
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2009**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-24796

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

(Exact name of registrant as specified in its charter)

BERMUDA
(State or other jurisdiction of incorporation or organization)
Mintflower Place, 4th floor
Par-La-Ville Rd, Hamilton, Bermuda
(Address of principal executive offices)

98-0438382
(IRS Employer Identification No.)
HM 08 Bermuda
(Zip Code)

Registrant's telephone number, including area code: +1 441 296-1431

Securities registered pursuant to Section 12(b) of the Act:
CLASS A COMMON STOCK, \$0.08 PAR VALUE

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for each shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “accelerated filer”, “large accelerated filer” or “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2009 (based on the closing sale price of US\$ 19.69 of the registrant’s Common Stock, as reported by the Nasdaq Global Select Market on such date) was approximately US\$ 0.8 billion.

Number of shares of Class A Common Stock outstanding as of February 19, 2010: 56,046,176

Number of shares of Class B Common Stock outstanding as of February 19, 2010: 7,490,936

DOCUMENTS INCORPORATED BY REFERENCE

Document

Location in Form 10-K in Which Document is Incorporated

Registrant’s Proxy Statement for the 2010 Annual General Meeting of Shareholders

Part III

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Unless the context otherwise requires, references in this report to the “Company”, “we”, “us” or “our” refer to Central European Media Enterprises Ltd. (“CME”) or CME and its consolidated subsidiaries listed in Exhibit 21.01 hereto. Unless otherwise noted, all statistical and financial information presented in this report has been converted into U.S. dollars using appropriate exchange rates. All references in this report to “US\$” or “dollars” are to U.S. dollars, all references to “BGN” are to Bulgarian leva, all references to “HRK” are to Croatian kuna, all references to “CZK” are to Czech korunas, all references to “RON” are to the New Romanian lei, all references to “UAH” are to Ukrainian hryvnia, all references to “Euro” or “EUR” are to the European Union Euro and all references to “GBP” or “£” are to British pounds. The exchange rates as of December 31, 2009 used in this report are BGN/US\$ 1.36; HRK/US\$ 5.09; CZK/US\$ 18.37; RON/US\$ 2.94; UAH/US\$ 8.12; EUR/US\$ 0.69 and GBP/US\$ 0.62.

Forward-Looking Statements

This report contains forward-looking statements, including those relating to our capital needs, business strategy, expectations and intentions. Statements that use the terms “believe”, “anticipate”, “expect”, “plan”, “estimate”, “intend” and similar expressions of a future or forward-looking nature identify forward-looking statements for purposes of the U.S. federal securities laws or otherwise. For these statements and all other forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy or are otherwise beyond our control and some of which might not even be anticipated. Forward-looking statements reflect our current views with respect to future events and because our business is subject to such risks and uncertainties, actual results, our strategic plan, our financial position, results of operations and cash flows could differ materially from those described in or contemplated by the forward-looking statements contained in this report.

Important factors that contribute to such risks include, but are not limited to, those factors set forth under “Risk Factors” as well as the following: the effect of the credit crisis and economic downturn in our markets as well as in the United States and Western Europe; decreases in television advertising spending and the rate of development of the advertising markets in the countries in which we operate; the impact of any additional investments we make in our Bulgaria and Croatia operations; the failure to close the sale of our interests in our Ukraine operations; our ability to make future investments in television broadcast operations; our ability to develop and implement strategies regarding sales and multi-channel distribution; changes in the political and regulatory environments where we operate and application of relevant laws and regulations; the timely renewal of broadcasting licenses and our ability to obtain additional frequencies and licenses; and our ability to acquire necessary programming and attract audiences. The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included in this report. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise.

PART 1

ITEM 1. BUSINESS

GENERAL

CME, a Bermuda company, is a vertically integrated media company operating leading broadcasting, internet and TV content businesses in seven Central and Eastern European countries with an aggregate population of approximately 97 million people. CME's television channels are located in Bulgaria (PRO.BG and RING.BG), Croatia (NOVA TV), Czech Republic (TV NOVA, NOVA CINEMA, NOVA SPORT and MTV CZECH), Romania (PRO TV, PRO TV INTERNATIONAL, ACASA, PRO CINEMA, SPORT.RO and MTV ROMANIA), Slovakia (TV MARKIZA, DOMA), Slovenia (POP TV, KANAL A and TV PIKA) and Ukraine (STUDIO 1+1, STUDIO 1+1 INTERNATIONAL and KINO). CME is traded on the NASDAQ and the Prague Stock Exchange under the ticker symbol "CETV".

Our registered offices are located at Mintflower Place, 4th floor Par-La-Ville Rd, Hamilton, HM 08, Bermuda, and our telephone number is +1-441-296-1431. Communications can also be sent c/o CME Development Corporation at 52 Charles Street, London, W1J 5EU United Kingdom, telephone number +44-20-7127-5800.

We make available, free of charge, on our website at <http://www.cetv-net.com> our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC").

CORPORATE STRUCTURE

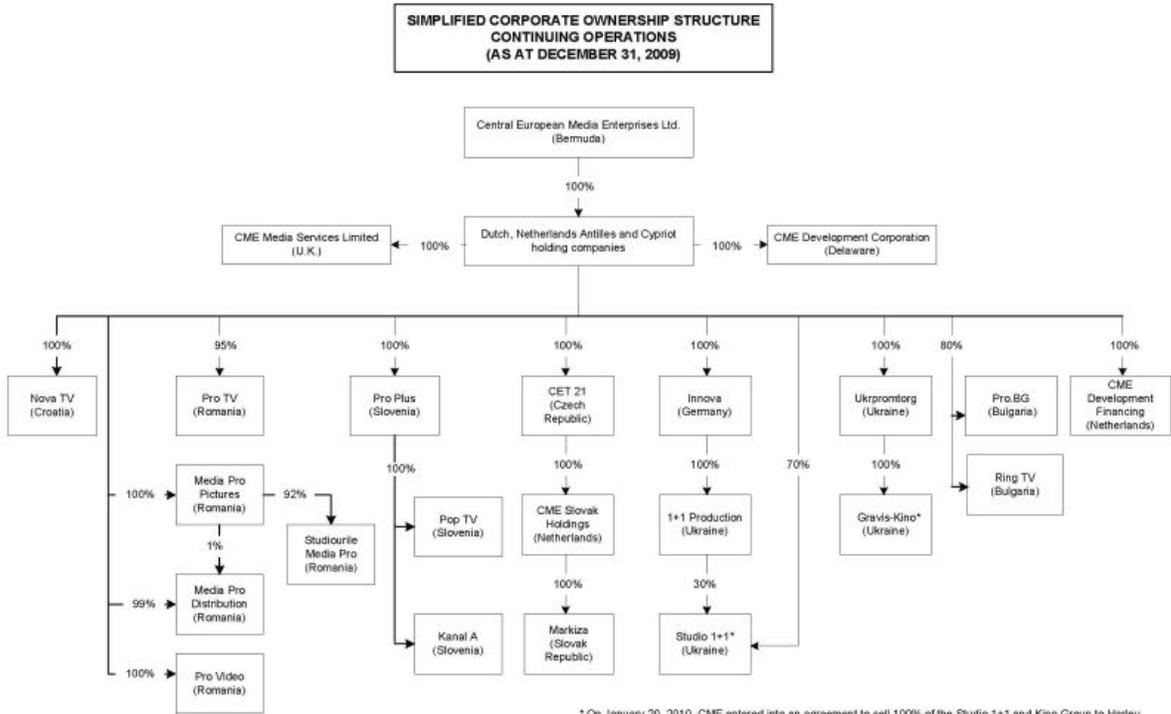
CME was incorporated on June 15, 1994 under the laws of Bermuda. Our assets are held through a series of Dutch, Netherlands Antilles and Cypriot holding companies. We have ownership interests in license companies and operating companies in each market in which we operate. Operations are conducted either by the license companies themselves or by separate operating companies. License companies have been authorized by the relevant local regulatory authority to engage in television broadcasting in accordance with the terms of a particular license. We generate revenues primarily through entering into agreements with advertisers, advertising agencies and sponsors to place advertising on air of the television channels that we operate. Other than in Bulgaria and Slovenia, the license companies also act as operating companies. Our share of profits in our license and operating companies corresponds with our voting interest. Below is an overview of our operating structure at December 31, 2009 and a chart that details our simplified corporate structure.

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Company Name	Effective Voting Interest	Type of Affiliate	TV Channels
Bulgaria			
<u>Operating Companies:</u>			
LG Consult EOOD	80.0%	Consolidated Subsidiary	N/A
Ring TV EAD ("Ring TV")	80.0%	Consolidated Subsidiary	RING TV
<u>License Company:</u>			
PRO BG MEDIA EOOD ("Pro.bg")	80.0%	Consolidated Subsidiary	PRO.BG
Croatia			
<u>License Company:</u>			
Nova TV d.d. ("Nova TV (Croatia)")	100.0%	Consolidated Subsidiary	NOVA TV (Croatia)
Czech Republic			
<u>License Company:</u>			
CET 21 spol. sr.o. ("CET 21")	100.0%	Consolidated Subsidiary	TV NOVA (Czech Republic), NOVA CINEMA and NOVA SPORT MTV CZECH
Romania			
<u>Operating Companies:</u>			
Media Pro International S.A. ("MPI")	95.0%	Consolidated Subsidiary	N/A
Media Vision S.R.L. ("Media Vision")	95.0%	Consolidated Subsidiary	N/A
<u>License Company:</u>			
Pro TV S.A. ("Pro TV")	95.0%	Consolidated Subsidiary	PRO TV, ACASA, PRO CINEMA, PRO TV INTERNATIONAL, MTV ROMANIA and SPORT.RO
Slovak Republic			
<u>License Company:</u>			
MARKIZA-SLOVAKIA, spol. s r.o. ("Markiza")	100.0%	Consolidated Subsidiary	TV MARKIZA, DOMA
Slovenia			
<u>Operating Company:</u>			
Produkcija Plus d.o.o. ("Pro Plus")	100.0%	Consolidated Subsidiary	N/A
<u>License Companies:</u>			
POP TV d.o.o. ("Pop TV")	100.0%	Consolidated Subsidiary	POP TV
TELEVIDEO d.o.o. ("Televideo")	100.0%	Consolidated Subsidiary	TV PIKA
Kanal A d.o.o. ("Kanal A")	100.0%	Consolidated Subsidiary	KANAL A
Ukraine			
<u>Operating Companies:</u>			
Innova Film GmbH ("Innova")	100.0%	Consolidated Subsidiary	N/A
International Media Services Ltd. ("IMS")	100.0%	Consolidated Subsidiary	N/A

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Company Name	Effective Voting Interest	Type of Affiliate	TV Channels
I+1 Production	100.0%	Consolidated Subsidiary	N/A
TV Media Planet Limited (“TV Media Planet”)	100.0%	Consolidated Subsidiary	N/A
License Company:			
Studio I+1 LLC (“Studio I+1”)	100.0%	Consolidated Subsidiary	STUDIO I+1 STUDIO I+1 INTERNATIONAL
Gravis – Kino LLC (“Gravis-Kino”)	100.0%	Consolidated Subsidiary	KINO
Tor LLC (“Tor”)	100.0%	Consolidated Subsidiary	KINO
Zhysa LLC (“Zhysa”)	100.0%	Consolidated Subsidiary	KINO



* On January 20, 2010, CME entered into an agreement to sell 100% of the Studio 1+1 and Kino Group to Harley Trading Limited, a company beneficially owned by Igor Kolomoisky, a shareholder and member of our Board of Directors (see Part II, Item 8, Note 24, "Subsequent Events").

OPERATING ENVIRONMENT

Our television channels reach an aggregate of approximately 92 million people in seven countries with a combined population of approximately 96.5 million people. The rankings of our channels in the markets in which they broadcast are reflected below.

Country	TV Channels	Launch Date	Technical Reach (1)	2009 All Day Audience Share (2)	Market Rank (2)
Bulgaria	PRO.BG	November 2007 (3)	81.6%	2.6%	6
	RING.BG	September 1998 (3)	62.5%	0.7%	13
Croatia	NOVA TV (Croatia)	August 2000 (4)	89.0%	22.8%	3
Czech Republic	TV NOVA (Czech Republic)	February 1994 (5)	99.5%	41.6%	1
	NOVA SPORT	April 2002 (6)	27.3%	n/a	n/a
	NOVA CINEMA	December 2007	59.0%	2.1%	5
Romania	MTV CZECH	November 2009	n/a	n/a	n/a
	PRO TV	December 1995	98.6%	17.2%	1
	ACASA	February 1998	90.0%	5.9%	3
	PRO CINEMA	April 2004	76.9%	1.9%	11
	SPORT.RO	July 2003 (7)	65.9%	1.8%	12
Slovak Republic	MTV ROMANIA	June 2002 (8)	57.8%	0.6%	30
	TV MARKIZA	August 1996	99.2%	31.2%	1
Slovenia	DOMA	August 2009	54.1%	0.7%	4
	POP TV	December 1995	95.2%	25.6%	1
	KANAL A	October 1991 (9)	94.0%	13.0%	3
Ukraine	TV PIKA	April 1998 (10)	66.0%	1.0%	6
	STUDIO 1+1	January 1997	98.8%	9.2%	4
	KINO	August 1993 (11)	65.7%	0.7%	15

(1) Source: Bulgaria: TNS; Croatia: AGB Nielsen Media Research; Czech Republic: ATO - Mediaresearch; Romania: GFK; Slovak Republic: PMT / TNS SK; Slovenia: AGB Nielsen Media Research; Ukraine: GFK. "Technical Reach" is a measurement of the percentage of a country's population that is able to receive the signals of the indicated channels.

(2) Source: Bulgaria: TNS; Croatia: AGB Nielsen Media Research; Czech Republic: ATO - Mediaresearch; Romania: GFK; Slovak Republic: PMT / TNS; Slovenia: AGB Nielsen Media Research; Ukraine: GFK. All day audience share and market rank is shown for each channel's sales target group.

(3) We acquired PRO.BG and RING.BG in August 2008.

(4) We acquired NOVA TV (Croatia) in July 2004.

(5) We acquired TV NOVA (Czech Republic) in May 2005.

(6) We acquired NOVA SPORT in September 2005.

(7) We acquired SPORT.RO in March 2007.

(8) We acquired the license to broadcast MTV ROMANIA in December 2007.

(9) We acquired KANAL A in October 2000.

(10) We acquired the remaining 80% ownership in TV PIKA in September 2009.

(11) We acquired KINO in January 2006 and relaunched it in July 2006.

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The following table shows the population, technical reach of our primary channel, number and proportion of television households, and cable penetration for those countries of Central and Eastern Europe where we conduct broadcast operations as of December 31, 2009.

Country	Population (in millions) (1)	Technical reach (in millions) (2)	Television Households Reached (in millions) (3)	Television Households Reached (%) (3)	Cable Penetration (3)
Bulgaria	7.5	7.2	2.7	99%	57%
Croatia	4.4	4.1	1.3	97%	16%
Czech Republic	10.5	9.9	4.1	98%	22%
Romania	20.6	20.4	6.9	97%	67%
Slovak Republic	5.4	5.1	1.6	99%	46%
Slovenia	2.0	1.9	0.7	99%	70%
Ukraine	46.1	43.4	18.6	99%	57%
Total	96.5	92.0	35.9		

(1) Source: Global Insight.

(2) Source: CME research based on the location, power and frequency of transmitters and the local population density and geography around the transmitter. The technical reach is distinct from the independent third party measurement that determines audience shares.

(3) Source: Bulgaria: TNS, Croatia: AGB Nielsen Media Research; Czech Republic: ATO Mediaresearch (Continual Study); Romania: GFK– Establishment Survey; Slovak Republic: TNS; Slovenia: AGB Nielsen Media Research –Establishment Survey 2008; Ukraine: GFK.

REGULATION OF TELEVISION BROADCASTING

General

Television broadcasting in each of the countries in which we operate is regulated by a governmental authority or agency. In this report, we refer to such agencies individually as a “Media Council” and collectively as “Media Councils”. Media Councils generally supervise broadcasters and their compliance with national broadcasting legislation, as well as control access to the available frequencies through licensing regimes.

Programming and Operation Regulation

The majority of countries in which we operate are member states of the European Union (“EU”) and our broadcast operations in such countries are subject to relevant EU legislation relating to media. The Czech Republic, Slovenia and the Slovak Republic acceded to the EU on May 1, 2004. Romania and Bulgaria acceded to the EU on January 1, 2007. Croatia is a candidate for EU accession.

The EU Audiovisual Media Services Directive (the “AVMS Directive”) came into force in December 2007, amending the Television Without Frontiers Directive (the “TWF Directive”). The AVMS Directive extends the legal framework from television broadcasting provided by the TWF Directive to media services generally in the EU. The AVMS Directive covers both linear (i.e., broadcasting) and non-linear (e.g., video-on-demand and mobile television) transmissions of media services, with the latter subject to less stringent regulation. Among other things, the AVMS Directive preserves the requirement that broadcasters, where “practicable and by appropriate means,” reserve a majority of their broadcast time for “European works.” Such works are defined as originating from an EU member state or a signatory to the Council of Europe’s Convention on Transfrontier Television as well as being written and produced mainly by residents of the EU or Council of Europe member states or pursuant to co-production agreements between such states and other countries. In addition, the AVMS Directive also preserves the requirement that at least 10% of either broadcast time or programming budget is dedicated to programs made by European producers who are independent of broadcasters. News, sports, games, advertising, teletext services and teleshopping are excluded from the calculation of these quotas. The AVMS Directive has relaxed regulations in respect of advertising shown in linear broadcasts and has extended some of those rules to non-linear broadcasts. In general, rules restricting when programming can be interrupted by advertising in linear broadcasting have been abolished except in the case of movies, news and childrens programming, where programming can be interrupted once every thirty minutes or more. In addition, broadcasters may use product placement in most genres, subject to the identification of such practices and limitations on prominence.

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Member states were required to implement the AVMS Directive by December 19, 2009, although of the countries in which we operate only Romania and the Slovak Republic have notified the European Commission that the regulations have been put in place. The Bulgarian and Czech Republic governments are reviewing draft implementing regulations and in Slovenia legislation is in the drafting stage. Under the AVMS Directive, member states are permitted to adopt stricter conditions than those set forth in the AVMS Directive. The legislation enacted in Slovakia and Romania is consistent with the EU rules. We are unable to predict the final form of the regulations in countries where the AVMS Directive has yet to be implemented. Where possible, we intend to continue to participate actively in any consultation process regarding the implementation of the AVMS Directive in the EU countries in which we operate. Please see “Operations by Country” below for more detailed information on programming regulations that impact our channels.

Licensing Regulation

The license granting and renewal process in our operating countries varies by jurisdiction and by type of broadcast permitted by the license (i.e., cable, terrestrial, satellite). Depending on the country, terrestrial licenses may be valid for an unlimited time period, may be renewed automatically upon application or may require a more lengthy renewal procedure, such as a tender process. Generally cable and satellite licenses are granted or renewed upon application. We expect each of our licenses to be renewed or new licenses to be granted as required to continue to operate our business. In addition, as our operating countries transition from analog to digital terrestrial broadcasting, we have applied and will continue to apply for and obtain digital licenses that are issued in replacement of analog licenses. We will also apply for additional digital licenses and for licenses to operate digital networks where such applications are permissible and prudent.

The transition to digital terrestrial broadcasting in each jurisdiction in which we operate generally follows similar stages, although the approach being applied is not uniform. Typically, legislation governing the transition to digital is adopted addressing the licensing of operators of the digital networks as well as the licensing of digital broadcasters, technical parameters concerning the allocation of frequencies to be used for digital services (including those currently being used for analog services), broadcasting standards to be provided, the timing of the transition and, ideally, principles to be applied in the transition, including transparency and non-discrimination. As a rule, these are embodied in a technical transition plan (“TTP”) that, in most jurisdictions, is agreed among the relevant Media Council, the national telecommunications agency (which is generally responsible for the allocation and use of frequencies) and the broadcasters. The TTP will typically include the following: the timeline and final switchover date, time allowances for the phases of the transition, allocation of frequencies for digital broadcasting and other digital services, methods for calculating digital terrestrial signal coverage and penetration of set top boxes, parameters for determining whether the conditions for switchover have been satisfied for any phase, the technical specifications for broadcasting standards to be utilized and technical restrictions on parallel broadcasting in analog and terrestrial during the transition phase. Of our markets, Bulgaria, the Czech Republic, the Slovak Republic and Slovenia are the furthest advanced in the transition to digital. All four have adopted new legislation or amendments to existing legislation and TTPs in order to facilitate the transition. Generally, this legislation provides that incumbent analog broadcasters are entitled to receive a digital license or that current licenses entitle the holders to digital terrestrial broadcasting, although broadcasters in a specific jurisdiction may be required to formally file an application in order for a digital license to be issued. Please see “Operations by Country” below for detailed information regarding licenses for each of our channels.

OPERATIONS BY COUNTRY

BULGARIA

General

Bulgaria, which acceded to the European Union on January 1, 2007, is a parliamentary democracy with a population of approximately 7.5 million people. Per capita GDP is estimated to be US\$ 6,228 in 2009, a decline of 5.1% from 2008. We operate two channels in Bulgaria, PRO.BG, a terrestrial channel, that broadcasts nationally and RING.BG, a cable sports channel.

On February 18, 2010, we entered into an agreement with News Corporation under which we will acquire 100% of Balkan News Corporation EAD (“BNC”) and TV Europe B.V., which operate the bTV, bTV Comedy and bTV Cinema channels and 74% of Radio Company C.J. OOD, which operates several radio stations (collectively the “bTV group”), for cash consideration of US\$ 400.0 million. (See Part II, Item 8, Note 24, “Subsequent Events”.)

Audience Share

PRO.BG’s target audience is the 18-49 urban and RING.BG’s target audience is 18-54 male. The chart below summarizes the all day and prime time audience share figures in the relevant target group:

	2005	2006	2007	2008	2009
PRO.BG					
All day	-	-	0.1%	2.7%	2.6%
Prime time	-	-	0.1%	2.4%	2.6%
RING.BG					
All day	0.6%	0.5%	0.2%	0.3%	0.7%
Prime time	0.5%	0.5%	0.2%	0.2%	0.7%

Source: TNS.

Programming

PRO.BG broadcasts 24 hours per day and its programming strategy is to appeal to a broad audience through a wide range of programming, including news, sitcoms, police series, soap operas and game shows. Approximately 49% of PRO.BG’s programming is locally produced.

PRO.BG is required to comply with several restrictions on programming. These include the requirement that 50% of broadcast time consist of locally produced programming and 12% of programming be produced by independent producers in the EU. PRO.BG’s most successful program in 2009 was the broadcast of the Bulgarian National Football League. Local programs that delivered the best performance in 2009 were the ‘Azis Late Night Show’ and ‘Urban Legends’.

RING.BG broadcasts 24 hours per day and targets a male audience with sports programming such as football matches and volleyball. Approximately 17% of RING.BG’s programming is locally produced, including a live studio show ‘Open Ring’, all live sports events, ‘Blitz News’ and ‘Live Sports News’. RING TV’s most successful program in 2009 was the broadcast of the Champions League and Europa League.

Advertising

Our existing Bulgaria operations derive revenues principally from the sale of commercial advertising time on the PRO.BG and RING.BG channels as well as revenue from cable providers who pay for the right to carry RING.BG. Advertising is sold through a contracted advertising agency. Our Bulgarian channels currently serve a variety of advertisers and cable operators. The top ten cable operators and advertising clients on our Bulgarian channels contributed approximately 22% of our total Net Revenues in Bulgaria in 2009.

Within the Bulgarian advertising market, television accounts for approximately 55% of total advertising spending. Television competes for advertising revenues with other media such as print, radio, outdoor advertising and direct mail.

Privately owned broadcasters are permitted to broadcast advertising for up to 12 minutes per hour. The public broadcaster, BNT, which is also financed through a compulsory television license fee, is restricted to broadcasting advertising for 4 minutes per hour and no more than 15 minutes per day. There are also restrictions on the frequency of advertising breaks (for example, news and childrens' programs shorter than 30 minutes cannot be interrupted). These restrictions apply to both publicly and privately owned broadcasters. Further restrictions relate to advertising content, including a ban on tobacco advertising and restrictions on alcohol advertising, and regulations on advertising targeted at children or during childrens' programming. In addition, members of the news department of our channels are prohibited from appearing in advertisements.

