregate at least 1% (one percent) of the voting shares of the Company shall have the right to bring legal action against a member of the Board of Directors for compensation of losses caused to the Company in the circumstances set forth in this clause.
- 7.10. A member of the Board of Directors who did not participate in voting on a resolution or voted against a resolution adopted by the Board of Directors in violation of the procedure established by the Federal Law on Joint Stock Companies, other regulations of the Russian Federation, the Company's Charter, and this Regulation may appeal the resolution to a court if the member's rights and legitimate interests have been violated by the resolution. In such case, the application to the court must be filed within one month from the date when the member of the Board of Directors became aware or ought to have become aware of the adopted resolution.

#### **Article 8. Committees of the Board of Directors**

- 8.1. For the purpose of preliminary consideration of matters within the competence of the Board of Directors, the Board of Directors may establish standing committees drawn from its members: an audit committee, an appointment (personnel) and compensation committee, and other standing or ad hoc committees.
- 8.2. Committees of the Board of Directors shall act in accordance with regulations approved by the Board of Directors. When making decisions, the Board of Directors shall first review the opinion of the relevant committee of the Board of Directors.
- 8.3. If necessary, experts with required professional knowledge may be involved in the work of committees.

#### **Article 9. Concluding provisions**

- 9.1. The requirements of this Regulation are binding upon the Company, its shareholders, the members of the Board of Directors, and other officers and employees of the Company.
- 9.2. Aspects of the activity of the Board of Directors that are not regulated by this Regulation and the Company's Charter should be guided by the current laws of the Russian Federation, resolutions of the General Meeting of Shareholders and the Board of Directors, and other internal documents of the Company.