

**The Regulations of
the Supervisory Board of Sanockie Zakłady Przemysłu Gumowego
„STOMIL SANOK” Joint Stock Company seated in Sanok**

Chapter I. General stipulations.

§ 1

The words used in these regulations mean the following:

1. The Board – the Board of „STOMIL SANOK” S.A. seated in Sanok.
2. The Company – „STOMIL SANOK” S.A. seated in Sanok.
3. The Statute – the Statute of „STOMIL SANOK” S.A. seated in Sanok.
4. The Regulations – the Regulations of the Supervisory Board of „STOMIL SANOK” S.A. seated in Sanok.
5. The Shareholder – the shareholder of the Company.
6. The Supervisory Board – the Supervisory Board of the Company.

§ 2

1. The Supervisory Board exercises supervision over the activities of the Company in compliance with the regulations of the act of parliament entitled “The Commercial Companies’ Code”, the stipulations of the Statute and these regulations.
2. The Supervisory Board runs the matters of the Company within the range of competence granted to the Supervisory Board, while decisions taken by the Supervisory Board should first of all focus on the best interest of the Company.
3. Activity of the Supervisory Board should comply with commonly binding legal regulations.
4. Resolutions of the General Meeting of Shareholders, which empower or oblige the Supervisory Board to take certain actions, should be executed in a manner remaining in compliance with the aim of the adopted resolution as well as take into account the stipulations of sections 1 to 3 of this paragraph.

§ 3

1. The Supervisory Board performs its functions in a collective manner, it may however delegate its members to individually perform certain control activities. The outcomes of such activities are discussed at the sessions of the Supervisory Board.
2. In connection with performance of control activities, the members of the Supervisory Board are entitled to review accounting books and other documents, count cash and other documents, check the stock level and bank accounts, enter all rooms occupied by the Company as well as demand information of any employee of the Company.
3. Limitations on rendering access to documents and rooms to the members of the Supervisory Board may only arise from the legal regulations currently in force.
4. The members of the Supervisory Board exercise their rights and carry out their duties in person.
5. Decisions of the Supervisory Board are made by way of resolutions.

§ 4

The members of the Supervisory Board should participate in the proceedings of the General Meeting of Shareholders of the Company. In case of being absent from the General Meeting of Shareholders of the Company, a member of the Supervisory Board is obliged to submit a written explanation to the General Meeting.

§ 5

Annually, the Supervisory Board adopts a resolution which contains the Supervisory Board's assessment of the Company's situation and the Supervisory Board submits this resolution to the General Meeting of Shareholders of the Company.

§ 6

1. Each member of the Supervisory Board is obliged to pass on to the Board of the Company, until the 30th of April of each calendar year, information regarding his or her connections with a shareholder who owns more than 5% share of the Company's stock.
2. Each member of the Supervisory Board is obliged to immediately notify the Board of the Company in writing of a sale or purchase of stock of the Company or of a dominant or a subsidiary company in relation to the Company as well as of transactions worth more than 1000 EURO conducted with such companies.
3. The members of the Supervisory Board are obliged to sign a declaration confirming that they have acquainted themselves with the contents of the document entitled „Good practices in public companies 2005” as well as containing their commitment to applying these practices to the extent required by the declaration issued by the Company in accordance with § 27 of the Stock Exchange Regulations. The pattern of the declaration mentioned in the first sentence constitutes the Appendix no. 1 to these Regulations.
4. The members of the Supervisory Board are allowed to sell or buy the Company's stock only within the period which comes after the public announcement of the Company's financial result for a given quarter of a year, however before their obtaining of the Company's financial result for the next month.

Chapter II. Make-up of the Supervisory Board.

§ 7

1. The Supervisory Board is made up of five members.
2. The term of the Supervisory Board lasts three years.
3. The Supervisory Board members are appointed and recalled by the General Meeting of Shareholders.

§ 8

1. The Supervisory Board consists of: the President of the Supervisory Board, Vice President of the Supervisory Board and members.
2. Remuneration of the members of the Supervisory Board is determined by the General Meeting of Shareholders.
3. The Company shall return to the Supervisory Board members justified costs borne in connection with participation in the activities of the Supervisory Board.
4. In justified cases the Supervisory Board may appoint experts, translators and other persons having specific qualifications at the Company's cost, however a corresponding contract in such cases is to be signed by the Board of the Company.