Competition

In addition to PRO.BG, Bulgaria is served by the national public broadcaster BNT and two significant privately owned national broadcasters, bTV and Nova TV, as well as a number of smaller cable or satellite channels. In terms of its current audience share, PRO.BG is comparable to the larger cable or satellite channels in the Bulgarian market, including DIEMA +, DIEMA 2, FOX LIFE and TV7.

The chart below provides a comparison of the all day audience share and technical reach in our target group of our Bulgarian channels to those of our main competitors:

Main Television Channels	Ownership	Year of first transmission	Signal distribution	All day audience share (2009)	Technical reach
bTV	News Corp	2000	Cable / Terrestrial / Satellite	33.0%	99.9%
NOVA TV	MTG	1994	Cable / Terrestrial / Satellite	23.0%	97.6%
BNT	Public television	1959	Cable / Terrestrial / Satellite	8.9%	99.0%
DIEMA +	MTG	1999	Cable / Terrestrial / Satellite	2.8%	70.8%
PRO.BG	CME	2007	Cable / Terrestrial / Satellite	2.6%	81.6%
RING.BG	CME	1998	Cable / Satellite	0.7%	62.5%
Others				29.0%	
				<hr/> 100%	

Source: TNS.

Licenses

PRO.BG operates pursuant to a national programming license issued by the Council for Electronic Media, the Bulgarian Media Council, and broadcasts pursuant to a network of regional analog broadcasting permits that will expire at the time of the switchover to digital broadcasting, which is expected to occur by the end of 2012. In January 2010, PRO.BG received a must-carry digital license that expires in January 2025 and expects to begin digital broadcasting by the end of 2010. RING.BG broadcasts pursuant to a national cable registration that is valid for an indefinite time period.

Ownership

We indirectly own an 80% voting and economic interest in each of Pro.bg, which holds the license for PRO.BG and Ring.bg, which operates the RING.BG cable sports channel.

CROATIA

General

Croatia is a parliamentary democracy with a population of approximately 4.4 million people. Per capita GDP is estimated to be US\$ 14,488 in 2009, a decline of 5.6% from 2008. We operate one national television channel in Croatia, NOVA TV (Croatia).

Audience Share

NOVA TV (Croatia)'s target demographic is 18-49. The chart below summarizes the all day and prime time audience share figures for NOVA TV (Croatia) in that target group:

	2005	2006	2007	2008	2009
All day	14.0%	15.7%	18.7%	22.5%	22.8%
Prime time	14.5%	17.3%	19.7%	25.3%	27.4%

Source: AGB Nielsen Media Research.

Programming

NOVA TV (Croatia) broadcasts approximately 23 hours per day. Its programming strategy is to appeal to a commercial audience through a wide range of programming. NOVA TV (Croatia)'s programming focus is locally produced news, sitcoms, magazine and other shows, together with popular acquired programming, including movies, series, sitcoms, soap operas and sports.

Approximately 36% of NOVA TV (Croatia)'s programming is locally produced. The most successful locally produced programs in 2009 were the reality show 'The Farm' and entertainment shows such as 'Got Talent' and 'The Best Years'. We also continued to broadcast some of last year's well received programs such as 'Nad Lipom 35' ('35 Lime Street') and a sitcom show 'Crazy, Confused, Normal'. Our central news program continued to grow in audience share with an average share for 2009 of 33.3%, an increase of 4.2% from 2008.

NOVA TV (Croatia) has secured exclusive broadcast rights in Croatia for a variety of popular American and European series, films and soap operas produced by major international studios, including Sony, Paramount Universal and Walt Disney Television International. All foreign language programming is subtitled. Foreign news reports and film footage licensed from Reuters, APTN and SNTV is integrated into news programs.

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NOVA TV (Croatia) is required to comply with several restrictions on programming, including regulations on the origin of programming. These include the requirement that 20% of broadcast time consists of locally produced programming and 50% of such locally produced programming be shown during prime time (between 4:00 p.m. and 10:00 p.m.).

Advertising

Our Croatia operations derive revenues principally from the sale of commercial advertising time on NOVA TV (Croatia), sold both through independent agencies and media buying groups. NOVA TV (Croatia) currently serves a wide variety of advertisers, including domestic and multinational companies such as Croatian Telecom, Agrokor, Procter & Gamble, Vipnet, L'Oréal, Wrigley and Reckitt Benckiser. The top ten advertising clients of NOVA TV (Croatia) contributed approximately 36% of our total Net Revenues in Croatia in 2009.

Within the Croatian advertising market, television advertising accounts for approximately 54% of total advertising spending. Television competes for advertising revenues with other media such as print, radio, outdoor advertising and direct mail.

Privately owned broadcasters are permitted to broadcast advertising for up to 12 minutes per hour with no daily limit, and direct sales advertising has to last continuously for at least 15 minutes. Additional restrictions apply to children's programming and movies. The public broadcaster HRT, which is financed through a compulsory television license fee, is restricted to broadcasting 9 minutes of advertising per hour. HRT is not permitted to broadcast spots for teleshopping. There are other restrictions that relate to advertising content, including a ban on tobacco and alcohol advertising

Competition

In addition to NOVA TV (Croatia), Croatia is served by HRT1 and HRT2, two channels operated by the public broadcaster HRT, and privately owned broadcaster RTL.

The chart below provides a comparison of our all day audience share and technical reach in our target group to those of our competitors:

Main Television Channels	Ownership	Year of first transmission	Signal distribution	All day audience share (2009)	Technical reach
RTL	Bertelsmann	2004	Terrestrial / satellite / cable	26.2%	97%
HTV 1	Public Television	1956	Terrestrial / satellite / cable	23.6%	96%
NOVA TV (Croatia)	CME	2000	Terrestrial / satellite / cable	22.8%	89%
HTV 2	Public Television	1972	Terrestrial / satellite / cable	12.8%	96%
Others				14.6%	
				100.0%	

Source: AGB Nielsen Media Research.

NOVA TV (Croatia) also competes for audience share with smaller terrestrial, cable and satellite channels.

Licenses

NOVA TV (Croatia) broadcasts pursuant to a national analog license granted by the Croatia Media Council, the Electronic Media Council, that expires in March 2010. The Croatia Media Council is holding a public tender for this license prior to its expiration. NOVA TV (Croatia) must submit its application by mid-March 2010. We expect to be granted the license at the completion of the tender. Legislation regarding the transition to digital is under discussion in Croatia. We anticipate that legislation will be adopted in 2010 that will address digital licensing and the TTP in a comprehensive way. We expect that NOVA TV (Croatia) will receive a digital license.

Ownership

We own 100% of the voting and economic interests in Nova TV (Croatia), the operating company for NOVA TV (Croatia).

CZECH REPUBLIC

General

The Czech Republic is a parliamentary democracy with a population of approximately 10.5 million people. Per capita GDP in 2009 is estimated to be US\$ 18,294, a decline of 4.1% from 2008. We operate one national television channel in the Czech Republic, TV NOVA (Czech Republic), and three cable/satellite channels, NOVA SPORT, NOVA CINEMA, and MTV CZECH.

Audience Share

TV NOVA (Czech Republic)

TV NOVA (Czech Republic)'s target demographic is 15-54. The chart below summarizes the all day and prime time audience share figures for TV NOVA (Czech Republic) in that target group:

	2005	2006	2007	2008	2009
All day	42.4%	43.6%	43.0%	41.5%	41.6%
Prime time	43.6%	47.3%	46.8%	45.8%	46.8%

Source: ATO – Mediaresearch.

NOVA SPORT

NOVA SPORT, currently has carriage agreements with the large cable distributors and with all direct-to-home (“DTH”) distributors in the Czech Republic and the Slovak Republic. NOVA SPORT reaches approximately 1.71 million subscribers out of the approximately 3.07 million households receiving cable in the combined markets.

NOVA CINEMA

We estimate that NOVA CINEMA had an all day audience share of 2.1% in 2009.

MTV CZECH

We launched MTV Czech in November 2009 which is also broadcast in Slovakia, targeting the youth niche segment, further expanding our multi-channel strategy.

Programming

TV NOVA (Czech Republic) broadcasts 24 hours per day and its programming strategy is to appeal to a broad audience, especially during prime time, with news, movies, entertainment programs and sports highlights, and to target more specific demographics in off-peak broadcasting hours. Approximately 44% of the programming on TV NOVA (Czech Republic) is locally produced, including 'Televizni noviny' ('TV News'), 'Ordinace v ruzove zahrade' ('Rose Garden Medical'), an original Czech series and 'Ulice' ('The Street'), an originally produced Czech soap opera. 'Televizni noviny', the nightly news program of TV NOVA (Czech Republic) achieves the highest ratings among all Czech television shows on a regular basis. 'Ordinace v ruzove zahrade' ('Rose Garden Medical') and 'Ulice' ('The Street') are also among the top-rated shows in the Czech Republic. TV NOVA (Czech Republic) entertainment formats are quite popular with the local version of Pop Idol, which was produced and broadcast, together with our sister station, TV MARKIZA, and was one of the highest rated shows of 2009.

TV NOVA (Czech Republic) has secured exclusive broadcast rights in the Czech Republic to a variety of popular American and European series and films produced by major international studios, including DreamWorks/Paramount, Warner Brothers, Sony Pictures, NBC Universal, Twentieth Century Fox, MGM and independent programming providers like CBS Paramount, EEAP, Grand View Castle and SPI. All foreign language programming is dubbed into the Czech language. Foreign news reports and film footage licensed from CNN, Reuters, APTN, SNTV and ENEX are integrated into news and public affair programs on TV NOVA (Czech Republic).

NOVA SPORT broadcasts high quality sports and sport-related programming in the Czech Republic and the Slovak Republic. NOVA SPORT has secured broadcast license rights to some of the most popular sports programming in its markets, including the National Hockey League, the FA Premier League, the FA Cup, the French Football League, Barca TV, the National Basketball Association, ATP Tennis tournaments, Moto GP, KHL (Kontinental Hockey League), Formula One, motorcycle and automobile races, golf tournaments and other competitions. The program schedule also contains sport documentaries on popular sports in the Czech and Slovak Republics.

NOVA CINEMA is a niche channel focusing on films and series. It broadcasts new and older movies and popular American series, as well as a mixture of short programs such as cinema news and star profiles.

MTV CZECH in the Czech Republic and Slovakia broadcasts 24 hours per day with a programming strategy to attract young audience. It broadcasts music and youth related programming mainly from the MTV library, such as 'The Hills', 'Cribs' and 'Pimp My Ride'.

Advertising

TV NOVA (Czech Republic) derives revenues principally from the sale of commercial advertising time through media buying groups and independent agencies. Advertisers include large multinational firms such as Danone, CS Group, Procter & Gamble, T-Mobile, Nestlé, Henkel, Laboratoires Garnier and Reckitt Benckiser. The top ten advertisers on TV NOVA (Czech Republic) contributed approximately 36% of our total Net Revenues in Czech Republic in 2009.

NOVA SPORT and MTV CZECH derive revenues principally from cable subscription fees and each carries a low volume of advertising.

NOVA CINEMA was a cable and satellite channel through December 2008, when it began broadcasting in Digital Video Broadcasting Terrestrial ("DVB-T"). Prior to being distributed on DVB-T, NOVA CINEMA derived its revenue from cable subscription fees and carried a low volume of advertising. Since January 2009, NOVA CINEMA has derived its revenue only from advertising.

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Within the Czech Republic advertising market, television accounts for approximately 43% of total advertising spending. Television competes for advertising revenues with other media such as print, radio, outdoor advertising, internet and direct mail.

Privately owned broadcasters in the Czech Republic are permitted to broadcast advertising for up to 12 minutes per hour, but not for more than 15% of their total daily broadcast time. From January 1, 2008, public broadcaster CT, which is financed through a compulsory television license fee, has been restricted to broadcasting advertising for a maximum of 0.75% of its daily broadcast time on its main channel (excluding teleshopping), and 0.5% for its other channel, without the ability to combine. There are also restrictions for all broadcasters on the frequency of advertising breaks during and between programs, as well as restrictions that relate to advertising content, including a ban on tobacco advertising and limitations on advertisements of alcoholic beverages.

Competition

In addition to TV NOVA (Czech Republic), the Czech Republic is served by two national channels operated by the public broadcaster, CT1 and CT2, and by the national privately owned broadcaster TV Prima.

The chart below provides a comparison of the all day audience share and technical reach in our target group of our Czech Republic channels to those of their competitors:

Main Television Channels	Ownership	Year of first transmission	Signal distribution	All day audience share (2009)	Technical reach
TV NOVA (Czech Republic)	CME	1994	Terrestrial / satellite	41.6%	99.5%
TV Prima	Modern Times Group/Local owners	1993	Terrestrial / satellite	16.4%	99.6%
CT 1	Public Television	1953	Terrestrial / satellite	15.7%	97.5%
CT 2	Public Television	1970	Terrestrial / satellite	5.1%	96.9%
NOVA CINEMA (1)	CME	2007	Terrestrial / satellite	2.1%	59.0%
NOVA SPORT	CME	2002	Cable / satellite	-%	27.3%
Others				19.1%	
				100.0%	

Source : ATO – Mediaresearch.

(1) Technical Reach for NOVA CINEMA includes DVB-T

TV NOVA (Czech Republic) also competes for audiences with foreign terrestrial television channels in Austria, Germany, the Slovak Republic and Poland whose originating signals reach the Czech Republic, as well as with cable and satellite channels.

Licenses

Our four channels in the Czech Republic operate under a variety of licenses granted by the Czech Republic Media Council, The Council for Radio and Television Broadcasting. The process surrounding the digital switchover is fairly advanced in the Czech Republic and is expected to be completed in 2012; the analog switch-off has already occurred in certain parts of the country. TV NOVA (Czech Republic) broadcasts under a national terrestrial license that permits both digital and analog broadcasting. This license expires in January 2025, and TV NOVA (Czech Republic) will continue to broadcast under this license following the completion of the digital switchover. TV NOVA (Czech Republic) may also broadcast pursuant to a satellite license that expires in December 2020. NOVA CINEMA broadcasts pursuant to a national terrestrial license that permits digital broadcast; this license expires at the time the digital switchover is complete, at which point we expect that NOVA CINEMA will receive a new national terrestrial digital license. NOVA CINEMA also broadcasts via satellite pursuant to a license that is valid until November 2019. NOVA SPORT broadcasts under a license that allows for both satellite and cable transmission that expires in October 2020, and MTV CZECH broadcasts under a satellite license that expires in October 2021.

Ownership

We own 100% of CET 21, the operating company for TV NOVA (Czech Republic), NOVA CINEMA, NOVA SPORT and MTV CZECH.

ROMANIA

General

Romania is a parliamentary democracy with a population of approximately 20.6 million people. Per capita GDP is estimated to be US\$ 8,155 in 2009, a decline of 6.8% from 2008.

We operate six television channels in Romania, including PRO TV, ACASA, PRO CINEMA, SPORT.RO, MTV ROMANIA and PRO TV INTERNATIONAL, a channel distributed by satellite outside the country featuring programs re-broadcast from other Romanian channels.

Audience Share

PRO TV's target demographic is 18-49. The chart below summarizes the all day and prime time audience share figures for our Romanian channels in PRO TV's target group:

	2005	2006	2007	2008	2009
PRO TV					
All day	20.9%	20.7%	18.3%	16.5%	17.2%
Prime time	22.8%	22.9%	21.5%	19.7%	20.3%
ACASA					
All day	9.6%	8.5%	7.5%	8.1%	5.9%
Prime time	11.2%	9.0%	7.1%	9.4%	8.1%
SPORT.RO (1)					
All day	1.5%	1.5%	1.7%	1.6%	1.8%
Prime time	1.4%	1.3%	1.3%	1.2%	1.6%
PRO CINEMA					
All day	1.5%	1.8%	2.2%	2.0%	1.9%
Prime time	1.3%	1.5%	1.9%	1.8%	1.8%
MTV ROMANIA (2)					
All day	0.8%	0.8%	0.9%	0.6%	0.6%
Prime time	0.5%	0.5%	0.6%	0.5%	0.4%

Source: GFK, TNS/AGB International.

(1) We acquired SPORT.RO in December 2006.

(2) We acquired the license to operate MTV ROMANIA in December 2007.

Programming

PRO TV broadcasts 24 hours per day and its programming strategy is to appeal to a broad audience through a wide range of programming, including movies and series, news, sitcoms, police series, soap operas and game shows. More than 49% of PRO TV's programming is comprised of locally produced programming, including news and sports programs as well as local productions such as 'Dansez pentru tine' ('Dancing For A Dream'), 'Frumusete pe muchie de cutii' ('Extreme Makeover'), 'Serviti va rog' ('Bed and Breakfast') and 'Divertis Land of Jokes'. Apart from Europa League football matches and our main news program, 'New Year show' and 'Dancing For A Dream' were the top-rated shows in 2009.

PRO TV has secured exclusive broadcast rights in Romania to a variety of popular American and European programs and films produced by such companies as Warner Brothers and DreamWorks/Paramount. PRO TV also licenses foreign news reports and film footage from Reuters, APTN and ENEX to integrate into its news programs. All foreign language programs and films are subtitled in Romanian.

PRO TV is required to comply with several restrictions on programming, including the requirement that 49% of all material be locally produced as well as EU regulations on European programming.

ACASA broadcasts 24 hours per day and targets a female audience with programming such as telenovellas, films and soap operas, as well as news, daily local productions for women and families and talk shows. ACASA's audience demographics complement PRO TV's, providing an attractive advertising platform for advertisers across our group of channels. Approximately 24% of ACASA's programming is locally produced, including 'Inima de tigana' ('Gypsy Heart'), 'Regina' ('The Queen'), and 'Ingerasii' ('Little Angels'). 'Regina' ('The Queen') was the top-rated show on ACASA in 2009.

PRO CINEMA broadcasts 24 hours per day and is focused on those types of movies, series and documentaries that are popular among the upwardly mobile demographic, which is an attractive advertising target group. Local productions make up 27% of the programming.

SPORT.RO broadcasts 24 hours per day and targets male audiences with programming focusing on local and international football, international boxing and a number of local Romanian sports. Local productions make up 59% of the programming, the majority being general and special news programs.

PRO TV INTERNATIONAL broadcasts 24 hours per day and targets Romanian communities outside Romania. The channel re-broadcasts locally produced programming from certain of our Romanian channels (generally PRO TV and ACASA), as well as programming from Pro TV's library.

MTV ROMANIA broadcasts 24 hours per day, with a programming strategy to attract a young audience in Romania by broadcasting music and youth related programming such as 'A Shot at Love', 'Cribs' and 'Hogan Knows Best'. Approximately 4% of MTV ROMANIA's programming is locally produced.

Advertising

Our Romania operations derive revenues principally from the sale of commercial advertising time on the PRO TV, ACASA, SPORT.RO and PRO CINEMA channels, sold both through independent agencies and media buying groups. Our Romanian channels currently serve a wide variety of advertisers, including multinational companies such as Procter & Gamble, Vodafone, Orange, Cosmote & Germano, Unilever, L'Oréal, and Coca-Cola. The top ten advertising clients on our Romanian channels contributed approximately 29% of our total Net Revenues in Romania in 2009.

Within the Romanian advertising market, television accounts for approximately 63% of total advertising spending. Television competes for advertising revenues with other media such as print, radio, outdoor advertising and direct mail.

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Privately owned broadcasters are permitted to broadcast advertising for up to 12 minutes per hour but not for more than 15% of their total daily broadcast time, and an additional 5% of daily broadcast time may be used for direct sales advertising. The public broadcaster, TVR, which is financed through a compulsory television license fee, is restricted to broadcasting advertising for eight minutes per hour. There are also restrictions on the frequency of advertising breaks (for example, news and children's programs shorter than 30 minutes cannot be interrupted). These restrictions apply to both publicly and privately owned broadcasters. Further restrictions relate to advertising content, including a ban on tobacco advertising and restrictions on alcohol advertising, and regulations on advertising targeted at children or during children's programming. In addition, members of the news department of our channels are prohibited from appearing in advertisements.

Competition

Competitors of PRO TV include the public broadcaster TVR, which operates TVR 1 and TVR 2, and privately owned broadcasters Antena 1 and Prima TV.

The chart below provides a comparison of the all day audience share and technical reach in PRO TV's target group of our Romanian channels to those of our main competitors:

Main Television Channels	Ownership	Year of first transmission	Signal distribution	All day audience share (2009)	Technical reach
PRO TV	CME	1995	Terrestrial / satellite / cable	17.2%	98.6%
Antena 1	Local owner	1993	Terrestrial / satellite / cable	11.5%	93.8%
ACASA	CME	1998	Satellite / cable	5.9%	90.0%
Prima TV	SBS	1994	Terrestrial / satellite / cable	5.5%	91.7%
TVR 1	Public Television	1956	Terrestrial / satellite / cable	3.4%	99.5%
PRO CINEMA	CME	2004	Satellite / cable	1.9%	76.9%
TVR 2	Public Television	1968	Terrestrial / satellite / cable	1.5%	96.1%
SPORT.RO	CME	2003	Satellite / cable	1.8%	65.9%
MTV ROMANIA	CME	2002	Satellite / cable	0.6%	57.8%
Others				50.7%	
				100.0%	

Source: GFK, TNS/AGB International.

Our Romanian channels also compete for audience share with other cable and satellite stations. There is increased competition for audience share from new niche channels distributed over cable and satellite, which is reflected in the audience share of 50.9% for other stations for the year ended December 31, 2009.

Licenses

PRO TV broadcasts pursuant to a network of regional and local analog licenses granted by Romania's Media Council, The National Audio-Visual Council. PRO TV also broadcasts using a network of regional satellite licenses. Our other Romanian channels (ACASA, PRO CINEMA, SPORT.RO, MTV ROMANIA AND PRO TV INTERNATIONAL) each has a national cable and satellite license. Licenses for our Romania operations expire on dates ranging from April 2010 to May 2018 and are renewed routinely upon application to the Romania Media Council. The digital switchover in Romania is not as advanced as in other countries. While the Romanian governmental authorities have adopted amendments to existing legislation which provide that analog broadcasters are entitled to receive digital licenses, specific regulations to govern the transition to digitalization have yet to be adopted by the Romania Media Council. From 2009, the Romania Media Council may only extend the validity of a license until the date of the digital switchover. The existing law provides that broadcasters within the same multiplex are entitled to choose their own operator, whether one of those broadcasters, a separate company set up by those broadcasters or a third party.

Ownership

We own a 95% voting and economic interest in Pro TV. Adrian Sarbu, our President and Chief Executive Officer and a member of our Board of Directors, owns the remaining 5% voting and economic interest in Pro TV.

Our interest in our Romania operations is generally governed by the articles of Pro TV. We have the right to appoint two of the three members of the Council of Administration, the governing body of Pro TV. Although we have majority voting power in Pro TV, the affirmative vote of Mr. Sarbu is required with respect to certain financial and corporate matters. Such matters are in the nature of protective rights, and are not an impediment to consolidation for accounting purposes.

We also have a put option agreement with Mr. Sarbu that grants him the right to sell us his remaining interest in Pro TV and certain other companies of our Romania operations until November 12, 2029.

On December 9, 2009, we acquired the companies comprising Media Pro Entertainment (“MPE”) from Media Pro Management S.A. and Metrodome B.V., together “Media Pro”, two companies beneficially owned by Adrian Sarbu, our President and Chief Executive Officer and member of our Board of Directors since December 8, 2009. We purchased 100% of each of Media Pro Pictures S.A. (“Media Pro Pictures”), Pro Video s.r.l., Media Pro Music and Entertainment s.r.l., Media Pro Distribution s.r.l., Hollywood Multiplex Operations s.r.l. and Media Pro Pictures s.r.o., as well as the 92.2% interest that Media Pro Pictures holds in Media Pro Studios (Studiorile) S.A. and the 51% interest that Media Pro Pictures holds in Domino Production s.r.l. MPE produces and distributes television and film content and owns studio and production facilities and cinemas in Central and Eastern Europe. See Part II, Item 8, Note 3, “Acquisitions and Disposals”.

We have a 95% voting and economic interest in Media Vision, which provides programming and production services to Pro TV.

SLOVAK REPUBLIC

General

The Slovak Republic is a parliamentary democracy with a population of approximately 5.4 million people. Per capita GDP is estimated to be US\$ 16,355 in 2009, a decline of 5.0% from 2008. We operate two national television channels in the Slovak Republic, TV MARKIZA and DOMA.

Audience Share

TV MARKIZA’s target demographic is 12+. The chart below summarizes all day and prime time audience share figures for TV MARKIZA:

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	2005	2006	2007	2008	2009
All day	31.2%	33.7%	35.5%	35.1%	31.2%
Prime time	32.9%	35.9%	38.5%	36.8%	33.5%

Source: PMT, TNS.

