



## **Charter of the Compensation Committee of the Board of Directors of Central European Media Enterprises Ltd.**

### **Statement of Policy**

The purpose of the Compensation Committee is to discharge the Board of Directors' responsibilities relating to compensation of the Company's executive officers and oversight of any compensation plans or programs of Central European Media Enterprises Ltd. (the "Company") and to communicate to shareholders the Company's compensation policies and the reasoning behind such policies as required by the U.S. Securities Exchange Commission ("SEC") or as otherwise determined to be appropriate by the Compensation Committee.

### **Membership**

The Compensation Committee shall be comprised of two or more directors, none of whom shall be an employee of the Company and each of whom shall be an "independent director". An independent director shall be one who meets the independence requirements for directors under the rules of The Nasdaq Stock Market, Inc. ("NASDAQ") as well as any other applicable law, rule or regulation, including those promulgated by the SEC. Each member shall be a "non-employee director" within the meaning of Rule 16b-3 promulgated by the SEC.

Members of the Compensation Committee shall be elected by the Board of Directors at the meeting immediately following the Annual General Meeting of the Company and shall serve until the next succeeding Annual General Meeting unless removed by the Board of Directors. The Board of Directors shall designate a chair of the Compensation Committee.

### **Scope of Powers and Functions**

The Compensation Committee shall have such powers and functions as may be assigned to it by the Board of Directors from time to time, including the following:

*Executive Officer Compensation.* The Compensation Committee shall, following consultation with the independent directors on the Board of Directors, determine the compensation of the Company's Chief Executive Officer (the "CEO") and evaluate the CEO's performance against any objectives set in respect of such compensation. The Compensation Committee shall also, following consultation with the independent directors on the Board of Directors, determine the compensation of the Company's other Senior Executives. "Senior Executive" shall mean any employee of the Company or its subsidiaries who qualifies as a "named executive officer" as defined in Item 402(a)(3) of Regulation S-K promulgated by the SEC as well as such employees who report directly to the CEO as the Compensation Committee determines from time to time.

Compensation shall include salary, bonus and incentive compensation levels, equity compensation (including awards to induce employment), deferred compensation, retirement benefits, perquisites, retention benefits, change of control benefits, severance arrangements and other arrangements in respect of executive officer compensation.

*Director Compensation.* The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to non-employee director compensation, including varying the elements of such compensation.



*Administration of the Stock Incentive Plan.* The Compensation Committee shall exercise all rights, authority and functions delegated to it under the Company's Amended and Restated 1995 Stock Incentive Plan, including, without limitation, the authority to interpret the terms thereof, to grant options thereunder and to make restricted stock awards thereunder; provided, however, that, except as otherwise expressly authorized to do so by this Charter or the Stock Incentive Plan or resolution of the Board of Directors, the Compensation Committee shall not be authorized to amend any such plan.

*Compensation Program Recommendations and Approvals.* The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to the Company's Senior Executive compensation policies and programs, including the Company's Stock Incentive Plan, policies for allocating between current and long-term compensation or between cash and equity-base compensation, the adoption of performance-based compensation policies or programs, deferred compensation policies and policies or plans in respect of chief executive succession or arrangements in respect of compensation.

*Compensation Committee Role in Compensation Discussion and Analysis.* The Compensation Committee shall review and discuss with management the compensation discussion and analysis required by Item 402(c) of Regulation S-K.

*Compensation Committee Report on Executive Compensation.* The Compensation Committee shall prepare the Compensation Committee report for inclusion, where necessary, in a proxy or information statement of the Company relating to an annual meeting of shareholders at which directors are to be elected and furnish the Compensation Committee report as required by Item 407(e)(5) of Regulation S-K.

*Additional Powers and Delegation.* The Compensation Committee shall have such other duties as may be delegated from time to time by the Board of Directors or as may be required pursuant to any rule in respect of compensation committees promulgated by NASDAQ. The Compensation Committee shall not delegate its authority concerning decisions in respect of the compensation of Senior Executives except as authorized by the Board of Directors.

*Reports to the Board.* The Compensation Committee shall report regularly to the Board of Directors. The Compensation Committee shall perform or obtain an annual evaluation of its performance and provide it to the Board of Directors.

*Charter.* The Board of Directors originally approved this Charter on February 13, 2003 and amended it on April 6, 2004 and February 14, 2007. The Compensation Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval. This Charter shall be posted on the Company's website.

## Meetings and Administrative Matters

The Compensation Committee shall meet at least four times per year and shall hold any additional meetings as may be called by the Chairman of the Compensation Committee or requested by management that are necessary in order for the Compensation Committee to perform its duties. Senior Executives or others may attend meetings of the Compensation Committee at the invitation of the Compensation Committee and shall provide pertinent information as is necessary. The CEO may not be present during voting or deliberations in respect of the compensation of the CEO. The Compensation Committee shall meet outside the presence of the CEO and the Senior Executives in connection with any matter within its competence.

The Chairman of the Compensation Committee shall set the agenda of each meeting and arrange for the distribution of the agenda, together with supporting material, to the Compensation Committee members prior to each meeting. The Chairman will also cause minutes of each meeting to be prepared and circulated to the Committee members and filed with the Company Secretary. The Compensation Committee may meet via telephone conference calls. A majority of the members of the Compensation Committee shall constitute a quorum for all purposes. The Compensation Committee may also act by unanimous written consent in lieu of a meeting.

## Advice

The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of Senior Executive compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Compensation Committee shall also have authority to commission compensation surveys or studies as the need arises. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such consultants as established by the Compensation Committee.

The Compensation Committee shall have the authority, without further action by the Board of Directors, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such advisors as established by the Compensation Committee.

The Compensation Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Compensation Committee or any advisors engaged by the Compensation Committee.