Chapter III. Competence of the Supervisory Board.

§ 9

1. Competence of the Supervisory Board is defined in the Commercial Companies' Code and in the Company's Statute. The scope of duties of the Supervisory board contains in particular:
 - 1) examination of the financial report of the Company, including the hearing of an oral report presented by a properly qualified representative of a certified accounting company,
 - 2) examination of the report of the Board of the Company as well as proposals of the Board of the Company with regard to the split of profits or the coverage of losses,
 - 3) submission of reports on results of actions mentioned in points 1) and 2) above to the General Meeting of Shareholders,
 - 4) suspending of a member of the Board of the Company or the whole Board from position on significant grounds,
 - 5) delegate a member or members to temporarily perform the functions of members of the Board of the Company in case the whole Board of the Company is recalled or in case the Board cannot act for other reasons,
 - 6) approval of the regulations of the Board of the Company,
 - 7) approval of the annual and quarterly budgets,
 - 8) approval of expenditure unforeseen in the approved budget and exceeding the ordinary management of the Company in the amount of more than 100.000 (one hundred thousand) USD or the equivalent of this sum calculated using the average USD exchange rate announced by the Polish National Bank on the day of presentation of a corresponding motion by the Board of the Company to the Supervisory Board,
 - 9) granting consent to the purchase of shares or stock in other companies,
 - 10) granting consent to joining in partnership with other legal persons,
 - 11) sale of the Company's assets the value of which exceeds 10% of net value of fixed assets with exclusion of those which constitute negotiable reserves under normal operation conditions,
 - 12) granting consent to raise loans and long-term credits unforeseen in the budget, other than book credit raised under normal management of the Company as well as granting guarantees not foreseen in the budget as well as putting charges unforeseen in the budget upon the assets,
 - 13) granting consent to the conclusion of contracts between the Company and the members of the Board of the Company or other entities linked to these persons,

- 14) establishing of principles of remunerating of the Board of the Company and the Company's remuneration policy,
 - 15) granting consent for the hire of advisers and other persons external to the Company (except expert accountants) to act as consultants, lawyers or agents, in case the total annual costs of hire of such persons should exceed the sum of USD 50.000 (fifty thousand) or the equivalent of this sum calculated using the average USD exchange rate announced by the Polish National Bank on the day of presentation of a corresponding motion by the Board of the Company to the Supervisory Board,
 - 16) granting consent to the incurring of liabilities not foreseen in the budget, exceeding the ordinary management of the Company, the value of which, from a single title (right), exceeds the sum of USD 100.000 (one hundred thousand) or the equivalent of this sum calculated using the average USD exchange rate announced by the Polish National Bank on the day of presentation of a corresponding motion by the Board of the Company to the Supervisory Board,
 - 17) expressing opinions on the matter of the split of profits or the coverage of losses,
 - 18) choice of an expert accountant to carry out the examination of the Company's financial report,
 - 19) granting consent to the purchase or sale of a real estate, or shares in a real estate, such consent to replace the resolution passed by the General Meeting of Shareholders.
2. The employment contracts with the members of the Board of the Company are concluded, on the Company's behalf, by the President of the Supervisory Board or other representative of the Supervisory Board delegated from among its members. The same course applies to other actions connected with employment relationship of a member of the Board of the Company. However, in order to conclude and dissolve an employment contract, and to determine the amount of remuneration for work, a prior corresponding resolution of the Supervisory Board is required.

Chapter IV. Sessions of the Supervisory Board.

§ 10

The Supervisory Board debates and adopts resolutions during sessions which are held at the Company's premises or in Warsaw or in another place indicated in the notification of the summoning of the session.

§ 11

1. The President of the Supervisory Board summons the sessions of the Supervisory Board acting on his own initiative and guides the works of the Supervisory Board.
2. The Supervisory Board holds a meeting at least once a quarter of a year.
3. The President of the Supervisory Board, or his or her deputy, is obliged to summon a session of the Supervisory Board following a written motion of the Board of the Company or following a motion of at least one-third of the Supervisory Board members. Such a session should take place within 2 weeks from the date of submission of the motion.