DOMA

We launched DOMA on August 31, 2009 and achieved an all day audience share of 0.7% in 2009.

Programming

TV MARKIZA broadcasts 24 hours per day and its programming strategy is to appeal to a broad audience through news, movies, entertainment and sports programming, with specific groups targeted in off-peak broadcasting hours. Approximately 27% of TV MARKIZA's programming is locally produced, including 'Televizne noviny' ('TV News'), 'Sportove noviny' ('Sports News'), 'Cesko Slovenska Superstar' ('Pop Idol'), 'Ordinacia v Ruzovej zahrade' ('Rose Garden Care Centre') and 'Modre z neba' ('Best Wishes'). These programs are consistently the top-ranked shows in the Slovak Republic.

TV MARKIZA has secured exclusive broadcast rights to a variety of popular American and European series, films and telenovellas produced by major international studios including Warner Brothers, NBC Universal, CBS Paramount, Dreamworks/Paramount, Grandview-Castle, and Buena Vista. All foreign language programming (other than those in the Czech language) is dubbed into the Slovak language. Foreign news reports and film footage licensed from CNN, Reuters, APTN and SNTV are integrated into news programs on TV MARKIZA.

TV MARKIZA is required to comply with several restrictions on programming, including regulations on the origin of programming. These include the requirement that a minimum of 10% of programming be public interest programming (which includes news and topical shows), and that a minimum of 51% of films and series be European productions.

DOMA broadcasts 24 hours per pay and targets female audiences with programming such as telenovels, films and soap operas. DOMA plans to introduce its first local production in the spring of 2010 in the form of a women's magazine.

Advertising

TV MARKIZA derives revenues principally from the sale of commercial advertising time through media buying groups and independent agencies. Advertisers include large multinational companies such as Slovak Telecom Group, Orange, Reckitt Bentsicker, Procter & Gamble, L'Oréal, Slovenska Sporitelna, Telefonica O2, Nestlé and Henkel. TV MARKIZA's top ten advertisers contributed 37% of our total Net Revenues in Slovak Republic in 2009.

Within the Slovak advertising market, television accounts for approximately 49% of total advertising spending. TV MARKIZA also competes for advertising revenues with other media such as print, radio, outdoor advertising and direct mail.

Privately owned broadcasters are permitted to broadcast advertising for up to 12 minutes per hour but not for more than 15% of their total daily broadcast time. The public broadcaster, STV, which is financed through a compulsory license fee, can broadcast advertising for up to 12 minutes per hour, but between 7:00 p.m. and 10:00 p.m. may broadcast only 8 minutes of advertising per hour and not more than 3% of its total daily broadcast time. There are restrictions on the frequency of advertising breaks during and between programs. STV is not permitted to broadcast advertising breaks during programs. There are also restrictions that relate to advertising content, including a ban on tobacco advertising and a ban on advertisements of alcoholic beverages (excluding beer) between 6:00 a.m. and 10:00 p.m.

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DOMA's audience demographics compliment TV MARKIZA, providing an attractive advertising platform for advertisers targeting a female audience.

Competition

The Slovak Republic is served by two other national public television channels, STV1 and STV2. TV MARKIZA also competes with the privately owned broadcaster TV JOJ.

The chart below provides a comparison of the all day audience share in our target group and technical reach of TV MARKIZA and DOMA to those of our competitors:

Main Television Channels	Ownership	Year of first transmission	Signal distribution	All day audience share (2009)	Technical reach
TV MARKIZA	CME	1996	Terrestrial / satellite / cable	31.2%	99.2%
TV JOJ	Local owner	2002	Terrestrial / satellite / cable	20.0%	90.7%
STV 1	Public Television	1956	Terrestrial / satellite / cable	15.0%	99.9%
STV 2	Public Television	1969	Terrestrial / satellite / cable	4.0%	99.5%
DOMA	CME	2009	Cable/satellite	0.7%	54.1%
Others				29.1%	
				100.0%	

Source: CME.

TV MARKIZA also competes for audience share with foreign terrestrial television stations located in Austria, the Czech Republic and Hungary whose originating signals reach the Slovak Republic, as well as cable and satellite stations. These stations do not compete for advertising revenues in the Slovak Republic.

Licenses

TV MARKIZA broadcasts pursuant to a national analog license that expires in September 2019. The analog switch-off is expected to occur in the Slovak Republic in 2011. The Council for Broadcasting and Transmission, the Slovak Republic Media Council, granted TV MARKIZA a national digital license in January 2010; such license is valid for an indefinite period. TV Markiza intends to begin digital broadcasting in the second half of 2010. DOMA broadcasts under a license that permits digital, cable and satellite transmissions. Similar to the TV MARKIZA license, DOMA's license is valid for an indefinite period. DOMA, which now broadcasts in cable and satellite, intends to begin digital broadcasting at the time of the digital switchover in 2011.

Ownership

We own 100% of the voting and economic interests in Markiza, which is the licence holder for TV MARKIZA and DOMA.

SLOVENIA

General

Slovenia is a parliamentary democracy with a population of approximately 2.0 million people. Per capita GDP is estimated to be US\$ 25,271 in 2009, the highest per capita GDP in Central and Eastern Europe, a decline of 7.4% from 2008. We operate three national television channels in Slovenia, POP TV, KANAL A and TV PIKA.

Audience Share

POP TV and KANAL A's target demographic is 18-49. The chart below summarizes the all day and prime time audience share figures for POP TV and KANAL A in that target group:

	2005	2006	2007	2008	2009
POP TV					
All day	27.2%	29.1%	26.0%	25.2%	25.6%
Prime time	33.9%	36.0%	32.4%	31.9%	34.3%
KANAL A					
All day	11.4%	12.0%	14.2%	14.8%	13.0%
Prime time	13.5%	13.8%	15.4%	15.5%	13.6%

Source: AGB Nielsen Media Research.

TV PIKA

We estimate that TV PIKA had an all day audience share of 1.0% in 2009.

Programming

POP TV broadcasts 24 hours per day and its programming strategy is to appeal to a broad audience through a wide variety of programming including series, movies, news, variety and game shows and features. Approximately 41% of programming is locally produced, including 'Neighbours', a version of Slovakia's 'Susiedia', 'Preverjeno!' ('Confirmed!'), 'Trenja' ('Friction'), and reality show 'The Farm 2', which had the highest audience share and ratings for any reality show in Slovenia in 2009. KANAL A broadcasts 24 hours per day and has a programming strategy to complement that of POP TV with a mixture of locally produced programs (approximately 35% of programming in 2009) such as 'World on Kanal A', the reality show 'Big Brother' and acquired foreign programs, including films and series. TV PIKA broadcasts 20 hours per day and targets female audiences between 18-54 with programming such as telenovelas, TV movies and American series.

Pro Plus, the operating company for our Slovenia operations, has secured exclusive program rights in Slovenia to a variety of successful American and Western European programs and films produced by studios such as Warner Brothers, Twentieth Century Fox and Paramount. All foreign language programs and films are subtitled in Slovenian with the exception of some childrens' programming that is dubbed. Pro Plus has agreements with CNN, Reuters and APTN to receive foreign news reports and film footage to integrate into news programs on POP TV and KANAL A.

Our Slovenia operations are required to comply with several restrictions on programming, including regulations on the origin of programming. These include the requirement that 20% of a station's daily programming consist of locally produced programming, of which at least 60 minutes must be broadcast between 6:00 p.m. and 10:00 p.m. 2% of the station's annual broadcast time must be Slovenian origin audio-visual works and this amount must increase each year until it reaches 5%.

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Privately owned broadcasters are allowed to broadcast advertising for up to 12 minutes in any hour. The public broadcaster, SLO, which is financed through a compulsory television license fee, is allowed to broadcast advertising for up to 12 minutes per hour and for up to 15% of its total daily broadcasting time (with 10% for advertisements only), but is only permitted up to 9 minutes per hour between the hours of 6:00 p.m. and 11:00 p.m.

There are restrictions on the frequency of advertising breaks during programs. There are also restrictions that relate to advertising content, including a ban on tobacco advertising and a prohibition on the advertising of any alcoholic beverages from 7:00 a.m. to 9:30 p.m. and generally for alcoholic beverages with an alcoholic content of more than 15%.

Advertising

Pro Plus derives revenues from the sale of commercial advertising time on POP TV and KANAL A. Current multinational advertisers include firms such as Spar, Benckiser Adriatic, Procter & Gamble, SI Mobil, L'Oréal, Wrigley, Henkel and Ferrero, although no advertiser dominates the market. During 2009, Pro Plus serviced a wide variety of advertisers, the majority through advertising agencies. The top ten advertisers on POP TV and KANAL A contributed approximately 27% of our total Net Revenues in Slovenia in 2009.

Within the Slovenian advertising market, television accounts for approximately 63% of total advertising spending. POP TV and KANAL A compete for revenues with other media such as print, radio, outdoor advertising, the internet and direct mail.

Competition

Slovenia is served by two national public television channels, SLO 1 and SLO 2, and a privately owned broadcaster, TV3.

The chart below provides a comparison of the all day audience share in our target group and technical reach of our Slovenian channels to those of our competitors:

Main Television Channels	Ownership	Year of first transmission	Signal distribution	All day audience share (2009)	Technical reach
POP TV	CME	1995	Terrestrial / cable	25.6%	95%
SLO 1	Public Television	1958	Terrestrial / satellite / cable	13.5%	100%
KANAL A	CME	1991	Terrestrial / cable	13.0%	94%
SLO 2	Public Television	1967	Terrestrial / satellite / cable	7.8%	99%
TV3	Modern Times Group	1995	Terrestrial / cable	7.6%	78%
TV PIKA	CME	2009	Terrestrial / cable	1.0%	66%
Others				31.5%	
				100.0%	

Source: AGB Nielsen Media Research.

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Our Slovenia operations also compete for audience share with foreign television stations, particularly Croatian, Italian, German and Austrian stations whose originating signals reach Slovenia.

Licenses

Our Slovenian channels POP TV and KANAL A each have a national analog license that expires in August 2012 granted by the Post and Electronic Communications Agency of the Republic of Slovenia, the Slovenia Media Council. In addition, POP TV, KANAL A and our third channel in Slovenia, TV PIKA, have been issued licenses that allow for broadcasting on any platform, including digital, cable and satellite, which are valid for an indefinite time period. We anticipate that the switchover to digital in Slovenia will be completed by December 2010, at which point analog licenses will be cancelled.

Ownership

We own 100% of the voting and economic interests in Pro Plus, the operating company for our Slovenia operations. Pro Plus has a 100% voting and economic interest in Pop TV, Kanal A and Televideo.

UKRAINE

General

Ukraine, the most populous market in which we operate, is a parliamentary democracy with a population of approximately 46.1 million people. Per capita GDP is estimated to be US\$ 2,416 in 2009, the lowest of all our markets, a decline of 13.8% from 2008.

We operate one national television channel in Ukraine, STUDIO 1+1, and KINO, a network of regional channels. On January 20, 2010, we entered into an agreement to sell 100% of our interests in our Ukraine operations to Igor Kolomoisky, a CME shareholder and a member of our Board of Directors, for US\$ 300.0 million in cash plus the reimbursement of our cash operating expenses between signing and closing, estimated to be US\$ 19.0 million (see Part II, Item 8, Note 22, "Related Party Transactions").

Audience Share

STUDIO 1+1's target demographic is 18-54. The chart below summarizes the all day and prime time audience share figures for STUDIO 1+1 and KINO in that target group:

	2005	2006	2007	2008	2009
STUDIO 1+1					
All day	20.8%	18.3%	14.9%	10.9%	9.2%
Prime time	23.4%	23.2%	17.6%	12.4%	11.6%
KINO					
All day	0.0%	0.3%	0.9%	0.8%	0.7%
Prime time	0.0%	0.2%	0.6%	0.6%	0.6%

Source: GFK Ukraine.

Programming

STUDIO 1+1's programming strategy is to appeal to a broad audience through a wide variety of programming, including series (popular Russian police and action series in particular), movies and locally produced Ukrainian shows, features and news. In 2009, approximately 17% of programming for prime-time broadcasting hours consisted of either in-house or outsourced local productions, which consist primarily of news broadcasts and news related programs and entertainment shows.

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The Studio 1+1 group has secured exclusive territorial or local language broadcast rights in Ukraine to a variety of successful high quality Russian, American and Western European programs and films from many of the major studios, including Warner Brothers, Paramount, Universal and Columbia. Studio 1+1 has agreements with Reuters for foreign news packages and other footage to be integrated into its programming. Most non-Ukrainian language programs and films (including those in the Russian language) are dubbed or subtitled in Ukrainian.

KINO, which targets the 15-50 age group, male skewed in prime time, female skewed in off-prime and family oriented on weekends, offers feature films, series, animation and other entertainment programming, much of which is acquired from Western sources.

STUDIO 1+1 and KINO are required to comply with certain restrictions on programming, including regulations on the origin of programming and the language of broadcast. At least 50% of programming broadcast by STUDIO 1+1 and KINO must be of Ukrainian origin and STUDIO 1+1 is further required to broadcast not less than 75% of its programming in Ukrainian or dubbed into Ukrainian in a 24 hour period. Furthermore, the law stipulates that between 7:00 a.m. and 11:00 p.m. at least 80% of programming be European-made.

Advertising

Since January 1, 2009, the Studio 1+1 group has been selling advertising and sponsorship on STUDIO 1+1 and KINO directly rather than through an external sales agent. The Studio 1+1 group derives revenues principally from the sale of commercial advertising to large multinational firms such as Procter & Gamble, Bittner, Colgate – Palmolive Group, Ferrero, Unilever, Kraft Foods and Pepsi, as well as large Ukrainian companies like Volvn Holding, Obolon and Kyiv Star. The top ten advertising clients of STUDIO 1+1 and KINO contributed approximately 36% of our Ukraine operations' total Net Revenues in 2009.

KINO derives its revenue from the sale of commercial advertising time. Some of the biggest KINO advertisers are Procter & Gamble, Obolon, Unilever, Meloni, Nestlé and Wrigley.

Advertising may not exceed 15% per broadcasting day and 20% per hour, which increases to 20% and 25% respectively during an election season. These requirements are not applicable to specialized broadcasting channels. The state owned broadcaster is subject to the same restrictions on advertising time. There are restrictions on the frequency of advertising breaks both during and between programs. There are also restrictions that relate to advertising content, including a ban on tobacco advertising and a prohibition on the advertising of alcoholic beverages before 11:00 p.m.

Competition

Ukraine is also served by public broadcaster UT-1 and privately owned broadcasters Inter, ICTV, STB and Novy Kanal and TRK Ukraine.

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The chart below provides a comparison of the all day audience share and technical reach of STUDIO 1+1 to those of its competitors. Audience shares reflect the STUDIO 1+1 target group:

Main Television Channels	Ownership	Year of first transmission	Signal distribution	Audience share (2009)	Technical reach
Inter	Local owners	1996	Terrestrial / satellite / cable	13.4%	99.1%
Novy Kanal	Local owner (same as ICTV and STB)	1998	Terrestrial / satellite / cable	10.4%	95.5%
STB	Local owner (same as Novy Kanal and ICTV)	1997	Terrestrial / satellite / cable	9.5%	93.4%
STUDIO 1+1	CME	1997	Terrestrial / satellite / cable	9.2%	98.8%
ICTV	Local owner (same as Novy Kanal and STB)	1992	Terrestrial / satellite / cable	9.0%	95.1%
TRK Ukraine	Local owner	2004	Terrestrial / satellite / cable	7.3%	97.0%
UT-1	Public Television	1965	Terrestrial / cable	0.9%	97.6%
KINO	CME	1993	Terrestrial / satellite / cable	0.7%	65.7%
Others				39.6%	
				100.0%	

Source: GFK Ukraine, ATO - Mediaresearch.

KINO competes with certain regional and Kiev-based channels and other regions where KINO is broadcast, including TRK Kiev, Megaspport, RTR Planet, Enter Film, NTV Mir, RU Music, K1 and K2 and Channel 1 Rus.

Licenses

STUDIO 1+1 broadcasts under a 15-hour prime time and off prime time analog license that expires in December 2016. STUDIO 1+1 broadcasts during the remaining nine hours in off prime time pursuant to an analog license that expires in July 2014. STUDIO 1+1 also has a satellite license that expires in April 2011. KINO, our regional channel in Ukraine, broadcasts pursuant to a network of regional analog licenses that expire on dates ranging from September 2010 to July 2016 as well as a satellite license that expires in July 2016. The satellite license for 1+1 INTERNATIONAL expires in April 2018. With respect to the digital switchover, the Ukrainian governmental authorities have issued generic legislation in respect of the transition to digital. In addition, the Ukrainian Media Council, the National Council for Television and Radio Broadcasting, has issued decisions confirming that STUDIO 1+1 would be included in one of the multiplexes to be launched in connection with the transition to digital broadcasting. The Ukraine Media Council recently held a tender for licenses for additional digital frequencies that will be made available for local channels in the switchover to digital, and is currently soliciting proposals for technical development of certain digital multiplexes. However, there has been no indication as to when a TTP will be adopted in Ukraine.

Ownership

We own 100% of the voting and economic interests in the entities comprising the Studio 1+1 group and KINO.

SEASONALITY

We, like other television operators, experience seasonality, with advertising sales tending to be lowest during the third quarter of each calendar year due to the summer holiday period (typically July and August), and highest during the fourth quarter of each calendar year. See Part II, Item 6, "Selected Financial Data" for further discussion.

EMPLOYEES

As of December 31, 2009, we had a total of approximately 4,900 employees (including contractors). None of our employees or the employees of any of our subsidiaries are covered by a collective bargaining agreement. We believe that our relations with our employees are good.

FINANCIAL INFORMATION BY OPERATING SEGMENT AND BY GEOGRAPHICAL AREA

For financial information by operating segment and geographic area, see Part II, Item 8, Note 19, "Segment Data".

Item 1A. Risk Factors

This report and risk factors below contain forward-looking statements as discussed on page 4. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks and uncertainties described below and elsewhere in this report. These risks and uncertainties are not the only ones we may face. Additional risks and uncertainties of which we are not aware, or that we currently deem immaterial, may also become important factors that affect our financial condition, results of operations and cash flows. The following discussion of risk factors should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Results of Operation and Financial Condition" and the consolidated financial statements and related notes in Item 8, "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

Risks Relating to our Financial Position

The global recession and credit crisis has adversely affected our financial position and results of operations; we cannot predict if or when economic conditions in the countries in which we operate will recover, and a failure to recover promptly will continue to adversely affect our results of operations.

The results of our operations rely heavily on advertising revenue, and demand for advertising is affected by prevailing general and regional economic conditions. The economic uncertainty affecting the global financial markets and banking system in 2009 has had an adverse impact on economic growth in our operating countries across Central and Eastern Europe, many of which are in recession. There has been a widespread withdrawal of investment funding from the Central and Eastern European markets and companies with investments in them, particularly in Ukraine, Bulgaria and Romania. Furthermore, the economic downturn has adversely affected consumer and business spending, access to credit, liquidity, investments, asset values and employment rates. These adverse economic conditions have had a material negative impact on the advertising industries in our markets, leading our customers to reduce the amounts they spend on advertising. This has resulted in a decrease in demand for advertising airtime and a severe, negative impact on our financial position, results of operations and cash flows. While there are some indications that the decline in economic growth rates in our operating countries has reached the bottom, we cannot predict when a recovery will occur, or the sustainability of such recovery, in our markets. The absence of a recovery or a weak recovery will continue to adversely affect our financial position, results of operations and cash flows.

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Our operating results will be adversely affected if we cannot generate strong advertising sales.

We generate almost all of our revenues from the sale of advertising airtime on our television channels. In addition to general economic conditions, other factors that may affect our advertising sales are the pricing of our advertising time as well as audience ratings, changes in our programming strategy, changes in audience preferences, our channels' technical reach, technological developments relating to media and broadcasting, competition from other broadcasters and operators of other media platforms, seasonal trends in the advertising market, increased competition for the leisure time of audiences and shifts in population and other demographics. In addition, the occurrence of disasters, acts of terrorism, civil or military conflicts or general political instability may create further economic uncertainty that reduces advertising spending. A reduction in advertising spending in our markets has had a negative effect on the prices at which we sell television advertising because of pressure to reduce prices from advertisers and discounting by competitors, particularly in Ukraine. Reduced advertising spending, discounting of the price of television advertising in our markets and competition from broadcasters seeking to attract similar audiences have had and may continue to have an adverse impact on our ability to maintain our advertising sales. Our ability to maintain audience ratings and to generate gross rating points, our main unit of sales, depends in part on our maintaining investments in television programming and productions at a sufficient level to continue to attract these audiences. Significant or sustained reductions in investments in programming, production or other operating costs in response to reduced advertising spending in our markets have had and may continue to have an adverse impact on our television viewing levels. The significant decline in advertising sales has had and could continue to have a material adverse effect on our financial position, results of operations and cash flows.

Our debt service obligations relating to our Senior Notes, Convertible Notes and the Erste Facility (each as defined below) may restrict our ability to fund our operations.

We currently have significant debt service obligations under our 11.625% Senior Notes due 2016 (the "2009 Fixed Rate Notes"), our Floating Rate Senior Notes due 2014 (the "Floating Rate Notes" and together with the 2009 Fixed Rate Notes, the "Senior Notes") and our 3.50% Senior Convertible Notes due 2013 (the "Convertible Notes"). In addition, CME and certain of our wholly-owned subsidiaries serve as guarantors under the up to CZK 3.0 billion (approximately US\$ 163.3 million) facility agreement among our wholly-owned subsidiary CET 21, Erste Group Bank A.G. as arranger, Ceska Sporitelna, a.s. as facility agent and security agent and certain other financial institutions (the "Erste Facility"). As a result of these obligations we are restricted in the manner in which our business is conducted, including but not limited to our ability to obtain additional financing to fund future working capital, capital expenditures, business opportunities and other corporate requirements (see Part II, Item 8, Note 6, "Senior Debt" and Note 11, "Credit Facilities and Obligations under Capital Leases"). In addition, the covenants contained in the indentures governing the Senior Notes and the Erste Facility restrict the manner and extent to which we can provide financial support to our Unrestricted Subsidiaries (see Part II, Item 8, Note 23, "Restricted and Unrestricted Subsidiaries"). Furthermore, we may have a proportionally higher level of debt than our competitors, which can put us at a competitive disadvantage. Servicing our high level of debt may limit our flexibility in planning for, or reacting to, changes in our business, economic conditions and our industry.

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We may require additional external sources of capital for future debt service and other obligations, which may not be available or may not be available on acceptable terms.

Our ability to meet our future capital requirements, including the acquisition of the bTV group, is based on our expected cash resources, including our debt facilities, as well as estimates of future operating results. These factors are derived from a variety of assumptions, such as those regarding general economic, competitive and regulatory conditions, which may prove to be inaccurate. If economic conditions in our markets do not improve, if our assumptions regarding future operating results prove to be inaccurate, if our costs increase due to competitive pressures or other unanticipated developments, if the sale of our Ukrainian operations does not successfully complete (see Part II, Item 8, Note 24, "Subsequent Events") or if our investment plans change, we may need to obtain additional financing to fund our operations or acquisitions, and to repay or refinance the Senior Notes, the Convertible Notes and the Erste Facility. Furthermore, our cash flow from operations is not sufficient to cover operating expenses and interest payments, and if our cash flow together with other capital resources, including proceeds received from offerings of debt or equity and the disposition of assets, were to prove insufficient to fund our debt service obligations as they became due, we would face substantial liquidity problems. The tightness of the credit markets and the impact of a slow economic recovery on our operations may constrain our ability to obtain financing, whether through public or private debt or equity offerings, proceeds from the sale of assets or other financing arrangements. It is not possible to ensure that additional debt financings will be available within the limitations on the incurrence of additional indebtedness contained in the indenture governing the 2009 Fixed Rate Notes (the "2009 Indenture") and the indenture governing the Floating Rate Notes (the "2007 Indenture"). Moreover, such financings, if available at all, may not be available on acceptable terms. Our inability to obtain financing as it is needed would mean that we may be obliged to reduce or delay capital or other material expenditures at our channels or dispose of material assets or businesses. If we cannot obtain adequate capital or obtain it on acceptable terms, this would have an adverse effect on our financial position, results of operations and cash flows.

We may be unable to refinance our existing debt financings or obtain favorable refinancing terms.

We are subject to the normal risks associated with debt financings, including the risk that our cash flow will continue to be insufficient to meet required payments of interest on debt and the risk that indebtedness will not be able to be renewed, repaid or refinanced when due, or that the terms of any renewal or refinancing will not be as favorable as the terms of such indebtedness. This risk is exacerbated by the current volatility in the capital markets, which has resulted in tightened lending requirements and in some cases the inability to refinance indebtedness. If we were unable to refinance indebtedness on acceptable terms or at all, we might be forced to dispose of assets on disadvantageous terms or reduce or suspend operations, any of which would materially and adversely affect our financial condition and results of operations.

A downgrading of our ratings may adversely affect our ability to raise additional financing.

Following a downgrade on November 11, 2009, our Senior Notes and our Convertible Notes are rated B- and our corporate credit is rated B- with a negative outlook by S&P, and, following a downgrade on August 19, 2009, both our Floating Rate Notes and our corporate credit are rated as B2 with a negative outlook by Moody's. These ratings reflect each agency's opinion of our financial strength, operating performance and ability to meet our debt obligations as they become due. Credit rating agencies have begun to monitor companies much more closely and have made liquidity, and the key ratios associated with it, such as gross leverage ratio, a particular priority. We intend to operate with sufficient liquidity to maintain our current ratings. However, this is dependent on a variety of factors, some of which may be beyond our control, such as the completion of the sale of our Ukraine operations. If we fail to maintain adequate levels of liquidity we may be downgraded again in the course of 2010 (see Part II, item 7, Section VI (d) "Cash Outlook"). In the event our debt or corporate credit ratings are lowered by the ratings agencies, it will be more difficult for us to raise additional indebtedness and we will have to pay higher interest rates, which may have an adverse effect on our financial position, results of operations and cash flows.

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If more of our goodwill, indefinite lived intangible assets and long-lived assets become impaired we may be required to record additional significant charges to earnings.

We review our long-lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill and indefinite lived intangible assets are required to be tested for impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill, indefinite-lived intangible assets or long-lived assets may not be recoverable include slower growth rate in our markets, future cash flows and a decline in our stock price and market capitalization. We recorded impairment charges of US\$ 81.8 million in 2009 in respect of our Bulgaria operations and US\$ 336.8 million in 2008 in respect of our Bulgaria and Ukraine operations. While the amount by which the fair value of our reporting units exceeds their carrying values had recovered beginning in the second quarter of 2009, these excesses are still at historically low levels. We performed our annual impairment review in the fourth quarter of 2009, which did not result in any further impairment charges. We consider all current information in respect of calculating our impairment charge however, if there are further indicators of impairment and our long term cash flow forecasts for our operations deteriorate further, or discount rates increase, we may be required to recognize additional impairment charges in later periods.

Fluctuations in exchange rates may adversely affect our results of operations.

Our reporting currency is the dollar but our consolidated revenues and costs, including programming rights expenses and interest on debt, are divided across a range of currencies. The strengthening of the dollar against these currencies has had an adverse impact on reported earnings in 2009 compared to the prior year. In addition, the Senior Notes are denominated in Euros and the Erste Facility is denominated in Czech korunas. We have not attempted to hedge the foreign exchange exposure on the principal amount of the Senior Notes or the Erste Facility. We may continue to experience significant gains and losses on the translation of our revenues or the Senior Notes and the Erste Facility into dollars due to movements in exchange rates between the Euro, the currencies of our local operations and the dollar.

The failure to successfully complete the sale of our Ukraine operations and the acquisition of the bTV group would reduce the resources available to our other operations.

In January 2010 we entered into an agreement with Igor Kolomoisky, a shareholder and member of our Board of Directors, and a company controlled by him in which we agreed to sell our entire interests in our Ukraine operations (the "Ukraine Transaction"). In connection with entering into the agreement, our previous agreement with Mr. Kolomoisky relating to his investment in our Ukraine operations was terminated (see Part II, Item 8, Note 22, "Related Party Transactions"). In February 2010 we entered into an agreement with News Corp to acquire the bTV group in Bulgaria (see Part II, Item 8, Note 24, "Subsequent Events"). Closing of the each of the transactions is subject to the receipt of regulatory approvals. However, in the event that these transactions do not close as expected, it would be necessary to continue to fund our channels in Ukraine or develop a revised operating strategy for Bulgaria. This would reduce the amounts that would have become available to fund our other operations and other planned capital expenditures, as well as divert management time from other sectors of our business (see Part II, Item 7, Section VI (d) "Cash Outlook").

A default on our obligations under the Senior Notes, the Convertible Notes or the Erste Facility could result in our inability to continue to conduct our business.

Pursuant to the terms of the 2007 Indenture, 2009 Indenture and the indenture governing the Convertible Notes (the "2008 Indenture"), we have pledged shares in our two principal subsidiary holding companies, which own substantially all of our interests in our operating companies, including the TV Nova (Czech Republic) group, Pro TV, Markiza and Pro Plus. As security for the Erste Facility, CET 21 has pledged substantially all of its assets and trade receivables and has pledged its ownership interests in its material holding and operating subsidiaries. If we were to default under the terms of any of the 2007 Indenture, the 2008 Indenture, the 2009 Indenture or the Erste Facility, the trustees under the 2007 Indenture, the 2008 Indenture and the 2009 Indenture and the security agent under the Erste Facility would have the ability to sell all or a portion of the assets pledged to it in order to pay amounts outstanding under such debt instruments.

Risks Relating to our Operations

Our operating results are dependent on the importance of television as an advertising medium.

We generate almost all of our revenues from the sale of advertising airtime on television channels in our markets. Television competes with various other media, such as print, radio, the internet and outdoor advertising, for advertising spending. In all of the countries in which we operate, television constitutes the single largest component of all advertising spending. There can be no assurances that the television advertising market will maintain its current position among advertising media in our markets. Furthermore, there can be no assurances that changes in the regulatory environment or improvements in technology will not favor other advertising media or other television broadcasters. Increases in competition among advertising media arising from the development of new forms of advertising media and distribution could result in a decline in the appeal of television as an advertising medium generally or of our channels specifically. A decline in television advertising spending in any period or in specific markets would have an adverse effect on our financial position, results of operations and cash flows.

We may seek to make acquisitions of other channels, networks, content providers or other companies in the future, and we may fail to acquire them on acceptable terms or successfully integrate them or we may fail to identify suitable targets.

Our business and operations have grown in part through acquisition, including the acquisition of Media Pro Entertainment in December 2009 (see Part II, Item 8, Note 3, “Acquisitions and Disposals”). In addition, in February 2010 we entered into an agreement to acquire the bTV group in Bulgaria (see Part II, Item 8, Note 24, “Subsequent Events”). We continue to explore acquisition opportunities, however, prospective competitors may have greater financial resources than we do, and increased competition for target broadcasters may reduce the number of potential acquisitions that are available on acceptable terms.

As we succeed in acquiring new businesses, their integration into our existing operations pose significant risks, including:

- additional demands placed on our senior management, who are also responsible for managing our existing operations;
- increased overall operating complexity of our business, requiring greater personnel and other resources;
- difficulties of expanding beyond our core expertise in the event that we acquire ancillary businesses;
- significant initial cash expenditures to acquire and integrate new businesses; and
- in the event that debt is incurred to finance acquisitions, additional debt service costs related thereto as well as limitations that may arise under to the indentures governing our Senior Notes.

To manage our growth effectively and achieve pre-acquisition performance objectives, we will need to integrate Media Pro Entertainment and the bTV group, as well as any other new acquisitions into our existing businesses, implement financial and management controls and produce required financial statements in those operations. The integration of new businesses may also be difficult due to differing cultures, languages or management styles, poor internal controls and an inability to establish control over cash flows. If any acquisition and integration is not implemented successfully, our ability to manage our growth will be impaired and we may have to make significant additional expenditures to address these issues, which could harm our financial position, results of operations and cash flows. Furthermore, even if we are successful in integrating new businesses, expected synergies and cost savings may not materialize, resulting in lower than expected cash flows and profit margins.

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Our programming content may become more expensive to produce or acquire or we may not be able to develop or acquire content that is attractive to our audiences.

Television programming is one of the most significant components of our operating costs. The ability of programming to generate advertising revenues depends substantially on our ability to develop, produce or acquire programming that matches audience tastes and attracts high audience shares, which is difficult to predict. The commercial success of a program depends on several tangible and intangible factors, including the impact of competing programs, the availability of alternate forms of entertainment and leisure time activities and general economic conditions. Furthermore, the costs of acquiring content attractive to our viewers, such as feature films and popular television series and formats, may increase as a result of greater competition from existing and new television broadcasting channels. Our expenditure in respect of locally produced programming may also increase due to the implementation of new laws and regulations mandating the broadcast of a greater number of locally produced programs, changes in audience tastes in our markets in favor of locally produced content, and competition for talent. In addition, we typically acquire syndicated programming rights under multi-year commitments before we can predict whether such programming will perform well in our markets. In the event any such programming does not attract adequate audience share, it may be necessary to increase our expenditures by investing in additional programming as well as to write down the value of such underperforming programming. Any increase in programming costs or write-downs could have a material adverse effect on our financial condition, results of operations and cash flows.

The transition to digital broadcasting may require substantial additional investments and the timing of such investments is uncertain.

Countries in which we have operations are migrating from analog terrestrial broadcasting to digital terrestrial broadcasting. Each country has independent plans with its own timeframe and regulatory and investment regime. The specific timing and approach to implementing such plans is subject to change. We cannot predict the effect of the migration on our existing operations or predict the likelihood of our receiving any additional rights or licenses to broadcast for our existing channels or any additional channels if such additional rights or licenses should be required under any relevant regulatory regime. Furthermore, we may be required to make substantial additional capital investment and commit substantial other resources to implement digital terrestrial broadcasting, and the availability of competing alternative distribution systems, such as direct-to-home platforms, may require us to acquire additional distribution and content rights. We may not have access to resources sufficient to make such investments when required.

Our business is vulnerable to significant changes in technology that could adversely affect us.

The television broadcasting industry is affected by rapid innovations in technology. The implementation of new technologies and the introduction of broadcasting distribution systems other than analog terrestrial broadcasting, such as digital terrestrial broadcasting, direct-to-home cable and satellite distribution systems, the internet, video-on-demand, user-generated content sites and the availability of television programming on portable digital devices, have changed consumer behavior by increasing the number of entertainment choices available to audiences. This has fragmented television audiences in more developed markets and could adversely affect our ability to retain audience share and attract advertisers as such technologies penetrate our markets. New technologies that enable viewers to choose when and what content to watch, as well as to fast-forward or skip advertisements, may cause changes in consumer behavior that could impact our business. In addition, compression techniques and other technological developments allow for an increase in the number of channels that may be broadcast in our markets and expanded programming offerings that may be offered to highly targeted audiences. Reductions in the cost of launching additional channels could lower entry barriers for new channels and encourage the development of increasingly targeted niche programming on various distribution platforms. Our television broadcasting operations may be required to expend substantial financial and managerial resources on the implementation of new broadcasting technologies or distribution systems. In addition, an expansion in competition due to technological innovation may increase competition for audiences and advertising revenue as well as the competitive demand for programming. Any requirement for substantial further investment to address competition that arises on account of technological innovations in broadcasting may have an adverse effect on our financial position, results of operations and cash flows.

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We may not be aware of all related party transactions, which may involve risks of conflicts of interest that result in concluding transactions on less favorable terms than could be obtained in arms-length transactions.

In certain of our markets, Adrian Sarbu, our President and Chief Executive Officer and member of our Board of Directors (who is a shareholder in CME and in our Romania operations), general directors or other members of the management of our operating companies have other business interests in their respective countries, including interests in television and other media related companies. For example, following the completion of acquisition of Media Pro Entertainment, Mr. Sarbu continues to own or control entities involved in print media, internet services and news syndication services, among others. We may not be aware of all business interests or relationships that exist with respect to entities with which our operating companies enter into transactions. Transactions with companies, whether or not we are aware of any business relationship between our employees and third parties, may present conflicts of interest which may in turn result in the conclusion of transactions on terms that are not arms-length. It is likely that our subsidiaries will continue to enter into related party transactions in the future. In the event there are transactions with persons who subsequently are determined to be related parties, we may be required to make additional disclosure and, if such contracts are material, may not be in compliance with certain covenants under the indentures governing the Senior Notes. Any related party transaction that is entered into on terms that are not arms-length may result in a negative impact on our financial position, results of operations and cash flows.

We may not be able to prevent the management of our operating companies from entering into transactions that are outside their authority and not in the best interests of shareholders.

The general directors of our operating companies have significant management authority on a local level, subject to the overall supervision by the corresponding company board of directors and the Operating Committee. In addition, we typically grant authority to other members of management through delegated authorities. Internal controls may not be able to prevent an employee from acting outside his authority. There is therefore a risk that employees with delegated authorities may act outside their authority and that our operating companies will enter into transactions that are not duly authorized. Unauthorized transactions may not be in the best interests of our shareholders and may create the risk of fraud or the breach of applicable law, which may result in transactions or sanctions that may have an adverse impact on our financial position, results of operations and cash flows.

Our broadcasting licenses may not be renewed and may be subject to revocation.

We require broadcasting and, in some cases, other operating licenses as well as other authorizations from national regulatory authorities in our markets, in order to conduct our broadcasting business. Our analog broadcasting licenses expire at various times between March 2010 and January 2025. The analog license for NOVA TV (Croatia) expires in March 2010 and the Croatia Media Council is holding a public tender for its renewal. While we expect that the NOVA TV (Croatia) license, as well as our other material licenses and authorizations, will be renewed or extended as required to continue to operate our business, we cannot guarantee that this will occur or that they will not be subject to revocation, particularly in markets where there is relatively greater political risk as a result of less developed political and legal institutions. The failure to comply in all material respects with the terms of broadcasting licenses or other authorizations or with applications filed in respect thereto may result in such licenses or other authorizations not being renewed or otherwise being terminated. Furthermore, no assurances can be given that renewals or extensions of existing licenses will be issued on the same terms as existing licenses or that further restrictions or conditions will not be imposed in the future. Any non-renewal or termination of any other broadcasting or operating licenses or other authorizations or material modification of the terms of any renewed licenses may have a material adverse effect on our financial position, results of operations and cash flows.

Our operations are in developing markets where there is a risk of economic uncertainty, biased treatment and loss of business.

Our revenue generating operations are located in Central and Eastern Europe. These markets pose different risks to those posed by investments in more developed markets and the impact in our markets of unforeseen circumstances on economic, political or social life is greater. The economic and political systems, legal and tax regimes, standards of corporate governance and business practices of countries in this region continue to develop. Government policies may be subject to significant adjustments, especially in the event of a change in leadership. This may result in social or political instability or disruptions, potential political influence on the media, inconsistent application of tax and legal regulations, arbitrary treatment before judicial or other regulatory authorities and other general business risks, any of which could have a material adverse effect on our financial position, results of operations and cash flows. Other potential risks inherent in markets with evolving economic and political environments include exchange controls, higher tariffs and other levies as well as longer payment cycles. The relative level of development of our markets and the influence of local political parties also present a potential for biased treatment of CME before regulators or courts in the event of disputes involving our investments. If such a dispute occurs, those regulators or courts might favor local interests over our interests. Ultimately, this could lead to the loss of our business operations. The loss of a material business would have an adverse impact on our financial position, results of operations and cash flows.

Our success depends on attracting and retaining key personnel.

Our success depends partly upon the efforts and abilities of our key personnel and our ability to attract and retain key personnel. Our management teams have significant experience in the media industry and have made an important contribution to our growth and success. Although we have been successful in attracting and retaining such people in the past, competition for highly skilled individuals is intense. There can be no assurance that we will continue to be successful in attracting and retaining such individuals in the future. The loss of the services of any of these individuals could have an adverse effect on our business, results of operations and cash flows.

Risks Relating to Enforcement Rights

We are a Bermuda company and enforcement of civil liabilities and judgments may be difficult.

Central European Media Enterprises Ltd. is a Bermuda company; substantially all of our assets and all of our operations are located, and all of our revenues are derived, outside the United States. In addition, several of our directors and officers are non-residents of the United States, and all or a substantial portion of the assets of such persons are or may be located outside the United States. As a result, investors may be unable to affect service of process within the United States upon such persons, or to enforce against them judgments obtained in the United States courts, including judgments predicated upon the civil liability provisions of the United States federal and state securities laws. There is uncertainty as to whether the courts of Bermuda and the countries in which we operate would enforce (i) judgments of United States courts obtained against us or such persons predicated upon the civil liability provisions of the United States federal and state securities laws or (ii) in original actions brought in such countries, liabilities against us or such persons predicated upon the United States federal and state securities laws.

Our bye-laws restrict shareholders from bringing legal action against our officers and directors.

Our bye-laws contain a broad waiver by our shareholders of any claim or right of action in Bermuda, both individually and on our behalf, against any of our officers or directors. The waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or director. This waiver limits the right of shareholders to assert claims against our officers and directors unless the act or failure to act involves fraud or dishonesty.

Risks Relating to our Common Stock

The holders of shares of our Class B stock are in a position to decide corporate actions that require shareholder approval and may have interests that differ from those of other shareholders

Shares of our Class B common stock carry ten votes per share and shares of our Class A common stock carry one vote per share. As of December 31, 2009, Ronald Lauder, our founder and Chairman of the Board of Directors, owns or has voting control over approximately 68.27% of our outstanding common stock. A portion of this voting power is attributable to a voting agreement among the Company, Mr. Lauder, RSL Savannah LLC, a company wholly owned by Mr. Lauder, and Time Warner Media Holdings B.V., an affiliate of Time Warner Inc. (“Time Warner”), whereby Mr. Lauder is entitled to vote the 14,500,000 shares of Class A common stock and 4,500,000 shares of Class B common stock owned by Time Warner, as well as any other CME shares acquired by Time Warner during the term of the voting agreement. Notwithstanding the foregoing, Time Warner reserves the right to vote certain shares in any transaction that would result in a change of control of the Company (see Part II, Item 8, Note 14, “Equity”).

Because of this voting power, Mr. Lauder is in a position to control the outcome of corporate actions requiring shareholder approval, such as the election of directors or certain transactions, including issuances of common stock of the Company that may result in a dilution of the holders of shares of Class A common stock or in a change of control. The interests of Mr. Lauder may not be the same as those of other shareholders, and such shareholders will be unable to affect the outcome of such corporate actions for so long as Mr. Lauder retains voting control.

The price of our Class A common stock is likely to remain volatile.

The market price of shares of our Class A common stock may be influenced by many factors, some of which are beyond our control, including those described above under “Risks Relating to our Operations” as well as the following: general economic and business trends, variations in quarterly operating results, license renewals, regulatory developments in our operating countries and the EU, the condition of the media industry in our operating countries, the volume of trading in shares of our Class A common stock, future issuances of shares of our Class A common stock and investors’ and securities analysts’ perception of us and other companies that investors or securities analysts deem comparable in the television broadcasting industry. In addition, stock markets in general have experienced extreme price and volume fluctuations that have often been unrelated to and disproportionate to the operating performance of broadcasting companies. These broad market and industry factors may materially reduce the market price of shares of our Class A common stock, regardless of our operating performance.

Our share price may be adversely affected by future issuances and sales of our shares.

As at February 24, 2010, we have a total of 1.9 million options to purchase Class A common stock outstanding and 0.1 million options to purchase shares of Class B common stock outstanding. An affiliate of PPF a.s., from whom we acquired the TV Nova (Czech Republic) group, holds 3,500,000 unregistered shares of Class A common stock that were issued in 2005 and in 2007 we issued 1,275,227 unregistered shares of Class A common stock to Igor Kolomoisky, for which he has registration rights. Entities controlled by Adrian Sarbu hold 2,200,000 unregistered shares of Class A common stock and warrants to purchase an additional 850,000 unregistered shares of Class A common stock following the acquisition of Media Pro Entertainment (see Part II, Item 8, Note 3, “Acquisitions and Disposals”). An affiliate of Apax Partners holds 3,168,575 unrestricted shares of Class A common stock. An affiliate of Time Warner holds 14,500,000 unregistered shares of Class A common stock and 4,500,000 unregistered shares of Class B common stock. Time Warner has registration rights with respect to the shares of Class A common stock (see Part II, Item 8, Note 14, “Equity”).

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In addition, the Convertible Notes are convertible into shares of our Class A common stock and mature on March 15, 2013. Holders of the Convertible Notes have registration rights with respect to the shares of Class A common stock underlying the Convertible Notes. Prior to December 15, 2012, the Convertible Notes will be convertible following certain events and from that date, at any time through March 15, 2013. From time to time up to and including December 15, 2012, we will have the right to elect to deliver (i) shares of our Class A common stock or (ii) cash and, if applicable, shares of our Class A common stock upon conversion of the Convertible Notes. At present, we have elected to deliver cash and, if applicable, shares of our Class A common stock. To mitigate the potentially dilutive effect of a conversion of the Convertible Notes on our Class A common stock, we have entered into two capped call transactions with respect to a certain number of shares of our Class A common stock that are exercisable in the event of a conversion of the Convertible Notes or at maturity on March 15, 2013. We may receive cash or shares of our Class A common stock upon the exercise of the calls (see Part II, Item 8, Note 6 "Senior Debt").

We cannot predict what effect, if any, an issuance of shares of our common stock, including the Class A common stock underlying options or the Convertible Notes and in connection with future financings, or the entry into trading of previously issued unregistered or restricted shares of our Class A common stock, will have on the market price of our shares. If more shares of common stock are issued, the economic interest of current shareholders may be diluted and the price of our shares may be adversely affected.

ITEM 1 B. UNRESOLVED STAFF COMMENTS

NONE.

ITEM 2. PROPERTIES

We own and lease properties in the countries in which we operate. These facilities are fully utilized for current operations, are in good condition and are adequately equipped for purposes of conducting broadcasting, content production or such other operations as we require. We believe that suitable additional space is available on acceptable terms in the event of an expansion of our businesses. The table below provides a brief description of our significant properties.

Location	Property	Use
Hamilton, Bermuda	Leased office	Registered Office, corporate
Amsterdam, Netherlands	Leased office	Corporate Office, corporate
London, United Kingdom	Leased office	Administrative Center, corporate
Sofia, Bulgaria	Leased buildings	Office and studio space, PRO.BG and RING.BG
Zagreb, Croatia	Owned and leased buildings	Office and studio space, NOVA TV (Croatia)
Prague, Czech Republic	Owned and leased buildings	Administrative Centre, corporate Office and studio space, TV NOVA (Czech Republic)
Bucharest and other key cities within Romania	Owned and leased buildings	Office and studio space, PRO TV and Media Pro Entertainment
Bratislava, Slovak Republic	Owned buildings	Office and studio space, TV MARKIZA
Ljubljana, Slovenia	Owned and leased buildings	Office and studio space, POP TV, KANAL A and TV PIKA
Kiev and other key cities within Ukraine	Leased buildings	Office and studio space, STUDIO 1+1 and KINO

For further information on the cash resources that fund these facility-related costs, see Part II, Item 7, VI, "Liquidity and Capital Resources."

ITEM 3. LEGAL PROCEEDINGS

General

We are, from time to time, a party to litigation or arbitration proceedings arising in the normal course of our business operations. Other than the claim discussed below, we are not presently a party to any such litigation or arbitration which could reasonably be expected to have a material adverse effect on our business or operations.

Video International termination

On March 18, 2009, Video International Company Group, CGSC (“VI”), a Russian legal entity, filed a claim in the London Court of International Arbitration (“LCIA”) against our wholly-owned subsidiary CME Media Enterprises B.V. (“CME BV”), which was, at the time the claim was filed, the principal holding company of our Ukrainian subsidiaries. The claim relates to the termination of an agreement between VI and CME BV dated November 30, 2006 (the “parent agreement”). The parent agreement was one of four related contracts by which VI subsidiaries, including LLC Video International-Prioritet (“Prioritet”), supplied advertising and marketing services to Studio 1+1 in Ukraine and another subsidiary of the Company. Among these four contracts were the advertising services agreement and the marketing services agreements both between Prioritet and Studio 1+1. The parent agreement provides that it automatically terminates upon termination of the advertising services agreement. On December 24, 2008, each of CME BV, Studio 1+1 and the other CME subsidiary provided notices of termination to their respective contract counterparties, following which each of the four contracts terminated on March 24, 2009. On January 9, 2009, in response to a VI demand, CME revised its termination notice and noted that the parent agreement would expire of its own accord with the termination of the advertising services agreement. In connection with these terminations, Studio 1+1 is required under the advertising and marketing services agreements to pay a termination penalty equal to (i) 12% of the average monthly advertising revenues, and (ii) 6% of the average monthly sponsorship revenues, in each case for advertising and sponsorship sold by Prioritet for the six months prior to the termination date, multiplied by six. We determined the termination penalty to be UAH 37.7 million (approximately US\$ 4.5 million) and made a provision for this amount in our financial statements in the fourth quarter of 2008. On June 1, 2009, we paid UAH 13.5 million (approximately US\$ 1.6 million) to Prioritet and set off UAH 7.4 million (approximately US\$ 0.9 million) against amounts owing to Studio 1+1 under the advertising and marketing services agreements. In its arbitration claim, VI is seeking payment of a separate indemnity under the parent agreement equal to the aggregate amount of Studio 1+1’s advertising revenues for the six months ended December 31, 2008. The aggregate amount of relief sought is US\$ 58.5 million. We believe that VI has no grounds for receiving such separate indemnity and are vigorously defending the arbitration proceedings. We do not believe it is probable that we will be required to make any payment and accordingly have made no provision for it.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Shares of Class A common stock of Central European Media Enterprises Ltd. began trading on the NASDAQ National Market on October 13, 1994 under the trading symbol "CETV".