4. The meeting of the Supervisory Board may have an ordinary or extraordinary character.
5. Ordinary meetings should take place at least 4 times a year (once every quarter of a year).
6. An extraordinary meeting may be summoned at any time.
7. The meetings are summoned at a prior notice, 7 days in advance, by means of a letter, to be sent either by traditional post or by e-mail (with indication of automatic confirmation of receipt), such letter notice to define the date and place of the session and the meeting agenda, and an additional fax message to be simultaneously sent to those members of the Supervisory Board who require to be notified in such a way, unless all members of the Supervisory Board agree that the meeting can be held without adhering to the above mentioned 7-day notification time-limit.
8. Notification of a session is to be brought to the workplace or to the residence of the members of the Supervisory Board or to be transferred to the e-mail address mentioned in the Appendix no. 3. Each member of the Supervisory Board is obliged to inform the President of the Supervisory Board about any change of the workplace or residence or e-mail address at the risk of such a notification being acknowledged as duly delivered to the workplace or residence before these have been changed.
9. The meetings of the Supervisory Board can also be held using a telephone line in such a way as to enable reciprocal communication among all present members of the Supervisory Board. Resolutions adopted during a meeting held in the above mentioned way shall be valid on condition that the minutes of the meeting have been signed by each of the members of the Supervisory Board who participated in the meeting. In such case it is assumed that the place where the meeting takes place and where the minutes of the meeting are written is the place of sojourn of the President of the Supervisory Board.

§ 12

1. In order for the resolutions of the Supervisory Board to be valid it is required that all members of the Board be invited to participate in the meeting and that at least half of the members of the Supervisory Board be present at the meeting, including the President of the Board or his deputy.
2. The Supervisory Board makes decisions by a simple majority of votes. In case number of votes for and against a motion is equal then the vote cast by the President of the Board shall have a decisive influence.
3. The President of the Supervisory Board orders a secret vote on request of at least one present member of the Supervisory Board.

§ 13

1. Each member of the Supervisory Board is obliged to inform the other members of this Board about a conflict of interests that have cropped up and refrain from rising to speak during the debate and voting on a resolution in a matter where the conflict of interests is present.
2. Each member of the Supervisory Board is obliged to issue a declaration containing a commitment to inform the other members of the Supervisory Board about occurrence of circumstances mentioned in section 1 above. The pattern of declaration mentioned in the first sentence constitutes the Appendix no. 2 to these Regulations.

§ 14

1. The members of the Board of the Company are invited to participate in the sessions of the Supervisory Board with provision of section 2 below.
2. The sessions of the Supervisory Board focusing on matters directly concerning the Board of the Company or its members, especially regarding the recalling, responsibility and determination of a remuneration, are held without participation of members of the Board of the Company.

§ 15

1. The sessions of the Supervisory Board are opened by the President of the Supervisory Board who directs the debate. In case the President is absent, the same activities are performed by the Vice President of the Supervisory Board or another member of the Supervisory Board.
2. The session of the Supervisory Board begins with checking the attendance list and legitimacy of the summoning of the meeting. The members of the Supervisory Board who question the legitimacy of the summoning of the meeting should submit well-grounded reservations which are to be disclosed in the contents of the minutes of the meeting.
3. In case of submitting of reservations as defined in section 2 above, the President of the session orders a debate and a vote on the grounds of the submitted reservations. If, following the adopted resolution, it is acknowledged that the session has been summoned in an incorrect manner, no further actions are taken, and the President closes the meeting. Before the meeting is closed, the Supervisory Board adopts a resolution with regard to fixing a new, possibly the soonest possible, date of the session.

§ 16

1. As soon as the summoning of the session has been found legitimate, the President of the meeting present the meeting agenda to the members of the Supervisory Board. A change of the meeting agenda is possible only and entirely with all members of the Supervisory Board present, and adoption of a corresponding resolution is required in such cases.
2. After the meeting agenda is read or the resolution defined in section 1 above is passed, participants are not allowed to submit reservations as to legitimacy of the summoning of the meeting.
3. After the meeting agenda is read and accepted, the President of the meeting orders the execution of individual items listed in the meeting agenda.