On February 19, 2010, the last reported sales price for shares of Class A common stock was US\$ 28.49.

The following table sets forth the high and low sales prices for shares of Class A common stock for each quarterly period during the last two fiscal years.

Price Period	High (US\$ / Share)	Low (US\$ / Share)
2009		
Fourth Quarter	33.73	23.61
Third Quarter	38.08	17.44
Second Quarter	22.00	11.97
First Quarter	22.73	4.86
2008		
Fourth Quarter	66.47	9.07
Third Quarter	89.42	61.99
Second Quarter	106.99	86.34
First Quarter	114.17	78.50

At February 19, 2010, there were 164 holders of record (including brokerage firms and other nominees) of shares of Class A common stock and 4 holders of record of shares of Class B common stock. There is no public market for shares of Class B common stock. Each share of Class B common stock has 10 votes.

6,000,000 shares have been authorized for issuance in respect of equity awards under a stock-based compensation plan (see Item 8, Note 17, "Stock-Based Compensation").

DIVIDEND POLICY

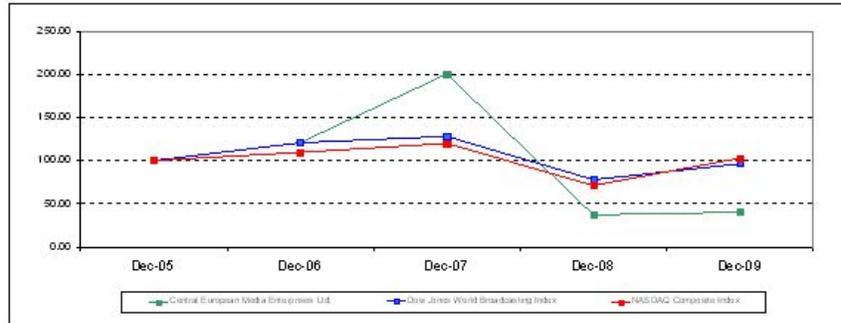
We have not declared or paid and have no present intention to declare or pay in the foreseeable future any cash dividends in respect to any class of our shares of common stock.

PURCHASE OF OWN STOCK

We did not purchase any of our own stock in 2009.

PERFORMANCE GRAPH

The following performance graph is a line graph comparing the change in the cumulative shareholder return of the Class A Common Stock against the total cumulative total return of the Nasdaq Composite Index and the Dow Jones World Broadcasting Index between December 31, 2005 and December 31, 2009.



Value of US\$ 100 invested at December 31, 2005 as of December 31, 2009:

Central European Media Enterprises Ltd.	\$	40.78
NASDAQ Composite Index	\$	96.53
Dow Jones World Broadcasting Index ⁽¹⁾	\$	102.89

⁽¹⁾ This index includes 57 companies, many of which are non-U.S. based. Accordingly, we believe that the inclusion of this index is useful in understanding our stock performance compared to companies in the television broadcast and cable industry.

ITEM 6. SELECTED FINANCIAL DATA**SELECTED CONSOLIDATED FINANCIAL DATA**

Our selected consolidated financial data should be read together with our consolidated financial statements and related notes included in Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

The following tables set forth the selected consolidated financial data for each of the years in the five-year period ended December 31, 2009. The selected consolidated financial data is qualified in its entirety and should be read in conjunction with the Consolidated Financial Statements and related notes thereto set forth in Item 8 and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations". We have derived the consolidated statements of operations data for the years ended December 31, 2009, 2008 and 2007 and the consolidated balance sheet data as of December 31, 2009 and December 31, 2008 from the consolidated audited financial statements included elsewhere in this Annual Report on Form 10-K. The consolidated statement of operations data for the years ended December 31, 2006 and 2005 and the balance sheet data as of December 31, 2007, 2006 and 2005 were derived from consolidated audited financial statements that are not included in this Annual Report on Form 10-K.

	2009	For the Years Ended December 31,			2006	2005
		2008	2007			
	(US\$ 000's, except per share data)					
CONSOLIDATED STATEMENT OF OPERATIONS DATA:						
Net revenues	\$ 713,978	\$ 1,019,934	\$ 838,856	\$ 602,646	\$ 400,978	
Operating (loss) / income	(83,180)	(127,797)	210,456	142,971	52,196	
Net (loss) / income from continuing operations	(107,545)	(263,694)	110,205	35,794	42,835	
Net (loss) / income on discontinued operations	(262)	(3,785)	(4,480)	(7,217)	(513)	
Net (loss) / income attributable to CME Ltd.	\$ (97,157)	\$ (269,546)	\$ 88,618	\$ 21,626	\$ 42,322	
PER SHARE DATA:						
Net (loss) / income per common share from:						
Continuing operations – basic	\$ (1.78)	\$ (6.28)	\$ 2.25	\$ 0.72	\$ 1.24	
Continuing operations – diluted	(1.78)	(6.28)	2.23	0.71	1.21	
Discontinued operations – basic	(0.01)	(0.09)	(0.11)	(0.18)	(0.01)	
Discontinued operations – diluted	(0.01)	(0.09)	(0.11)	(0.18)	(0.01)	
Net (loss) / income attributable to CME Ltd. common shareholders - basic	(1.79)	(6.37)	2.14	0.54	1.22	
Net (loss) / income attributable to CME Ltd. common shareholders - diluted	\$ (1.79)	\$ (6.37)	\$ 2.12	\$ 0.53	\$ 1.19	
Weighted average common shares used in computing per share amounts (000's)						
Basic	54,344	42,328	41,384	40,027	34,664	
Diluted	54,344	42,328	41,833	40,600	35,430	

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CONSOLIDATED BALANCE SHEET DATA:

Cash	\$	458,529	\$	107,433	\$	142,812	\$	145,902	\$	71,658
Other current assets		371,276		387,323		392,280		271,763		215,268
Non-current assets		2,042,982		1,911,860		1,803,343		1,401,335		1,101,924
Total assets	\$	2,872,787	\$	2,406,616	\$	2,338,435	\$	1,819,000	\$	1,388,850
Current liabilities		349,723		228,673		234,470		184,461		206,961
Non-current liabilities		1,351,224		1,079,498		681,003		572,584		488,099
CME Ltd. Shareholders' equity		1,177,589		1,095,258		1,399,807		1,035,766		680,553
Noncontrolling interests		(5,749)		3,187		23,155		26,189		13,237
Total liabilities and equity	\$	2,872,787	\$	2,406,616	\$	2,338,435	\$	1,819,000	\$	1,388,850

Seasonality

We, like other television operators, experience seasonality, with advertising sales tending to be lowest during the third quarter of each calendar year, which includes the summer holiday period (typically July and August), and highest during the fourth quarter of each calendar year.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the sections entitled "Forward-looking Statements" on page 4 and "Risk Factors" in Part I, Item 1A.

Contents

- I. Executive Summary*
- II. General Market Information*
- III. Analysis of the Results of Consolidated Operations*
- IV. Analysis of Segment Results*
- V. Condensed Consolidated Balance Sheet*
- VI. Liquidity and Capital Resources*
- VII. Critical Accounting Policies and Estimates*
- VII. Related Party Matters*

I. Executive Summary

The following analysis includes references to "Core Markets", which are Croatia, the Czech Republic, Romania, the Slovak Republic and Slovenia, and to "Core Operations", which means our operations in those countries. We also refer to "Developing Markets," which are Bulgaria and Ukraine, and to "Developing Operations", which means our operations in those countries. On December 9, 2009, we acquired Media Pro Entertainment. Our Media Pro Entertainment segment results are reported separately.

The global financial and economic crisis significantly impacted our results in 2009. The three most significant developments affecting us were the year-on-year decline in the Gross Domestic Product ("GDP") in each of our markets, the decline of advertising spending and the significant appreciation of the dollar against the currencies in our markets in 2009 compared to 2008. We believe that our markets have reached the bottom of the cycle and we expect modest recovery to begin in all of our countries towards the end of 2010, with variation among countries in the timing and pace of the recovery. We currently assume that the rate of GDP growth between 2009 and 2010 will be in low single digits across all of our operating countries and that advertising markets will grow at a multiple of the rate of GDP growth.

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Continuing Operations

The following table provides a summary of our consolidated results for the years ended December 31, 2009 and 2008:

	For the Years Ended December 31, (US\$ 000's)		
	2009	2008	Movement
Net revenues	\$ 713,978	\$ 1,019,934	\$ (305,956)
Operating loss	(83,180)	(127,797)	44,617
Net loss	\$ (107,807)	\$ (267,479)	\$ 159,672
Net cash (used in) / generated from continuing operating activities	\$ (31,806)	\$ 135,555	\$ (167,361)

Our operating loss for the year ended December 31, 2009 is principally due to the global financial and economic crisis and the recognition of a non-cash impairment charge of US\$ 81.8 million in respect of our existing operations in Bulgaria. We recognized a non-cash impairment charge of US\$ 336.8 million in respect of our operations in Ukraine and Bulgaria in the year ended December 31, 2008 (see Item 8, Note 4, "Goodwill and Intangible Assets").

Operating Performance

Commencing January 1, 2009, we describe our operating performance in terms of Consolidated EBITDA, which is equal to the EBITDA for each of our segments less corporate costs (which include non-cash stock-based compensation as shown in Item 8, Note 17, "Stock-based Compensation"). Prior to January 1, 2009, we described our operating performance in terms of Segment EBITDA, which reflects our station operating performance but excludes corporate costs. Comparative numbers reflect this change (EBITDA is defined in Item 8, Note 19, "Segment Data").

The following analysis contains references to like-for-like ("% Lfl") or constant currency percentage movements. These references reflect the impact of applying the current period average exchange rates to the prior period revenues and costs. Given the significant movement of the currencies in the markets in which we operate against the dollar, we believe that it is useful to provide percentage movements based on like-for-like or constant currency percentage movements as well as actual ("% Act") percentage movements (which includes the effect of foreign exchange). Unless otherwise stated, all percentage increases or decreases in the following analysis refer to year-on-year percentage changes.

Demand for advertising fell precipitously in all our markets in 2009. Television advertising spending in our five Core Markets declined by between 14% and 31% in constant currency terms. But while the total TV advertising market declined, we increased our share in all of our Core Markets by 2% to 7%. These increases in market share did not compensate for the overall decline in the television advertising market or the relative strength of the dollar. Consequently, our reported total Core Market dollar revenues in 2009 declined by 27% compared to 2008, of which 8% was attributable to the appreciation of the dollar against our local currencies.

Our continued focus on operational efficiency and cost reduction, together with the decline in the value of our functional currencies against the dollar, have reduced our costs in dollar terms and diminished the impact of the decline in dollar revenues on our EBITDA. Nevertheless, EBITDA has declined in each of our Core Operations as lower revenues have substantially outweighed the reduction in costs, with the exception of our Croatia operations, which generated positive EBITDA for the year ended December 31, 2009 for the first time.

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As a result of these market conditions, our Core Operations delivered Net Revenues of US\$ 675.6 million in 2009, compared to US\$ 919.2 million in 2008, a decrease of 27%, and Core Operations' EBITDA was US\$ 160.8 million in 2009, compared to US\$ 341.9 million in 2008, a decrease of 53%. In constant currency terms, we have seen a decline in Net Revenues in our Core Operations of 18% and a decline in Consolidated EBITDA of 47%.

Losses in our Developing Operations have contributed significantly to the decline in Consolidated EBITDA. In Ukraine, where the local currency television advertising market fell by an estimated 29% in 2009 compared to 2008, we suffered EBITDA losses of US\$ 40.5 million, compared to losses of US\$ 34.8 million in 2008. Our operations in Bulgaria generated EBITDA losses of US\$ 44.8 million in 2009 compared to US\$ 10.2 million in the five months since acquisition in 2008. Approximately US\$ 12.7 million of these losses was attributable to accelerated amortization of the cost of acquired programming in accordance with our accounting policies.

Following the sale of our interests in our Ukraine operations and the successful completion of the acquisition of the bTV group, which are both expected to occur during the first half of 2010, we expect our Developing Operations to generate positive EBITDA in 2010.

Our Net Revenues in 2009 were US\$ 714.0 million, compared to US\$ 1,019.9 million in 2008, a decrease of 30%. We generated Consolidated EBITDA of US\$ 74.9 million in 2009, compared to US\$ 296.9 million in 2008, a decrease of 75%. In constant currency terms, we have seen declines in Net Revenues and Consolidated EBITDA of 23% and 71%, respectively.

Our net cash used in continuing operations was US\$ 31.8 million in 2009, compared to net cash generated from continuing operations of US\$ 135.6 million in 2008.

Key Events

Financing and liquidity

- On May 18, 2009, we issued 14.5 million shares of Class A common stock and 4.5 million shares of Class B common stock to Time Warner Media Holdings B.V., an affiliate of Time Warner for an aggregate offering price, net of fees, of US\$ 234.4 million.
- During the second quarter, we designated our Bulgaria and Ukraine subsidiaries, as well as CME Development Financing B.V., the entity that funds those operations (the "Development Finance Holding Company"), as Unrestricted Subsidiaries (as defined in Item 8, Note 23, "Restricted and Unrestricted Subsidiaries").
- During the third quarter, we issued EUR 440.0 million (approximately US\$ 633.9 million) 11.625% senior notes due 2016 in two tranches (the "2009 Fixed Rate Notes") and used the majority of the proceeds to repay existing debt.
- On December 21, 2009, our wholly owned subsidiary CET 21 entered into a Facility Agreement for up to CZK 3.0 billion (approximately US\$ 163.3 million) with Erste Group Bank A.G. as arranger, of which CZK 2.8 billion (approximately US\$ 152.4 million) has been committed and drawn as at February 24, 2010.

Business Development

- On December 9, 2009, we acquired Media Pro Entertainment from Adrian Sarbu, our President and Chief Executive Officer and member of our Board of Directors, for consideration of US\$ 10.0 million in cash, 2.2 million shares of Class A common stock and warrants to purchase an additional 850,000 shares of Class A common stock.

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- On January 20, 2010, we entered into an agreement with Igor Kolomoisky to sell our interests in our Ukraine operations for aggregate cash consideration of US\$ 300.0 million plus the reimbursement of cash operating costs between the signing and closing, estimated to be US\$ 19.0 million.
- On February 18, 2010, we entered into an agreement with News Corporation to purchase the bTV group for cash consideration of US\$ 400.0 million.

Management changes

- On July 27, 2009, Adrian Sarbu was appointed as our President and Chief Executive Officer. Mr Sarbu was previously our President and Chief Operating Officer from December 2008 and Chief Operating Officer from October 2007.
- On July 1, 2009, Wallace Macmillan resigned as our Chief Financial Officer and has been replaced on an interim basis by Charles Frank, Jr., formerly a member of our Board of Directors.

Future Trends

As a result of the economic recession in 2009, advertising expenditure declined in all of our territories at a faster rate than the decline in GDP. We estimate television advertising spending in our operating territories reset at levels between 14% and 31% lower than 2008. We believe that our markets have reached the bottom of the cycle and we expect modest recovery to begin in all of our countries towards the end of 2010, with variation among countries in the timing and pace of the recovery.

In light of current economic conditions, advertisers remain cautious and reluctant to confirm their commitments beyond the current quarter. We adjusted our sales policy according to the conditions of each of our markets in order to maximize our revenues and market share. Notwithstanding this, we continue to incentivize our clients and support TV advertising spending until our markets recover.

We took decisive action to strengthen our operations during 2009. We increased our prime time audience share and our share of the television advertising market in all Core Markets whilst reducing costs in order to protect profits and conserve liquidity. These steps include staff reductions, pay constraints, the deferral of certain operating expenditures, the deferral or cancellation of capital expenditures and managing our broadcast schedules to reduce the rate of programming cost growth. Notwithstanding these cost reductions, our goal continues to be to maintain the high audience shares and the strength of our brands and to increase our audience share in the Developing Markets, as we believe this is essential to the long term value of our operations. We will continue to maintain sufficient investment in programming to protect these strengths.

We currently expect low single-digit GDP growth in 2010 in most or all of our markets, with variation from country to country in the timing and strength of recovery. We expect that advertising and television advertising market spending will outpace GDP growth. We are confident that we will continue to enjoy a high television advertising market share in our Core Markets and an increasing share in our Developing Markets. We plan to continue to control our costs and anticipate that much of the revenue growth will flow immediately to our bottom line in terms of EBITDA. After 2010, we believe that we will see a return to higher levels of GDP growth and general advertising and television advertising spending growth in our markets. We expect growth rates in our markets will be higher than in Western European or U.S. markets. As a result of increasing revenues and strict cost control over the medium term, we expect to return to the high levels of EBITDA growth that we enjoyed in the years before the current economic crisis hit.

Following our recent acquisition of Media Pro Entertainment, we have redefined CME from a broadcaster to a vertically integrated media company with three operating divisions; Broadcast, New Media and Content (Media Pro Entertainment) and expanded our revenue base to five main sources (advertising, subscription, content distribution, internet and management services).

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Broadcast Division

The large audience shares we enjoy in most of our markets are a reflection of the quality and dedication of our employees, the well-timed implementation of our multi-channel strategy and constraints on bandwidth that limited the number of free-to-air broadcasters in our markets.

As our markets mature, we anticipate increased competition for audience share and advertising spending from other terrestrial broadcasters and from cable, satellite and digital terrestrial broadcasters as the coverage of these technologies grows. The advent of digital terrestrial broadcasting and the introduction of alternative distribution platforms for content services (including additional direct-to-home ("DTH"), the internet, internet protocol TV ("IPTV"), mobile television and video-on-demand services) may lead to audience fragmentation and change the competitive dynamics in our markets in the medium term. We do not expect significant impact on our advertising share due to our multi-channel strategy and our integrated business model.

We believe that our market leadership in our Core Markets and the strength of our existing brands place us in a strong position to face increased competition by continuing with our multi-channel strategy and the distribution of our content on multiple distribution platforms as these new technologies develop.

New Media Division

Internet broadband penetration remains low in most of our markets in comparison to Western European and U.S. markets. We anticipate broadband penetration and internet usage will increase significantly over the medium term and will foster the development of significant new opportunities for generating advertising and other revenues in new media. We operate a complex internet business in each of our markets, cross promoted and supported by the large audience of our broadcast operations and will continue to launch targeted services in order to achieve leading positions (in terms of unique visitors and page impressions, and video downloads). We intend to continue to develop our new media activities by moving our content online with multiple distribution (video on demand, simulcast with TV, catch-up) and services to attract all types of new media audience in order to generate multiple revenue streams including video advertising and paid premium content.

Content Division (Media Pro Entertainment)

The acquisition of Media Pro Entertainment provides us with a unique opportunity to become a significant player in the content business and beyond. We will integrate the acquired assets with our existing production assets in each country to create a dedicated content division with operations in all our countries, which will also be known as Media Pro Entertainment.

The creation of the Media Pro Entertainment division reflects the increasing importance of locally generated content in our markets. As distribution platforms become more fragmented the importance of controlling high-quality, popular local content becomes more important in safeguarding market share and allowing us to diversify our revenue streams. We also believe that sharing our expertise in production development and management will bring significant benefits. We will seek to leverage the creative talent across Media Pro Entertainment to develop high-quality original formats that can be adapted in multiple countries, to extract more value from our existing library of formats and to pool the expertise of our production professionals in each market.

Operating Media Pro Entertainment across all countries will also enable us to share production resources, equipment and facilities in the most efficient way possible in order to lower the unit cost of production at a time when we are seeing increasing competition for popular content causing high levels of price inflation.

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Media Pro Entertainment will also generate additional third party revenues through the sale of production services to independent film-makers and extract additional value from our own library of produced content through the sale of international broadcast rights to third parties outside the countries in which we currently operate. In addition, the distribution and exhibition operations of Media Pro Entertainment generate revenues from the distribution of rights to film content to third party clients, from the exhibition of films in its theaters and from the sale of DVD and Blu Ray discs to wholesale and retail clients.

Financial Position

We believe our financial resources are sufficient to meet our current financial obligations. We expect that our cash balances will be adequate to fund the purchase of the bTV group. Our recent refinancings of our debt and the investment by Time Warner have enhanced our financial position. The anticipated sale of our Ukraine operations to Mr. Kolomoisky will also further strengthen our liquidity. However, further deterioration in the advertising markets or strengthening of the dollar against the currencies of the markets in which our cash flow is generated could reduce our liquidity reserves.

During September 2009, we issued EUR 440.0 million 2009 Fixed Rate Notes (approximately US\$ 644.9 million at the time of issue). The majority of the proceeds were used to repay the EUR 245.0 million (approximately US\$ 352.9 million) principal amount outstanding on the 2005 Fixed Rate Notes and the EUR 127.5 million (approximately US\$ 187.3 million at the date of repayment) principal amount outstanding under the EUR 100.0 million (approximately US\$ 144.1 million) five year revolving loan agreement between us and the European Bank for Reconstruction and Development (“EBRD”) dated July 21, 2006 and the EUR 50.0 million (approximately US\$ 72.0 million) revolving loan agreement between us and EBRD dated August 22, 2007 (together, the “EBRD Loan”). After the application of proceeds to these repayments, we were left with net cash proceeds of EUR 45.7 million (approximately US\$ 66.9 million at the date of the transaction). Although the interest cost associated with the 2009 Fixed Rate Notes is substantially higher than the debt they replace, we have significantly improved the maturity profile of our debt; the earliest maturity date of our senior debt is now in 2013.

On December 21, 2009, CET 21, one of our wholly owned subsidiaries, entered into a Facility Agreement (the “Erste Facility”) for up to CZK 3.0 billion (approximately US\$ 163.3 million) with Erste Group Bank A.G. as arranger, Česká Společnost, a.s. (“CSAS”) as facility agent and security agent, and each of CSAS, UniCredit Bank Czech Republic, a.s. and BNP Paribas as original lenders. No amounts had been drawn at December 31, 2009. As of February 24, 2010 an aggregate amount of CZK 2.8 billion (approximately US\$ 152.4 million) had been committed and drawn. The facility matures on April 30, 2012, subject to a potential extension of one year. Drawings under the facility were used to refinance certain existing indebtedness of CET 21 to CSAS and to repay certain intra-group indebtedness of CET 21.

Our scheduled repayments of debt before 2013 consist of local facilities in the Czech Republic of CZK 2.8 billion (approximately US\$ 152.4 million) which matures in 2012 (with a possible one year extension) and in Slovenia of EUR 22.5 million (approximately US\$ 32.4 million) which is due to be repaid in 2010. We are in the process of negotiating the refinancing of the Slovenian facility and are also negotiating a new credit facility for our Romania operations to ensure we maintain high levels of liquidity across the group.

We are unable to incur any additional debt at the holding company level or at the Restricted Subsidiaries beyond “baskets” set out in the indentures governing the Senior Notes unless the ratio of our Restricted Subsidiaries’ EBITDA to their Interest Expense (the “Coverage Ratio”, as defined in the indentures) is above 2.0 times and would be on a pro forma basis following such incurrence. Our Coverage Ratio for the restricted subsidiaries was 1.4 times at December 31, 2009. However, the “baskets” in our Senior Note indentures permit the incurrence at either the Restricted Subsidiary or the holding company level, of up to EUR 250.0 million (approximately US\$ 360.2 million). We have utilized US\$ 119.2 million of this amount for borrowings under our local facilities in the Czech Republic, Slovenia and Romania. This leaves approximately US\$ 241.0 million of additional borrowing capacity available to us at December 31, 2009. Our drawings under the new CZK 3.0 billion Erste Facility have reduced our available capacity to approximately US\$ 167.0 million as at February 24, 2010. Irrespective of these restrictions, there are no significant constraints on our ability to refinance existing debt.

CME Strategy

We enjoy very strong positions in our Core Markets based on brand strength, audience leadership, the depth and experience of local management and our expertise in the production of local content. Historically, these strengths have supported price leadership, high margins, and strong cash flows. These strengths have permitted our operations some measure of resilience in the current economic downturn and should provide the opportunity to benefit as and when growth resumes.

Our strategy for the future is based on our strengths: people, brands, audience and market leadership, own content and growing new distribution platforms. We are focused on enhancing the performance of the business over the short and medium term. Our priorities in this regard include:

- creating a new operating model with three operating divisions - broadcast operations, new media and content (which will be known as Media Pro Entertainment) – to achieve more efficient use of our resources in order to grow faster;
- capitalizing on our core strengths and diversifying our revenue from advertising to five main sources: advertising, subscription, content distribution, internet and management services;
- developing and producing content on a larger scale and distributing in our region and beyond in all windows and platforms;
- assessing opportunities arising from current economic conditions to acquire or operate additional channels and internet operations in our regions in order to expand our offerings, target niche audiences and increase our advertising inventory when financially prudent.

We are prepared to face new challenges and adjust our strategy once we have optimized our structure in being a vertically integrated media company and will be set to become or maintain market leadership.

In the near term, while current difficult economic conditions continue, we will maintain a strong focus on cost control to protect both profitability and liquidity, while protecting our brands and competitive strength. Building on the increase in our market share, we are poised to respond swiftly and strongly as soon as growth returns.

II. General Market Information

Emerging Markets

Our operations are in Bulgaria, Croatia, the Czech Republic, Romania, the Slovak Republic, Slovenia and Ukraine. These emerging economies have adopted Western-style democratic forms of government within the last twenty years and have economic structures, political systems, legal systems, systems of corporate governance and business practices that continue to evolve. The lower level of development and experience in these areas within our markets, by comparison with most Western European markets, increases the relative level of our business risk.

One indicator of the rate of development and the relative level of business risk associated with economic development in a particular market is such market's Coface rating, which is an assessment of the relative risk of payment default in such market taking into account local business, financial and political factors. The table below indicates the Coface rating for each country in which we operate. For purposes of comparison with other select markets, the United Kingdom, Poland, Greece and Italy were ranked A3 in 2009, Hungary was ranked A4, United States was ranked A2, Turkey was ranked B and Russia was ranked C.

Country	2009 Rating	Details of 2009 Rating	2008 Rating	2007 Rating	2006 Rating
Bulgaria	B	Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behaviour. Corporate default probability is appreciable.	A4	-	-
Croatia	A4	A somewhat shaky political and economic outlook and a relatively volatile business environment can affect corporate payment behavior. Corporate default probability is still acceptable on average.	A4	A4	A4
Czech Republic	A2	The political and economic situation is good. A basically stable and efficient business environment nonetheless leaves room for improvement. Corporate default is low on average.	A2	A2	A2
Romania	B	Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behaviour. Corporate default probability is appreciable.	A4	A4	A4
Slovak Republic	A3	Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.	A3	A3	A3
Slovenia	A2	The political and economic situation is good. A basically stable and efficient business environment nonetheless leaves room for improvement. Corporate default is low on average.	A1	A1	A1
Ukraine	D	A high-risk political and economic situation and an often very difficult business environment can have a very significant impact on corporate payment behaviour. Corporate default probability is very high.	C	C	C

Source: Coface USA. In January 2010, Coface downgraded a number of countries because of the credit crisis; Croatia, Czech Republic, Slovakia and Ukraine have been placed on a negative watch.

European Union Accession

The Czech Republic, the Slovak Republic and Slovenia acceded to the EU in May 2004, and Bulgaria and Romania acceded in January 2007. Croatia is currently in accession negotiations. Accession to the EU brings certain positive developments. All countries joining the EU become subject to EU legislation and we believe that the ongoing progress towards EU entry reduces the political and economic risks of operating in the emerging markets of Central and Eastern Europe. This reduction in political and economic risks may encourage increased foreign investment that will support economic growth. Accession to the EU may also bring certain negative developments. The adoption of EU-compliant legislation in connection with accession may result in the introduction of new standards affecting industry and employment, and compliance with such new standards may require increased spending.

Television Advertising Markets

We derive almost all of our revenue from the sale of television advertising, most of which is sold through media houses and independent agencies. Like other television operators, we experience seasonality, with advertising sales tending to be lowest during the third quarter of each calendar year due to the summer holiday period (July and August) and highest during the fourth quarter of each calendar year. For the year ended December 31, 2009, 87% of our Net Revenues came from the sale of television advertising.

The per capita GDP in our markets is lower than that of Western markets. As a result of the lower GDP and weaker domestic consumption, total advertising spending and consequently television advertising spending per capita tends to be lower than in Western markets. However, as a result of television being commercialized in our markets at the same time as other media, television advertising spending generally accounts for a higher proportion of total advertising spending than in Western markets, where newspapers and magazines and radio were established as advertising media well before the advent of television advertising.

Country	Population (in millions) (1)	Per Capita GDP 2009 (1)	Total Advertising Spending per Capita 2009 (US\$) (2)	Total Advertising Spending as a % of GDP 2009 (2)	TV Advertising Spending per Capita (US\$) 2009 (2)	TV Advertising Spending as a % of Total Advertising Spending 2009 (2)
Bulgaria	7.5	\$ 6,228	\$ 35.6	0.57%	\$ 18.2	55%
Croatia	4.4	\$ 14,488	\$ 54.4	0.38%	\$ 29.3	54%
Czech Republic	10.5	\$ 18,294	\$ 80.6	0.44%	\$ 34.6	43%
Romania	20.6	\$ 8,155	\$ 20.8	0.26%	\$ 13.2	63%
Slovak Republic	5.4	\$ 16,355	\$ 61.3	0.37%	\$ 30.0	49%
Slovenia	2.0	\$ 25,271	\$ 63.1	0.25%	\$ 39.5	63%
Ukraine	46.1	\$ 2,416	\$ 10.0	0.40%	\$ 5.0	47%

(1) Source: Global Insight.

(2) Source: Global Insight and CME estimates.

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For purposes of comparison, the following table shows the advertising market statistics for certain other Central and Eastern European markets and selected Western markets.

Country	Population (in millions) (1)	Per Capita GDP 2009 (1)	Total Advertising Spending per Capita 2009 (US\$) (2)	Total Advertising Spending as a % of GDP 2009 (2)	TV Advertising Spending per Capita (US\$) 2009 (2)	TV Advertising Spending as a % of Total Advertising Spending 2009 (2)
Greece	11.2	\$ 29,753	\$ 301.8	1.01%	\$ 87.1	29%
Hungary	10.0	\$ 13,666	\$ 74.8	0.55%	\$ 29.8	40%
Italy	59.9	\$ 35,873	\$ 206.8	0.58%	\$ 109.2	53%
Poland	38.1	\$ 12,240	\$ 69.3	0.57%	\$ 34.1	49%
Russia	140.9	\$ 9,149	\$ 52.8	0.58%	\$ 29.0	55%
Turkey	74.8	\$ 8,331	\$ 24.9	0.30%	\$ 13.0	52%
UK	61.8	\$ 36,079	\$ 300.9	0.83%	\$ 77.8	26%
USA	307.8	\$ 46,300	\$ 470.9	1.02%	\$ 209.6	45%

(1) Source: Global Insight.

(2) Source: Global Insight and CME estimates.

There is no independent source for reliable information on the size of total television advertising spending per country in our markets. The following table sets out our estimates of the development of television advertising spending by market (in US\$ millions).

Country	2005	2006	2007	2008	2009
Bulgaria (1)	-	-	-	\$ 175 - \$ 185	\$ 135 - 145
Croatia	\$ 115 - \$ 125	\$ 120 - \$ 130	\$ 140 - \$ 150	\$ 155 - \$ 165	\$ 125 - 135
Czech Republic (1)	\$ 285 - \$ 295	\$ 310 - \$ 320	\$ 390 - \$ 400	\$ 490 - \$ 500	\$ 370 - 380
Romania	\$ 165 - \$ 175	\$ 235 - \$ 245	\$ 375 - \$ 385	\$ 465 - \$ 475	\$ 270 - 280
Slovak Republic	\$ 90 - \$ 100	\$ 105 - \$ 115	\$ 165 - \$ 170	\$ 210 - \$ 215	\$ 160 - 170
Slovenia	\$ 60 - \$ 70	\$ 70 - \$ 80	\$ 85 - \$ 90	\$ 100 - \$ 105	\$ 78 - 82
Ukraine (2)	\$ 220 - \$ 230	\$ 310 - \$ 320	\$ 470 - \$ 480	\$ 450 - \$ 460	\$ 205 - 215

Market sizes are quoted at average dollar exchange rates throughout each year.

(1) We acquired our Czech Republic operations in May 2005 and our existing Bulgaria operations in August 2008.

(2) Excludes political advertising and sponsorship.

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The following table sets out our estimates of the local functional currency growth of television advertising spending by market.

Country	2005	2006	2007	2008	2009
Bulgaria (1)	-	-	-	6 – 8%	(24-26)%
Croatia	(1 – 3)%	2 - 5%	4 – 7%	0%	(14-16)%
Czech Republic (1)	3 – 5%	0 - 1%	8 – 12%	7 – 9%	(22-24)%
Romania	25 - 35%	30 – 40%	50 - 60%	27 – 29%	(29-31)%
Slovak Republic	8 - 10%	5 - 7%	25 - 30%	6 – 8%	(22-24)%
Slovenia	9 - 11%	9 - 11%	8 - 10%	7 – 9%	(18-20)%
Ukraine (2)	45 - 55%	25 - 35%	25 - 35%	(3 - 5)%	(28-30)%

(1) We acquired our Czech Republic operations in May 2005 and our existing Bulgaria operations in August 2008.

(2) Excludes political advertising and sponsorship.

Television Advertising Sales

Spot and Non-Spot Revenues. For the purposes of our management’s discussion and analysis of financial condition and results of operations, total television and radio advertising revenue net of rebates is referred to as “spot revenues”. “Non-spot revenues” refers to all other revenues, including those from sponsorship, game shows, program sales, short message service (“SMS”), messaging, cable subscriptions and barter transactions. The total of spot revenues and non-spot revenues is equal to Net Revenues.

Our goal is to increase revenues from advertising in every market through disciplined management of our advertising inventory. In any given period, revenue increases can be attributable to combinations of price increases, higher inventory sales, seasonal or time-of-day incentives, target-audience delivery of specific campaigns, introductory pricing for new clients or audience movements based on our competitors’ program schedules.

Audience Ratings and Share. When describing our performance we refer to “audience share”, which represents the share attracted by a channel as a proportion of the total audience watching television, and “ratings”, which represents the number of people watching a channel (expressed as a proportion of the total population measured). Audience share and ratings information is measured in each market by international measurement agencies, using peplemeters, which quantify audiences for different demographics and sub geographies of the population measured throughout the day. Our channels schedule programming intended to attract audiences within specific “target” demographics that we believe will be attractive to advertisers. For each of our segments we show all day and prime time audience share and program ratings information for our channels and their major competitors, based on our channels’ target demographics.

Spot Sales. Our main unit of sale is the commercial gross rating point (“GRP”). This is a measure of the number of people watching when the advertisement is aired. Generally we will contract with a client to provide an agreed number of GRPs for an agreed price (“cost per point” or “CPP”). Much less frequently, and usually only for small niche channels, we may sell on a fixed spot basis where an advertisement is placed at an agreed time for a negotiated price that is independent of the number of viewers. The price per GRP package varies depending on the season and time of day the advertisement is aired, the volume of GRPs purchased, requirements for special positioning of the advertisement, the demographic group that the advertisement is targeting (in a multi-channel environment) and other factors. Our larger advertising customers generally enter into annual contracts which usually run from April to March and set the pricing for a committed volume of GRPs.

Generally, demand for broadcast advertising is highest in the fourth quarter of the year, followed by the second quarter; demand for broadcast advertising tends to be lowest in the third quarter of the year.

III. Analysis of the Results of Consolidated Operations

OVERVIEW

III (a) Net Revenues for the years ending December 31, 2009, 2008 and 2007:

	NET REVENUES							
	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Croatia	\$ 49,139	\$ 54,651	(10.1)%	(4.4)%	\$ 54,651	\$ 37,193	46.9%	36.1%
Czech Republic	275,883	376,546	(26.7)%	(18.8)%	376,546	279,237	34.8%	15.4%
Romania (Broadcast & Internet)	176,501	274,627	(35.7)%	(22.9)%	274,627	215,402	27.5%	27.5%
Slovak Republic	107,356	132,692	(19.1)%	(16.7)%	132,692	110,539	20.0%	5.3%
Slovenia	66,710	80,697	(17.3)%	(13.3)%	80,697	69,647	15.9%	9.7%
Total Core Operations	\$ 675,589	\$ 919,213	(26.5)%	(18.2)%	\$ 919,213	\$ 712,018	29.1%	17.6%
Bulgaria ⁽³⁾	3,520	1,263	178.7%	160.0%	1,263	-	-%	-%
Ukraine	32,033	99,458	(67.8)%	(67.8)%	99,458	126,838	(21.6)%	(21.6)%
Total Developing Operations	\$ 35,553	\$ 100,721	(64.7)%	(64.7)%	\$ 100,721	\$ 126,838	(20.6)%	(20.6)%
Romania (Media Pro Entertainment)								
⁽⁴⁾	5,396	-	-%	-%	-	-	-%	-%
Elimination	(2,560)	-	-%	-%	-	-	-%	-%
Total Net Revenues	\$ 713,978	\$ 1,019,934	(30.0)%	(23.0)%	\$ 1,019,934	\$ 838,856	21.6%	12.3%

(1) Actual (“%Act”) reflects the percentage change between two periods.

(2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

(3) We acquired our Bulgaria operations on August 1, 2008.

(4) We acquired our Romania (Media Pro Entertainment) operations on December 9, 2009.

Our net revenues decreased by US\$ 306.0 million in 2009 compared to 2008 primarily as a result of the economic recession in our markets. Advertising revenue declined in all of our territories, particularly in Ukraine and Romania, at a faster rate than the decline in GDP and local currencies were on average weaker against the dollar compared to 2008. In 2008 net revenue increased by US\$ 181.1 million compared to 2007 with each of our core markets growing (see Item 7, IV, “Analysis of Segment Results”).

III (b) Cost of Revenues for the years ending December 31, 2009, 2008 and 2007

COST OF REVENUES
For the Years Ended December 31, (US\$ 000's)

	<i>Movement</i>				<i>Movement</i>			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Operating Costs	\$ 134,095	\$ 145,210	(7.7)%	0.4%	\$ 145,210	\$ 116,859	24.3%	13.3%
Cost of programming	389,900	438,203	(11.0)%	(3.5)%	438,203	327,230	33.9%	25.7%
Depreciation of station property, plant and equipment	53,651	51,668	3.8%	14.9%	51,668	32,653	58.2%	41.7%
Amortization of broadcast licenses and other intangibles	21,597	35,381	(39.0)%	(33.3)%	35,381	24,970	41.7%	22.9%
Total Cost of Revenues	\$ 599,243	\$ 670,462	(10.6)%	(2.8)%	\$ 670,462	\$ 501,712	33.6%	23.7%

(1) Actual (“% Act”) reflects the percentage change between two periods.

(2) Like for Like (“% Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

(3) Number not meaningful.

Cost of revenues decreased by US\$ 71.2 million in 2009 compared to 2008, as we responded to the economic recession by reducing costs, and increased by US\$ 168.8 million in 2008 compared to 2007.

For a more detailed explanation of movements in our cost of revenues, see Item 7, IV, “Analysis of Segment Results”.

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Operating costs: Operating costs (excluding programming costs, depreciation of station property, plant and equipment, amortization of broadcast licenses and other intangibles as well as selling, general and administrative expenses) decreased by US\$ 11.1 million, or 7.7% in 2009. Excluding the impact of movements in foreign exchange rates, total operating costs remained flat, as savings were offset by additional cost relating to DVB-T broadcast fees and the full year impact of costs associated with our Bulgaria operations which we acquired on August 31, 2008.

Operating costs increased by US\$ 28.4 million in 2008 compared to 2007.

The movement in operating costs for each of our country operations is discussed in Item 7, IV, "Analysis of Segment Results".

OPERATING COSTS
For the Years Ended December 31, (US\$ 000's)

	<i>Movement</i>				<i>Movement</i>			
	2009	2008	<i>% Act⁽¹⁾</i>	<i>% Lfl⁽²⁾</i>	2008	2007	<i>% Act⁽¹⁾</i>	<i>% Lfl⁽²⁾</i>
Croatia	\$ 13,140	\$ 12,723	3.3 %	10.5 %	\$ 12,723	\$ 9,999	27.2 %	17.7 %
Czech Republic	40,439	41,037	(1.5) %	9.4 %	41,037	30,325	35.3 %	11.8 %
Romania (Broadcast & Internet)	24,582	32,251	(23.8) %	(8.5) %	32,251	23,487	37.3 %	37.3 %
Slovak Republic	19,496	19,379	0.6 %	4.9 %	19,379	21,017	(7.8) %	(20.3) %
Slovenia	12,085	14,329	(15.7) %	(11.4) %	14,329	12,185	17.6 %	10.2 %
Total Core Operations	\$ 109,742	\$ 119,719	(8.3) %	1.7 %	\$ 119,719	\$ 97,013	23.4 %	10.5 %
Bulgaria ⁽³⁾	6,244	2,289	172.8 %	159.0 %	2,289	-	-	-
Ukraine	17,520	23,202	(24.5) %	(24.5) %	23,202	19,846	16.9 %	16.9 %
Total Developing Operations	\$ 23,764	\$ 25,491	(6.8) %	(7.2) %	\$ 25,491	\$ 19,846	28.4 %	28.4 %
Romania (Media Pro Entertainment)								
⁽⁴⁾	589	-	-	-	-	-	-	-
Elimination	-	-	-	-	-	-	-	-
Total Operating Costs	\$ 134,095	\$ 145,210	(7.7) %	0.4 %	\$ 145,210	\$ 116,859	24.3 %	13.3 %

(1) Actual ("Act") reflects the percentage change between two periods.

(2) Like for Like ("Lfl") or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

(3) We acquired our Bulgaria operations on August 1, 2008.

(4) We acquired our Romania (Media Pro Entertainment) operations on December 9, 2009.

Cost of programming: Production expenses represent the cost of in-house productions as well as locally commissioned programming, such as news, current affairs and game shows. The cost of broadcasting all other programming is recorded as program amortization. Our consolidated cost of programming for the years ended December 31, 2009, 2008 and 2007 was as follows:

COST OF PROGRAMMING
For the Years Ended December 31, (US\$ 000's)

	<i>Movement</i>				<i>Movement</i>			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Croatia	\$ 29,809	\$ 39,585	(24.7)%	(19.6)%	\$ 39,585	\$ 32,232	22.8%	13.8%
Czech Republic	85,667	101,356	(15.5)%	(6.3)%	101,356	70,005	44.8%	23.9%
Romania (Broadcast & Internet)	96,839	114,716	(15.6)%	0.7%	114,716	85,288	34.5%	34.5%
Slovak Republic	61,325	52,162	17.6%	22.6%	52,162	37,258	40.0%	21.9%
Slovenia	30,117	32,823	(8.2)%	(3.1)%	32,823	27,988	17.3%	11.0%
Total Core Operations	\$ 303,757	\$ 340,642	(10.8)%	(0.7)%	\$ 340,642	\$ 252,771	34.8%	24.2%
Bulgaria ⁽⁴⁾	34,979	6,506	Nm ⁽³⁾	Nm ⁽³⁾	6,506	-	-	-
Ukraine	48,699	91,055	(46.5)%	(46.5)%	91,055	74,459	22.3%	22.3%
Total Developing Operations	\$ 83,678	\$ 97,561	(14.2)%	(14.7)%	\$ 97,561	\$ 74,459	31.0%	31.0%
Romania (Media Pro Entertainment) ⁽⁵⁾	4,692	-	-%	-%	-	-	-%	-%
Elimination	(2,227)	-	-%	-%	-	-	-%	-%
Total Cost of Programming	\$ 389,900	\$ 438,203	(11.0)%	(3.5)%	\$ 438,203	\$ 327,230	33.9%	25.7%
Represented by:								
Production Expenses	180,091	194,759	(7.5)%	1.8%	194,759	138,696	40.4%	29.3%
Program Amortization	209,809	243,444	(13.8)%	(7.6)%	243,444	188,534	29.1%	22.9%
Cost of Programming	\$ 389,900	\$ 438,203	(11.0)%	(3.5)%	\$ 438,203	\$ 327,230	33.9%	25.7%

(1) Actual (“% Act”) reflects the percentage change between two periods.

(2) Like for Like (“% Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

(3) Number not meaningful.

(4) We acquired our Bulgaria operations on August 1, 2008.

(5) We acquired Romania (Media Pro Entertainment) on December 9, 2009.

Programming costs (including amortization of acquired programming rights and production costs) decreased by 11.0% in 2009 compared to 2008, of which 7.5% was due to the strengthening of the dollar. On a constant currency basis, programming costs fell by 3.5% as our operations aired a more cost effective schedule than in 2008.

The launch of DOMA in the Slovak Republic and the full year impact of the acquisition of our Bulgaria operations added approximately US\$ 30.8 million to our programming costs.

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Programming costs (including amortization of programming rights and production costs) increased by US\$ 111.0 million, or 33.9%, in 2008 compared to 2007 due to price inflation.

The amortization of acquired programming for each of our consolidated operations for the years ended December 31, 2009, 2008 and 2007 is set out in the table below. For comparison, the table also shows the cash paid for acquired programming by each of our operations in the respective periods, which is reflected within net cash generated from continuing operating activities in our consolidated statement of cash flows.

PROGRAM AMORTIZATION AND CASH PAID FOR ACQUIRED PROGRAMMING
For the Years Ended December 31, (US\$ 000's)

	<i>Movement</i>				<i>Movement</i>			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Program amortization								
Croatia	\$ 13,101	\$ 21,229	(38.3)%	(34.3)%	\$ 21,229	\$ 20,784	2.1%	(5.5)%
Czech Republic	42,725	57,580	(25.8)%	(18.4)%	57,580	34,992	64.6%	44.2%
Romania (Broadcast & Internet)	54,498	55,253	(1.4)%	16.8%	55,253	44,673	23.7%	23.7%
Slovak Republic	31,427	20,855	50.7%	58.9%	20,855	16,326	27.7%	12.1%
Slovenia	13,944	13,076	6.6%	10.4%	13,076	10,289	27.1%	20.3%
Total Core Operations	\$ 155,695	\$ 167,993	(7.3)%	2.9%	\$ 167,993	\$ 127,064	32.2%	23.0%
Bulgaria ⁽⁴⁾	19,862	2,865	Nm ⁽³⁾	Nm ⁽³⁾	2,865	\$ -	-%	-%
Ukraine	34,535	72,586	(52.4)%	(52.4)%	72,586	61,470	18.1%	18.1%
Total Developing Operations	\$ 54,397	\$ 75,451	(27.9)%	(28.1)%	\$ 75,451	\$ 61,470	22.7%	22.7%
Romania (Media Pro Entertainment) ⁽⁵⁾	165	-	-%	-%	-	-	-%	-%
Elimination	(448)	-	-%	-%	-	-	-%	-%
Total Program Amortization	\$ 209,809	\$ 243,444	(13.8)%	(7.6)%	\$ 243,444	\$ 188,534	29.1%	22.9%
Cash paid for acquired programming:								
Croatia	\$ 11,950	\$ 24,922	(52.1)%	(45.9)%	\$ 24,922	\$ 22,894	8.9%	42.6%
Czech Republic	40,214	35,638	12.8%	28.5%	35,638	27,343	30.3%	43.8%
Romania (Broadcast & Internet)	78,228	73,223	6.8%	30.1%	73,223	61,271	19.5%	19.5%
Slovak Republic	25,132	23,905	5.1%	8.6%	23,905	18,273	30.8%	13.9%
Slovenia	11,846	11,300	4.8%	10.5%	11,300	9,751	15.9%	16.7%
Total Core Operations	\$ 167,370	\$ 168,988	(1.0)%	13.6%	\$ 168,988	\$ 139,532	21.1%	25.9%
Bulgaria ⁽⁴⁾	17,438	10,117	72.4%	57.5%	10,117	-	-%	-%
Ukraine	40,506	48,658	(16.8)%	(16.8)%	48,658	70,487	(31.0)%	(31.0)%
Total Developing Operations	\$ 57,944	\$ 58,775	(1.4)%	(3.0)%	\$ 58,775	\$ 70,487	(16.6)%	(16.6)%
Romania (Media Pro Entertainment) ⁽⁵⁾	310	-	-%	-%	-	-	-%	-%
Elimination	-	-	-%	-%	-	-	-%	-%
Total Cash Paid for Acquired Programming	\$ 225,624	\$ 227,763	(0.9)%	8.9%	\$ 227,763	\$ 210,019	8.4%	11.3%

(1) Actual (“%Act”) reflects the percentage change between two periods.