§ 17

1. The minutes of the Supervisory Board meeting should include the following: place of the session, date, list of participants, meeting agenda, adopted resolutions, number of votes cast for and against each individual resolution, and also, at the request of a Supervisory Board member, a possible separate opinion.
2. The minutes of the meeting are to be signed by all members of the Supervisory Board who were present at the meeting. Copies of invitation confirmation papers for all members of the

Supervisory Board, including printouts of e-mail receipt confirmations, are to be attached to the minutes of the meeting.

3. None of the members of the Supervisory Board is allowed to refuse to sign the minutes of the meeting even if he or she voted against a resolution and regardless of the fact that he or she demanded his or her separate opinion to be put into the contents of the minutes of the meeting. If any of the members of the Supervisory Board refuses to sign the minutes of the meeting, the President of the Supervisory Board notes it down in the contents of the minutes of the meeting.
4. A project of the minutes of the Supervisory Board is to be sent to the members of the Supervisory Board within 14 days from the session completion.

§ 18

1. Documentation connected with the sessions of the Supervisory Board is to be deposited in the Supervisory Board office.
2. At each session of the Supervisory Board, the members, who were present at the former session, sign the minutes of the former meeting.
3. The members of the Supervisory Board may also apply for a copy of the minutes of the meeting to be sent to them as soon as such a copy is made.
4. Materials prepared by the Board of the Company and members of the Supervisory Board constitute an appendix to the minutes of the meeting.

§ 19

1. Reservations with regard to the contents of the minutes of the meeting may be submitted by the members of the Supervisory Board during the nearest session.
2. In case reservations are expressed with regard to the contents of the minutes of the meeting, a person to keep the minutes of the meeting is called upon to join the session of the Supervisory Board, unless this person is present at the session.
3. A change of the minutes of the meeting requires a proper resolution to be adopted by the Supervisory Board which shows the scope of changes introduced to the minutes of the meeting. Passing a resolution in such a course does not constitute a change of the Supervisory Board meeting agenda.

Chapter V. Final stipulations.

§ 20

1. For matter which are not settled in these Regulations, the commonly binding legal regulations, stipulations of the Statute as well as resolutions of the General Meeting of Shareholders shall apply.
2. The Regulations were accepted by virtue of the resolution of the Supervisory Board dated September 28, 2004., and later altered by virtue of the resolution of the Supervisory Board dated May 20, 2005.
3. The Regulations enter into force as of the date of their passing.

4. As of the date of passing of these Regulations, the Regulations of the Supervisory Board as passed on June 4, 2003 lose their validity.

Appendix no. 1 to the Regulations of the Supervisory Board of
„Stomil Sanok” S.A.

**Declaration of a member of the Supervisory Board of „Stomil Sanok” S.A.
with regard to having acquainted oneself with the contents of the document entitled
„Good practices in public companies 2005”**

As a member of the Supervisory Board of „Stomil Sanok” S.A. company seated in Sanok, I
hereby declare that:

1/ I have acquainted myself with the contents of the document entitled „Good practices in public
companies 2005”,

2/ I commit myself to applying the rules of corporate order included in the document entitled
„Good practices in public companies 2005” to the extent resulting from the declaration issued by
the Company „Stomil Sanok” S.A. in accordance with § 27 of the Stock Exchange Regulations.

.....
(place and date)

.....
(signature of the member of the Supervisory Board)

Appendix no. 2 to the Regulations of the Supervisory Board of
„Stomil Sanok” S.A.

**Declaration of a member of the Supervisory Board of „Stomil Sanok” S.A.
- Commitment to inform about a conflict of interests**

As a member of the Supervisory Board of „Stomil Sanok” S.A. company seated in Sanok, I
commit myself to informing the other members of the Supervisory Board of the above Company
about the conflict of interests that have cropped up and to abstaining from rising to speak during
the debate and voting on a resolution in a matter where the conflict of interests is present.

.....
(place and date)

.....
(signature of the member of the Supervisory Board)