(2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

(3) Number is not meaningful.

(4) We acquired our Bulgaria operations on August 1, 2008.

(5) We acquired our Romania (Media Pro Entertainment) operations on December 9, 2009.

Depreciation of property, plant and equipment: Depreciation of property, plant and equipment increased by US\$ 2.0 million, or 3.8% in 2009, compared to 2008, primarily due to movements in foreign exchange rates, on a constant currency basis, depreciation increased 14.9%, reflecting recent investments in production equipment assets across all of our operations, particularly in Bulgaria and Romania.

Depreciation of property, plant and equipment increased by US\$ 19.0 million in 2008 compared to 2007 primarily due to depreciation of newly acquired production assets across each of our operations, particularly in the Czech Republic and Romania.

Amortization of broadcast licenses and other intangibles: Amortization of broadcast licenses and other intangibles decreased by US\$ 13.8 million, or 39.0% in 2009, compared to 2008, of which 5.7% reflects the impact of movements in foreign exchange rates. This decrease was primarily due to a reduction in amortization in our Czech Republic operations following the extension of the expiration date of TV NOVA (Czech Republic)'s terrestrial broadcast license to January 2025.

Amortization of broadcast licenses and other intangibles increased by US\$ 10.4 million in 2008 compared to 2007 primarily as a result of the amortization of broadcast licenses and other intangible assets acquired in the 2008 purchases of our Bulgaria operations and the remaining 40.0% interest in our Ukraine (Studio 1+1) operations, as well as the impact of charging a full year of amortization relating to the 2007 acquisitions in Romania and the Slovak Republic.

III (c) Selling, General and Administrative Expenses for the years ending December 31, 2009, 2008 and 2007

	Selling, General and Administrative Expenses For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Croatia	\$ 5,967	\$ 7,758	(23.1)%	(18.0)%	\$ 7,758	\$ 8,844	(12.3)%	(19.2)%
Czech Republic	21,314	25,498	(16.4)%	(7.4)%	25,498	22,411	13.8%	(3.9)%
Romania (Broadcast & Internet)	16,570	15,877	4.4%	24.4%	15,877	13,552	17.2%	17.2%
Slovak Republic	12,655	10,923	15.9%	20.5%	10,923	10,732	1.8%	(10.6)%
Slovenia	6,686	8,132	(17.8)%	(13.7)%	8,132	6,707	21.2%	12.0%
Corporate	39,143	49,676	(21.2)%	(19.1)%	49,676	55,373	(10.3)%	(10.3)%
Total Core Operations	\$ 102,335	\$ 117,864	(13.2)%	(7.2)%	\$ 117,864	\$ 117,619	0.2%	(5.4)%
Bulgaria	7,071	2,653	166.5%	147.3%	2,653	-	-%	-%
Ukraine	6,285	20,000	(68.6)%	(68.6)%	20,000	9,069	120.5%	120.5%
Total Developing Operations	\$ 13,356	\$ 22,653	(41.0)%	(41.6)%	\$ 22,653	\$ 9,069	149.8%	149.8%
Romania (Media Pro Entertainment) ⁽³⁾	381	-	-%	-%	-	-	-%	-%
Elimination	-	-	-%	-%	-	-	-%	-%
Total Selling, General and Administrative Expenses	\$ 116,072	\$ 140,517	(17.4)%	(12.8)%	\$ 140,517	\$ 126,688	10.9%	5.2%

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- (1) Actual (“%Act”) reflects the percentage change between two periods.
- (2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.
- (3) We acquired Romania (Media Pro Entertainment) on December 9, 2009.

Selling, general and administrative expenses decreased by US\$ 24.4 million in 2009 compared to 2008, primarily due to a reduction in bonuses related to performance and lower marketing and selling costs. Selling, general and administrative expenses increased by US\$ 13.8 million in 2008 compared to 2007 (see Item 7, IV, “Analysis of Segment Results”).

Corporate costs decreased by US\$ 10.5 million, or 21.2% in 2009, compared to 2008 as the benefits of our ongoing cost reduction measures were seen in all cost categories. These efficiency gains were partially offset by redundancy costs of US\$ 1.6 million and costs of approximately US\$ 4.9 million in connection with our acquisition of Media Pro Entertainment and the negotiation of our acquisition of the bTV group in Bulgaria, which prior to January 1, 2009 would have been capitalized as part of our investment (see Item 8, Note 3, “Acquisitions and Disposals”).

Corporate costs for 2009 are stated net of other income of US\$ 3.4 million arising on the assignment of our Lehman Brothers bankruptcy claim (see Item 8, Note 21, “Commitments and Contingencies: Lehman Brothers Bankruptcy Claim”).

Corporate costs include a charge of US\$ 6.2 million (2008: US\$ 6.1 million; 2007: US\$ 5.7 million) in respect of non-cash stock-based compensation. The charge for non-cash stock-based compensation in 2009 and 2008 reflects amortization of progressively higher value stock options issued in 2007 and 2008 (see Item 8, Note 17, “Stock-Based Compensation”).

Corporate costs for 2008 decreased by US\$ 5.7 million, or 10.3%, compared to 2007. A charge of US\$ 12.5 million was recorded in 2007 in respect of the estimated cost of settling our Croatia litigation; excluding this charge, corporate operating costs (excluding non-cash stock-based compensation) increased by US\$ 6.4 million, reflecting:

- an increase in travel costs primarily related to the use of a chartered aircraft, and salary and travel costs following the establishment of a centralized planning and development function to manage our initiatives to improve operational efficiencies;
- a further increase in staff-related costs as a result of redundancy payments following headcount reductions in the fourth quarter; and
- an increase in business development expenses incurred in evaluating potential investments.

III (d) Impairment charge for the years ending December 31, 2009, 2008 and 2007

	For the Years Ended December 31, (US\$ 000's)		
	2009	2008	2007
Bulgaria	\$ 81,843	\$ 64,891	\$ -
Ukraine	-	271,861	-
Total	\$ 81,843	\$ 336,752	\$ -

We revised our estimates of future cash flows in our existing Bulgaria operations in the first quarter of 2009 to reflect revised expectations of a heavier contraction in the advertising market in 2009 and a more prolonged downturn. In addition, Bulgaria has been heavily impacted by the global economic crisis, which was reflected in the returns expected by investors to reflect the increased actual and perceived risk of investing in Bulgaria which was higher than their historical norms. We concluded that long-lived assets in the Pro.bg asset group were no longer recoverable and recorded a charge to write them down to their fair value of US\$ nil (see Item 8, Note 4, “Goodwill and Intangible Assets”).

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In 2008, our stock price had fallen substantially due to the global economic crisis, and as a result, we reviewed our future cash flow forecasts for our operations. In connection with our annual impairment test for our goodwill, indefinite-lived intangible assets and long-lived assets' carrying values, we recognized total impairment charges with respect to our Ukraine and Bulgaria operations in 2008.

There were no impairment charges in 2007.

III (e) Operating (loss) / income for the years ending December 31, 2009, 2008 and 2007

For the Years Ended December 31, (US\$ 000's)								
Movement					Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Operating (loss) / income	\$ (83,180)	\$ (127,797)	(34.9)%	(49.9)%	\$ (127,797)	\$ 210,456	(160.7)%	(179.8)%

(1) Actual ("Act") reflects the percentage change between two periods.

(2) Like for Like ("Lfl") or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

Operating loss decreased by US\$ 44.6 million in 2009 compared to 2008 primarily due to a reduction in impairment charges. Excluding the impact of these charges, our operating income decreased by US\$ 210.3 million predominantly due to the global economic crisis and the effect on the television advertising spend in our markets. Operating margin was (11.7)%, compared to (12.5)% for 2008.

Due to the impairment charge recorded in 2008 (see Item 8, Note 4, "Goodwill and Intangible Assets"), we recognized an operating loss of US\$ 127.8 million in 2008 compared to operating income of US\$ 210.5 million in 2007, a decrease of US\$ 338.3 million; excluding the impact of the impairment losses, operating income decreased by US\$ 1.5 million. Operating margin was (12.5)% in 2008 compared to 25% in 2007.

III (f) Other income (expense) items for the years ending December 31, 2009, 2008 and 2007

	For the Years Ended December 31, (US\$ 000's)					
	2009	2008	% Act ⁽¹⁾	2008	2007	% Act ⁽¹⁾
Interest income	\$ 2,916	\$ 10,006	(70.9)%	\$ 10,006	\$ 5,728	74.7%
Interest expense	(115,771)	(82,481)	(40.4)%	(82,481)	(54,936)	(50.1)%
Foreign currency exchange loss, net	82,461	(37,877)	Nm ⁽²⁾	(37,877)	(34,409)	10.1%
Change in fair value of derivatives	1,315	6,360	(79.3)%	6,360	(3,703)	271.8%
Other income	1,521	2,620	(41.9)%	2,620	7,891	(66.8)%
Benefit / (Provision) for income taxes	3,193	(34,525)	109.2%	(34,525)	(20,822)	(65.8)%
Discontinued operations, net of tax	(262)	(3,785)	93.1%	(3,785)	(4,480)	15.5%
Noncontrolling interest in loss / (income) of consolidated subsidiaries	10,650	(2,067)	Nm ⁽²⁾	(2,067)	(17,107)	87.9%
Currency translation adjustment, net	(106,604)	(88,609)	(20.3)%	(88,609)	158,825	(155.8)%
Obligation to purchase shares	\$ -	\$ 488	Nm ⁽²⁾	\$ 488	\$ (488)	Nm ⁽²⁾

(1) Actual (“%Act”) reflects the percentage change between two periods.

(2) Number is not meaningful.

Interest income decreased by US\$ 7.1 million in 2009 compared to 2008 primarily as a result of the reduction in interest rates.

Interest income increased by US\$ 4.3 million in 2008 compared to 2007 primarily as a result of our maintaining higher average cash balances during 2008.

Interest expense increased by US\$ 33.3 million in 2009 compared to 2008. The increase is related to interest and amortization of the related debt issuance discount on our Convertible Notes issued on March 10, 2008 as well as movements in foreign exchange rates, an increase in our average borrowings, albeit at lower interest rates, and a loss of US\$ 14.5 million of which US\$ 5.1 million relates to accelerated amortization costs on the extinguishment of our EBRD Loan and the repayment of the 2005 Fixed Rate Notes.

Interest expense increased by US\$ 27.5 million in 2008 compared to 2007 primarily as a result of interest paid and amortization of the related debt issuance discount on our Convertible Notes issued in March 2008.

Foreign currency loss, net: During 2009, we recognized a net gain of US\$ 82.5 million comprising: transaction gains of US\$ 116.7 million on the revaluation of intercompany loans; transaction losses of approximately US\$ 17.0 million on the Senior Notes and the 2005 Fixed Rate Notes before they were redeemed and US\$ 22.4 million on the EBRD Loan due to the strengthening of the Euro between December 31, 2008 and the date of repayment; and transaction gains of US\$ 5.2 million relating to the revaluation of monetary assets and liabilities denominated in currencies other than the local functional currency of the relevant subsidiary.

In 2008, we recognized a net loss of US\$ 37.9 million comprising: transaction losses of US\$ 40.2 million relating to the revaluation of monetary assets and liabilities denominated in currencies other than the local functional currency of the relevant subsidiary; a transaction gain of approximately US\$ 31.8 million on the Senior Notes due to the strengthening of the dollar against the Euro between December 31, 2007 and December 31, 2008; and US\$ 29.5 million of transaction losses relating to the revaluation of intercompany loans.

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In 2007, we recognized a net loss of US\$ 34.4 million primarily as a result of the strengthening of the Euro against the dollar over that period. We incurred a transaction loss of approximately US\$ 59.6 million on the Senior Notes and the 2005 Fixed Rate Notes before they were redeemed due to the strengthening of the Euro against the dollar, which was partly offset by gains on the revaluation of monetary assets and liabilities and intercompany loans of US\$ 25.2 million.

Since February 19, 2009, any gain or loss arising on the revaluation of an intercompany loan to our Czech Republic operations has been recognized in the income statement as the loan is no longer considered to be long term in nature. We recognized a loss of US\$ 95.1 million within currency translation adjustment on the revaluation of such loan in the period from January 1, 2009 to February 19, 2009 compared to a loss of US\$ 38.7 million in the year ended December 31, 2008 and a gain of US\$ 79.2 million in the year ended December 31, 2007.

Change in fair value of derivatives: In 2009 we recognized a gain of US\$ 1.3 million as a result of the change in the fair value of the currency swaps entered into on April 27, 2006 (see Item 8, Note 13, "Financial Instruments and Fair Value Measurements") compared to income of US\$ 6.4 million in 2008 and losses of US\$ 3.7 million in 2007.

Other income: We recognized other income of US\$ 1.5 million in 2009, US\$ 2.6 million in 2008, and US\$ 7.9 million in 2007 which largely relates to the unwinding of onerous contract liabilities and the release of provisions against certain historic tax contingencies within our Romania operations.

Provision for income taxes: We recognized a tax benefit of US\$ 3.2 million in 2009 compared to provisions of US\$ 34.5 million and US\$ 20.8 million in 2008 and 2007, respectively. The reduction in our provision for income taxes reflects our reduced profitability. Our stations pay income taxes at rates ranging from 10% in Bulgaria to 25% in Ukraine.

We incurred a tax charge in 2008 despite reporting a loss before income taxes due to the fact that there was no tax benefit attributable to the impairment change in respect of goodwill booked in the year.

In 2007 the tax charge benefited from a deferred tax credit of US\$ 9.1 million arising from the enactment of lower tax rates for future years in the Czech Republic.

For further information on taxes see Item 8, Note 15, "Income Taxes".

Discontinued operations, net: In the fourth quarter of 2008 we agreed to acquire 100% of the KINO channel from our minority partners and to sell them our interest in the CITI channel, which was completed in February 2009. The results of the CITI channel have therefore been treated as discontinued operations for each year presented. For additional information, see Item 8, Note 20, "Discontinued Operations".

Noncontrolling interest in income of consolidated subsidiaries: We adopted FAS 160 (ASC 810) from January 1, 2009 and recognized noncontrolling interest in the loss of consolidated subsidiaries of US\$ 10.7 million in 2009 compared to an interest in the income of US\$ 2.1 million in 2008 and US\$ 17.1 million in 2007. The results in 2009 reflected the losses of our Bulgaria operations which we acquired on August 1, 2008. The results in 2008 reflect the results of the purchase of increased stakes in our operations in Ukraine and the results in 2007 reflect our increased stakes in our Romania and Slovak Republic operations.

Currency translation adjustment, net: The underlying equity value of our investments (which are denominated in the functional currency of the relevant operation) are converted into dollars at each balance sheet date, with any change in value of the underlying assets and liabilities being recorded as a currency translation adjustment on the balance sheet.

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In 2009, we recognized a loss of US\$ 106.6 million on the revaluation of our net investments in subsidiaries compared to a loss of US\$ 88.6 million for 2008 and a gain of US\$ 158.8 million for 2007.

The dollar depreciated against the functional currencies of most of our operations during 2009 with the exception of New Romanian Lei and Ukraine Hryvna, particularly during the first quarter of 2009. The dollar appreciated against the functional currencies of all of our operations during 2008 whereas it had generally experienced a decline in value against most of our operating currencies in 2007. The net loss on translation for 2009 included a loss of US\$ 95.1 million on the revaluation of an intercompany loan to our Czech Republic operations that was previously considered to be long term in nature. This compares to a loss of US\$ 38.7 million for 2008 and a gain of US\$ 79.2 million for 2007. Since February 19, 2009, any exchange difference arising on the revaluation of this intercompany loan has been recognized in the income statement as this loan was no longer considered to be long term in nature.

The following table illustrates the amount by which the exchange rate between the dollar and the functional currencies of our operations moved between January 1 and December 31 in 2009, 2008 and 2007, respectively:

	For the years ended December 31,		
	2009	2008	2007
Bulgarian Lev (1)	(3)%	-%	-%
Croatian Kuna	(2)%	5%	(11)%
Czech Koruna	(5)%	7%	(13)%
Euro	(3)%	6%	(11)%
New Romanian Lei	4%	15%	(4)%
Ukraine Hryvna (2)	5%	-%	-%

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) The functional currency of our Ukraine operations changed from the dollar to the Hryvna with effect from January 1, 2009. We therefore do not show the movement of the dollar against the Hryvna for 2008 or 2007.

IV. Analysis of Segment Results

OVERVIEW

We manage our business on a geographic basis and review the performance of each segment using data that reflects 100% of operating and license company results. We also consider how much of our total revenues and earnings are derived from our broadcast and internet operations. Our segments are Bulgaria, Croatia, the Czech Republic, Romania, the Slovak Republic, Slovenia, Ukraine and Romania (Media Pro Entertainment).

Following the Media Pro Entertainment acquisition and the implementation of our strategy to become a vertically integrated media company, from January 1, 2010, we will manage our business based on three operating divisions: Content (largely comprising Media Pro Entertainment) and Broadcast and New Media.

We evaluate the performance of our segments based on Net Revenues and EBITDA.

Our key performance measure of the efficiency of our business segments is EBITDA margin. We define EBITDA margin as the ratio of EBITDA to Net Revenues.

EBITDA is determined as net income/loss, which includes program rights amortization costs, before interest, taxes, depreciation and amortization of intangible assets. Items that are not allocated to our segments for purposes of evaluating their performance, and therefore are not included in EBITDA, include:

- . foreign currency exchange gains and losses;
- . change in the fair value of derivatives; and
- . certain unusual or infrequent items (e.g., impairments of assets or investments)

EBITDA may not be comparable to similar measures reported by other companies. Non-GAAP measures should be evaluated in conjunction with, and are not a substitute for, U.S. GAAP financial measures.

We believe EBITDA is useful to investors because it provides a more meaningful representation of our performance as it excludes certain items that either do not impact our cash flows or the operating results of our stations. EBITDA is also used as a component in determining management bonuses.

For a full reconciliation of our Net Revenues and EBITDA to our consolidated results for the years ended December 31, 2009, 2008 and 2007 see Item 8, Note 19, "Segment Data".

A summary of our total Net Revenues, EBITDA and EBITDA margin is as follows:

SEGMENT FINANCIAL INFORMATION

For the Years Ended December 31, (US\$ 000's)

	Movement				Movement			
	2009	2008	% Act ⁽⁷⁾	% Lfl ⁽⁸⁾	2008	2007	% Act ⁽⁷⁾	% Lfl ⁽⁸⁾
Net Revenues								
Croatia (NOVA TV)	\$ 49,139	\$ 54,651	(10.1)%	(4.4)%	\$ 54,651	\$ 37,193	46.9%	36.1%
Czech Republic (TV NOVA, NOVA CINEMA, NOVA SPORT and MTV CZECH) (1)	275,883	376,546	(26.7)%	(18.8)%	376,546	279,237	34.8%	15.4%
Romania (2)	176,501	274,627	(35.7)%	(22.9)%	274,627	215,402	27.5%	27.5%
Slovak Republic (TV MARKIZA and DOMA) (3)	107,356	132,692	(19.1)%	(16.7)%	132,692	110,539	20.0%	5.3%
Slovenia (POP TV, KANAL A and TV PIKA)	66,710	80,697	(17.3)%	(13.3)%	80,697	69,647	15.9%	9.7%
Total Core Operations	\$ 675,589	\$ 919,213	(26.5)%	(18.2)%	\$ 919,213	\$ 712,018	29.1%	17.6%
Bulgaria (PRO.BG and RING.BG) (4)	3,520	1,263	178.7%	160.0%	1,263	-	-%	-%
Ukraine (STUDIO 1+1, KINO) (5)	32,033	99,458	(67.8)%	(67.8)%	99,458	126,838	(21.6)%	(21.6)%
Total Developing Operations	\$ 35,553	\$ 100,721	(64.7)%	(64.7)%	\$ 100,721	126,838	(20.6)%	(20.6)%
Romania (Media Pro Entertainment) (6)	5,396	-	-%	-%	-	-	-%	-%
Elimination	(2,560)	-	-%	-%	-	-	-%	-%
Total Net Revenues	\$ 713,978	\$ 1,019,934	(30.0)%	(23.0)%	\$ 1,019,934	\$ 838,856	21.6%	12.3%
Represented by:								
Broadcast operations	\$ 701,024	\$ 1,010,403	(30.6)%	(23.6)%	\$ 1,010,403	\$ 835,232	21.0%	11.7%
Internet operations	10,118	9,531	6.2%	14.8%	9,531	3,624	163.0%	146.4%
Content operations	5,396	-	-%	-%	-	-	-%	-%
Elimination	(2,560)	-	-%	-%	-	-	-%	-%
Total Net Revenues	\$ 713,978	\$ 1,019,934	(30.0)%	(23.0)%	\$ 1,019,934	\$ 838,856	21.6%	12.3%

(1) We launched MTV CZECH in November 2009.

(2) Romania channels are PRO TV, PRO CINEMA, ACASA, PRO TV INTERNATIONAL, SPORT.RO and MTV Romania.

(3) We launched DOMA on August 31, 2009.

(4) We acquired our Bulgaria operations on August 1, 2008.

(5) From January 1, 2009 the operations of our KINO channel were combined with those of our STUDIO 1+1 channel and are no longer reported as a separate segment.

(6) We acquired Media Pro Entertainment on December 9, 2009.

(7) Actual (“%Act”) reflects the percentage change between two periods.

(8) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

SEGMENT FINANCIAL INFORMATION

For the Years Ended December 31, (US\$ 000's)

	Movement				Movement			
	2009	2008	% Act ⁽⁸⁾	% Lfl ⁽⁹⁾	2008	2007	% Act ⁽⁸⁾	% Lfl ⁽⁹⁾
EBITDA								
Croatia (NOVA TV)	\$ 223	\$ (5,415)	104.1 %	104.6 %	\$ (5,415)	\$ (13,882)	61.0 %	64.1 %
Czech Republic (TV NOVA, NOVA CINEMA NOVA SPORT and MTV CZECH) (1)	128,463	208,655	(38.4)%	(31.9)%	208,655	156,496	33.3 %	15.0 %
Romania (2)	38,510	111,783	(65.5)%	(58.4)%	111,783	93,075	20.1 %	20.1 %
Slovak Republic (TV MARKIZA and DOMA) (3)	13,880	50,228	(72.4)%	(72.1)%	50,228	41,532	20.9 %	7.6 %
Slovenia (POP TV, KANAL A and TV PIKA)	17,822	25,413	(29.9)%	(27.2)%	25,413	22,767	11.6 %	7.1 %
Corporate	(38,151)	(48,787)	21.8 %	19.7 %	(48,787)	(54,531)	10.5 %	10.5 %
Total Core Operations	\$ 160,747	\$ 341,877	(53.0)%	(46.9)%	\$ 341,877	\$ 245,457	39.3 %	24.2 %
Bulgaria (PRO.BG and RING.BG) (4)	(44,774)	(10,185)	Nm ⁽⁵⁾	Nm ⁽⁵⁾	(10,185)	-	- %	- %
Ukraine (STUDIO 1+1, KINO) (5)	(40,471)	(34,799)	(16.3)%	(16.3)%	(34,799)	23,464	(248.3)%	(248.3)%
Total Developing Operations	\$ (85,245)	\$ (44,984)	(89.5)%	(86.4)%	\$ (44,984)	\$ 23,464	(291.7)%	(291.7)%
Romania (Media Pro Entertainment) (6)	(266)	-	- %	- %	-	-	- %	- %
Elimination	(333)	-	- %	- %	-	-	- %	- %
Consolidated EBITDA	\$ 74,903	\$ 296,893	(74.8)%	(70.9)%	\$ 296,893	\$ 268,921	10.4 %	(0.6)%
Represented by:								
Broadcast operations	\$ 123,424	\$ 354,388	(65.2)%	(60.5)%	\$ 354,388	\$ 327,330	8.3 %	(0.9)%
Internet operations	(9,771)	(8,708)	(12.2)%	(21.3)%	(8,708)	(3,878)	(124.5)%	(110.8)%
Content operations	(266)	-	- %	- %	-	-	- %	- %
Corporate	(38,151)	(48,787)	21.8 %	19.7 %	(48,787)	(54,531)	10.5 %	10.5 %
Elimination	(333)	-	- %	- %	-	-	- %	- %
Consolidated EBITDA	\$ 74,903	\$ 296,893	(74.8)%	(70.9)%	\$ 296,893	\$ 268,921	10.4 %	(0.6)%
EBITDA Margin (7)	10%	29%	(19)%	(18)%	29%	32%	(3)%	(4)%

(1) We launched MTV CZECH in November 2009.

(2) Romania channels are PRO TV, PRO CINEMA, ACASA, PRO TV INTERNATIONAL, SPORT.RO and MTV Romania.

(3) We launched DOMA on August 31, 2009.

(4) We acquired our Bulgaria operations on August 1, 2008.

(5) From January 1, 2009 the operations of our KINO channel were combined with those of our STUDIO 1+1 channel and are no longer reported as a separate segment.

(6) We acquired Media Pro Entertainment on December 9, 2009.

(7) We define EBITDA margin as the ratio of EBITDA to Net Revenue.

(8) Actual (“%Act”) reflects the percentage change between two periods.

(9) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

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Historically it has been our experience that the EBITDA we generate in each of our segments, which correspond to the countries in which we operate plus our newly-acquired Media Pro Entertainment operations, is the result of the interaction of a number of different factors. While the relative significance of these factors fluctuates both from segment to segment and period to period, we believe that the critical factors involved, which we discuss below, remain constant.

Macro Economic Environment. Over the last ten years the markets in which we operate have generally experienced a much higher rate of economic growth than Western markets as they have established free market economies, instituted parliamentary democracies and attracted foreign investment funding. This has tended to generate growth in the domestic advertising markets of these countries as new entrants demand advertising time for new products and incumbent advertisers seek to protect their market share.

Local Advertising Markets. We have observed over many years a strong positive correlation between the macro economic performance of the emerging markets in which we operate and the size of the television advertising market, which is measured in constant currency unless otherwise stated, although advertising and TV advertising markets have increased much faster than GDP when GDP increases and have declined more rapidly when GDP declines. In addition to the underlying macro economic performance of each country in which we operate, demand for advertising, and therefore the overall size of the market, can fluctuate for many other reasons. These reasons could include, but are not limited to, structural changes to the economy, such as accession to the European Union, the development of new technologies, significant new entrants requiring large amounts of advertising or the impact of new legislation.

Audience Ratings and Share. When describing our performance we refer to “audience share”, which represents the share attracted by a channel as a proportion of the total audience watching television, and “ratings”, which represents the number of people watching a channel (expressed as a proportion of the total population measured). Audience share and ratings information is measured in each market by international measurement agencies using peplemeters, which quantify audiences for different demographics and sub geographies of the population measured throughout the day. Our channels schedule programming intended to attract audiences within specific “target” demographics that we believe will be attractive to advertisers. For each of our segments we show all day and prime time audience share and program ratings information for our channels and our major competitors, based on our channels’ target demographics. In common with all broadcasters, our audience share can fluctuate for many reasons, including the popularity of our own programming, the strength of our competitors’ programming, unseasonal weather or national and international sporting, cultural or political events.

Monetization of audience share. For the purposes of our management’s discussion and analysis of financial condition and results of operations, total television and radio advertising revenue net of rebates is referred to as “spot revenues,” which primarily comprise sales of commercial gross rating points (“GRPs”), which is a measure of the number of people watching when the advertisement is aired. The audience share we can generate in each country determines the number of GRPs each of our operations has to sell, although the relationship between audience share and revenue is frequently non-linear in nature and the amount of revenue we earn is the result of the interrelation between the volume of GRPs we are able to generate, the proportion of those GRPs we can sell to advertisers and the price at which we can sell them. In any period, we attempt to maximize revenue by optimizing pricing and resulting sell-out rates, including price increases or decreases depending on market conditions, seasonal or time-of-day incentives, target-audience delivery of specific campaigns, introductory pricing for new clients or audience movements based on our competitors’ program schedule. In most of our segments, our ability to provide advertisers with a package of related services across a number of channels and audience demographics, combined with the absolute level of that audience share, which has generally been market-leading, has enabled us to enjoy a share of the advertising market, and therefore segment net revenues, disproportionately in excess of our audience share.

Generally we contract with clients to provide an agreed number of GRPs for an agreed price (“cost per point”). Much more rarely we may sell on a fixed spot basis where an advertisement is placed at an agreed time for a negotiated price that is independent of the number of viewers. The price per GRP package varies depending on the season and time of day the advertisement is aired, the volume of GRPs purchased, requirements for special positioning of the advertisement, the demographic group that the advertisement is targeting (in a multi-channel environment) and other factors. Our larger advertising customers generally enter into annual contracts which usually run from April to March and set the pricing for a committed volume of GRPs, although this was not our experience in 2009. Generally, demand for broadcast advertising is highest in the fourth quarter of the year in the run-up to Christmas and lowest in the third quarter of the year during the summer holiday period.

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“Non-spot revenues” refers to all other revenues, including those from content production, sponsorship, game shows, program sales, short message service (“SMS”) messaging, cable subscriptions and barter transactions. The total of spot revenues and non-spot revenues is equal to Net Revenues.

Protection of EBITDA margin. Ultimately, the amount of EBITDA we generate in each segment is determined by how efficiently we manage the relationship between revenues and costs. Programming costs, which includes the cost of producing program content, typically represent the largest single component of our cost base in each of our operations and have historically increased each year as we, and our competitors, seek to gain or protect market share. We invest in programming where we believe we are able to gain audience share and ultimately increase our revenues, but only where we believe it is cost effective. The extent to which we are able to control major cost components without harming our market share will govern the ultimate level of EBITDA we earn.

ANALYSIS BY GEOGRAPHIC SEGMENT

(A) BULGARIA

On February 18, 2010, we entered into an agreement with News Corporation to purchase the bTV group for cash consideration of US\$ 400.0 million. (See Item 8, Note 24, "Subsequent Events").

Macro economic environment and local advertising markets

We estimate that the television advertising market declined by between 24% and 26% during 2009. Economic projections for Bulgaria in the first half of 2010 remain poor, resulting in uncertainty among advertisers but we currently expect single digit growth to occur in the second half of 2010.

Audience Share and Ratings Performance

For sales purposes, PRO.BG's and RING.BG's target audience demographic is 18-49 Urban. All audience data shown below is based on the target demographic of PRO.BG and RING.BG.

	For the year ended December 31, 2009	For the five months from acquisition to December 31, 2008
All day audience share	3.3%	2.0%
All day ratings	0.4%	0.2%
Prime time audience share	3.3%	1.7%
Prime time ratings	0.9%	0.5%

The leading broadcasters are the privately owned broadcasters bTV and NOVA TV and the public broadcaster BNT. In 2009, bTV had an all day audience share of 33.0%, NOVA TV had an all day audience share of 23.0% and BNT had an all day audience share of 8.9%. In terms of its audience share, PRO.BG currently is comparable to the larger cable or satellite channels in the Bulgarian market: DIEMA + and DIEMA 2, with all day audience shares of 2.8% and 1.3%, respectively, FOX LIFE with 2.4% and TV7 with 1.2%.

Prime time audience share for the year ended December 31, 2009 was 38.5 % for bTV, 24.8% for NOVA TV and 10.2% for BNT. Prime time audience shares for the year ended December 31, 2009 for DIEMA +, DIEMA 2, FOX LIFE and TV7 were 2.4%, 0.9%, 1.2% and 1.1%, respectively.

We acquired PRO.BG and RING.BG on August 1, 2008. Since acquiring our existing Bulgaria operations, we have continued to focus on establishing the necessary infrastructure and resources for the development of the operations, drawing on support from Romania and other markets while we build the new local management team. We continue to enhance our management team and have delivered three in-house productions including 'Wife Swap', 'Beat the Blondes' and the access show 'That's right'. We have consolidated our operations to one location, which has three fully operational studios.

Monetization of audience share

The year ended December 31, 2009 compared to the period of acquisition from August 1, 2008 to December 31, 2008

BULGARIA FINANCIAL INFORMATION				
(US\$ 000's)				
Movement				
	For the year ended	For the period of		
	December 31, 2009	acquisition from	% Act⁽²⁾	% Lfl⁽³⁾
		August 1, 2008 to		
		December 31, 2008⁽¹⁾		
Spot revenues	\$ 1,872	\$ 666	181.1 %	158.9 %
Non-spot revenues	1,648	597	176.0 %	161.2 %
Net Revenues	\$ 3,520	\$ 1,263	178.7 %	160.0 %
Represented by				
Broadcast operations	\$ 3,517	\$ 1,261	178.9 %	160.1 %
Internet operations	3	2	50.0 %	50.0 %
Content operations	-	-	- %	- %
Net Revenues	\$ 3,520	\$ 1,263	178.7 %	160.0 %

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) Actual (“% Act”) reflects the percentage change between two periods.

(3) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

Spot and Non spot revenues for the year ended December 31, 2009 continued to increase from 2008, however, they remain low in absolute terms.

EBITDA Performance

BULGARIA FINANCIAL INFORMATION				
(US\$ 000's)				
Movement				
	For the year ended	For the period from		
	December 31, 2009	August 1, 2008 to	% Act⁽²⁾	% Lfl⁽³⁾
		December 31, 2008⁽¹⁾		
EBITDA	\$ (44,774)	\$ (10,185)	Nm⁽⁴⁾	Nm⁽⁴⁾
Represented by				
Broadcast operations	\$ (44,303)	\$ (10,182)	Nm ⁽⁴⁾	Nm ⁽⁴⁾
Internet operations	(471)	(3)	Nm ⁽⁴⁾	Nm ⁽⁴⁾
Content operations	-	-	- %	- %
EBITDA	\$ (44,774)	\$ (10,185)	Nm⁽⁴⁾	Nm⁽⁴⁾
EBITDA Margin			Nm⁽⁴⁾	Nm⁽⁴⁾

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) Actual (“% Act”) reflects the percentage change between two periods.

(3) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

(4) Number is not meaningful.

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EBITDA losses were US\$ 44.8 million for the year ended December 31, 2009. In July 2009, we relaunched our channels and accordingly incurred significant costs in the areas of programming and marketing. We incurred programming costs of US\$ 35.0 million in the year ended December 31, 2009, of which US\$ 12.7 million relates to accelerated amortization of acquired programming that is scheduled to be broadcast where the net realizable value of the programming is less than its carrying value because the channel is not expected to generate sufficient revenue to recover the cost of the programming. We incurred other operating costs of US\$ 6.2 million and selling, general and administrative costs of US\$ 7.1 million in 2009.

EBITDA losses for the period from acquisition to December 31, 2008 were US\$ 10.2 million. We incurred programming costs of US\$ 6.5 million, which included a writedown of programming of US\$ 0.5 million, other operating costs of US\$ 2.3 million and selling, general and administrative costs of US\$ 2.7 million.

(B) CROATIA

Macro economic environment and local advertising markets

We estimate that the television advertising market in Croatia declined by between 14% and 16% during 2009. We anticipate that our clients will remain cautious in the first half of 2010 and we only expect modest recovery in the television advertising market in the second half with an estimated growth of approximately 2% for 2010.

The exchange rate between the dollar and the Croatian kuna, the functional currency of our Croatia operations, varies considerably from period to period. The average exchange rate of the dollar to the Croatian kuna in 2009 appreciated by 6% compared to 2008.

Audience Share and Ratings

For advertising sales purposes, the NOVA TV (Croatia) target audience is the 18-49 demographic and all audience data in this section is shown on this basis.

	<i>For the Years Ended December 31,</i>					
	2009	2008	<i>Movement</i>	2008	2007	<i>Movement</i>
All day audience share	22.8%	22.5%	0.3 %	22.5%	18.7%	3.7 %
All day ratings	3.7%	3.4%	0.3 %	3.4%	3.0%	0.4 %
Prime time audience share	27.4%	25.3%	2.1 %	25.3%	19.7%	5.6 %
Prime time ratings	9.9%	8.8%	1.1 %	8.8%	7.2%	1.6 %

NOVA TV (Croatia), whose average prime time audience share increased from 25.3% in 2008 to 27.4% in 2009, was ranked as the market leader in 2009. The prime time audience share of NOVA TV (Croatia) for the year ended December 31, 2009 increased compared to the same period of 2008 despite the implementation of a low cost programming schedule and the impact of the Croatian national team reaching the final of the World Handball Championships in 2009, which was broadcast by a competitor channel.

The second season of the reality show 'The Farm' was launched in March 2009, achieving an average audience share of 34.7% in September 2009, we launched our entertainment show 'Supertalent' ('Got Talent') and our locally produced drama series 'Najbolje Godine' ('The Best Years'), achieving average audience shares of 46.1% and 35.4%, respectively. Our main evening news program continues to perform well and increased its audience share to approximately 33.3% from 29.1% in 2009, providing an anchor for the rest of our prime time schedule.

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Our major competitors are the privately owned broadcaster RTL, with an all day audience share for the year ended December 31, 2009 of 26.2%, and two channels of the public broadcaster, HTV1 and HTV2, with all day audience shares for the year ended December 31, 2009 of 23.6% and 12.8%, respectively.

During the three months ended December 31, 2009, the prime time audience share of NOVA TV (Croatia) increased from 23.9% to 30.2%. The prime time audience share of HTV2 increased from 13.1% to 13.3% over the same period, while those of RTL and HTV1 decreased from 28.8% to 25.0% and from 24.5% to 20.5%, respectively.

Prime time ratings for NOVA TV (Croatia) increased from 8.8% in 2008 to 9.9% in 2009, while the total prime time ratings for the Croatian market increased from 34.8% in 2008 to 36.0% in 2009.

The number of daily unique users to our internet sites continued to increase by 32.3% from 0.2 million in the year ended December 31, 2008 to 0.3 million in year ended December 31, 2009.

The number of daily page impressions to our internet sites continued to increase by 24.5% from 1.0 million in 2008 to 1.2 million in the year ended December 31, 2009.

Monetization of audience share

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Spot revenues	\$ 41,980	\$ 45,946	(8.6)%	(3.0)%	\$ 45,946	\$ 29,675	54.8%	44.3%
Non-spot revenues	7,159	8,705	(17.8)%	(11.9)%	8,705	7,518	15.8%	4.9%
Net Revenues	\$ 49,139	\$ 54,651	(10.1)%	(4.4)%	\$ 54,651	\$ 37,193	46.9%	36.1%
Represented by								
Broadcast operations	\$ 48,543	\$ 54,083	(10.2)%	(4.6)%	\$ 54,083	\$ 36,901	46.6%	35.7%
Internet operations	596	568	4.9%	12.5%	568	292	94.5%	94.5%
Content operations	-	-	-%	-%	-	-	-%	-%
Net Revenues	\$ 49,139	\$ 54,651	(10.1)%	(4.4)%	\$ 54,651	\$ 37,193	46.9%	36.1%

(1) Actual (“%Act”) reflects the percentage change between two years.

(2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

Spot revenues decreased in 2009 compared to 2008, in part as a result of the strengthening of the dollar against the Croatian Kuna, the currency in which our sales are denominated, but also due to lower pricing in response to weaker demand from advertisers, which more than offset an increase in the volume of GRPs sold.

Non-spot revenues decreased in 2009 compared to 2008 primarily as a result of lower telephone-based services revenues following changes to our schedule.

Although we experienced signs of increased demand for advertising in the pharmaceuticals sector, the food and cosmetics sectors remain flat while the beverages and financial sectors remain in decline.

EBITDA Performance

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
EBITDA	\$ 223	\$ (5,415)	104.1 %	104.6 %	\$ (5,415)	\$ (13,882)	61.0 %	64.1 %
Represented by								
Broadcast operations	\$ 1,588	\$ (3,503)	145.3 %	152.7 %	\$ (3,503)	\$ (13,814)	74.6 %	76.6 %
Internet operations	(1,365)	(1,912)	28.6 %	25.0 %	(1,912)	(68)	Nm ⁽³⁾	Nm ⁽³⁾
Content operations	-	-	- %	- %	-	-	- %	- %
EBITDA	\$ 223	\$ (5,415)	104.1 %	104.6 %	\$ (5,415)	\$ (13,882)	61.0 %	64.1 %
EBITDA Margin	0%	(10)%	(10)%	(9)%	(10)%	(37)%	27%	28%

(1) Actual (“% Act”) reflects the percentage change between two periods.

(2) Like for Like (“% Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

(3) Number is not meaningful.

Despite the decreases in revenues described above, our Croatia operations achieved positive EBITDA for the first time in the year ended December 31, 2009. The EBITDA performance in 2009 is primarily a result of a net cost decrease resulting from:

- a 20% decrease in the cost of programming compared to 2008, following a cost optimization program reflecting savings in both foreign and local program syndication, partially offset by costs relating to the production of ‘In Magazin’, a locally produced daily magazine show;
- an 11% increase in other operating costs compared to 2008 due to higher staff-related costs due to higher headcount; and
- an 18% decrease in selling, general and administrative expenses compared to 2008, primarily due to lower marketing expenses.

(C) CZECH REPUBLIC

Macro economic environment and local advertising markets

We estimate that the television advertising market in the Czech Republic declined by approximately 22% to 24% during 2009. We currently expect single digit GDP growth in 2010 for the Czech Republic and anticipate a modest recovery in the second half of 2010 with anticipated growth in the finance, pharmaceutical and fast moving consumer goods (“FMCG”) sectors.

The exchange rate between the dollar and the Czech koruna, the functional currency of our Czech Republic operations, varies considerably from year to year. The average exchange rate of the dollar to the Czech koruna in 2009 appreciated by 11% compared to 2008.

Audience Share and Ratings Performance

For advertising sales purposes, the TV NOVA (Czech Republic) target audience is the 15-54 demographic and all audience data for our Czech operations in this section is shown on this basis.

	<i>For the Years Ended December 31,</i>					
	2009	2008	<i>Movement</i>	2008	2007	<i>Movement</i>
All day audience share	43.7%	42.0%	1.7 %	42.0%	43.0%	(1.0) %
All day ratings	4.8%	4.8%	0.0 %	4.8%	4.8%	0.0 %
Prime time audience share	48.9%	46.3%	2.6 %	46.3%	46.8%	(0.5) %
Prime time ratings	14.2%	13.6%	0.6 %	13.6%	14.1%	(0.5) %

Our Czech Republic operations maintained their clear leadership position in the market with an average prime time share in their target group of 48.9% in 2009. This was achieved despite the introduction of a more cost efficient spring and fall schedule. In addition to our already successful series 'Ulice' ('The street') and 'Ordinace v ružové zahradě' ('Rose Garden Medical'), this schedule included a rerun of the popular Czech sitcom 'Comeback' and the first season of the reality show 'Czech-Slovak Superstar', which achieved an audience share of 53.8%. TV NOVA (Czech Republic)'s main news program performed extraordinarily well with an average prime time audience share for the year of 66.4%.

NOVA CINEMA increased its coverage in its 4+ audience to 70.7% from 40.0% since it began broadcasting in Digital Video Broadcasting-Terrestrial ("DVB-T") on December 15, 2008 and we began to monetize its ratings in 2009.

MTV CZECH is a new cable and satellite channel targeting the youth niche segment and was launched in November 2009.

Our main competitors are the two channels operated by the public broadcaster, CT1 and CT2, with all day audience shares for 2009 of 15.7% and 5.1%, respectively, and privately owned broadcaster TV Prima, with an all day audience share of 16.4%.

Prime time audience share for CT1 decreased from 18.2% in 2008 to 16.7% in 2009, while the audience shares of CT2 and TV Prima decreased from 5.6% to 4.5% and from 17.1% to 16.0%, respectively.

Prime time ratings for our Czech Republic operations were 14.2% in 2009 compared to 13.6% in 2008, while total prime time ratings in the Czech Republic declined from 29.5% in 2008 to 29.1% in 2009.

During the three months ended December 31, 2009, the prime time audience share of TV NOVA (Czech Republic) was 49.2% compared to 47.0% for the same period in 2008. The prime time audience share of TV Prima decreased from 16.8% to 14.7%, while the prime time audience shares of CT1 and CT2 decreased from 18.3% to 15.3% and from 4.2% to 3.3%, respectively over the same period.

The number of average unique daily users to our internet sites remained flat growing only by 0.9% for the year ended December 31, 2009 compared to the same period in 2008. This is due to a 34.1% decline on our community website BLOG.CZ in the year ended December 31, 2009 compared to 2008. However we did experience growth on our corporate website NOVA.CZ and it is successful free video-on-demand capability and following the broadcast of the reality show 'Czech-Slovak Superstar'. In the fourth quarter of 2009, this portal was the biggest video portal in the market in terms of total minutes of video streaming, with the closest direct competitor being STREAM.CZ which is a part of the home page of local leading portal Seznam.cz.

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The number of daily page impressions to our internet sites decreased by 17.8% from 5.6 million in the year ended December 31, 2008 to 4.6 million in the year ended December 31, 2009.

Monetization of audience share

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Spot revenues	\$ 242,354	\$ 345,077	(29.8)%	(22.2)%	\$ 345,077	\$ 254,545	35.6%	16.1%
Non-spot revenues	33,529	31,469	6.5%	17.7%	31,469	24,692	27.4%	8.2%
Net Revenues	\$ 275,883	\$ 376,546	(26.7)%	(18.8)%	\$ 376,546	\$ 279,237	34.8%	15.4%
Represented by								
Broadcast operations	\$ 271,733	\$ 374,100	(27.4)%	(19.5)%	\$ 374,100	\$ 278,785	34.2%	14.8%
Internet operations	4,150	2,446	69.7%	79.2%	2,446	452	Nm ⁽³⁾	Nm ⁽³⁾
Content operations	-	-	-%	-%	-	-	-%	-%
Net Revenues	\$ 275,883	\$ 376,546	(26.7)%	(18.8)%	\$ 376,546	\$ 279,237	34.8%	15.4%

(1) Actual (“%Act”) reflects the percentage change between two years.

(2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

(3) Number is not meaningful.

Spot revenues decreased in 2009 by 30%, or 22% in constant currency, compared to 2008 as a result of decline in the television advertising market. Non-spot revenues increased by 7%, or 18% in constant currency, compared to 2008 as a result of higher sponsorship revenues following the creation of a dedicated sponsorship sales team in 2009 and increased revenues generated from teleshopping. This increase was partially offset by the absence of subscription revenues generated from NOVA CINEMA, which is now broadcast in DVB-T.

EBITDA Performance

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
EBITDA	\$ 128,463	\$ 208,655	(38.4)%	(31.9)%	\$ 208,655	\$ 156,496	33.3%	15.0%
Represented by								
Broadcast operations	\$ 132,073	\$ 212,618	(37.9)%	(31.3)%	\$ 212,618	\$ 157,362	35.1%	16.5%
Internet operations	(3,610)	(3,963)	8.9%	2.2%	(3,963)	(866)	Nm ⁽³⁾	(271.7)%
Content operations	-	-	-%	-%	-	-	-%	-%
EBITDA	\$ 128,463	\$ 208,655	(38.4)%	(31.9)%	\$ 208,655	\$ 156,496	33.3%	15.0%
EBITDA Margin	47%	55%	(8)%	(8)%	55%	56%	(1)%	(1)%

(1) Actual (“%Act”) reflects the percentage change between two years.

(2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

(3) Number is not meaningful

Our Czech Republic operations' EBITDA decline in 2009 is primarily a result of a decline in revenues which outweighed a net cost saving resulting from:

- a 6% decrease in the cost of programming compared to 2008 following a cost optimization program resulting in savings in both foreign and local program syndication. Notwithstanding the decrease in the cost of programming, production costs increased during 2009 primarily due to an increase in reality and entertainment shows included in the fall schedule,
- a 7% decrease in selling, general and administrative expenses compared to 2008 primarily due to lower marketing and travel expenses; partially offset by
- a 9% increase in other operating costs compared to 2008, primarily due to higher fees paid for digital transmission as a result of broadcasting two of our channels in DVB-T rather than one in 2008, which more than offset lower staff-related costs.

The cost savings described above were unable to offset the effect of the decrease in revenues and as a result our Czech Republic operations experienced a decline in their EBITDA margin for 2009 compared to 2008.

(D) ROMANIA

Macro economic environment and local advertising markets

We estimate that the television advertising market declined by between 29% and 31% during 2009 due to the global economic crisis and the resulting uncertainty among advertisers. We expect a modest recovery in the second half of 2010, largely attributable to the recovery of the telecom and retail sectors.

The exchange rate between the dollar and the New Romanian lei, the functional currency of our Romania operations, varies considerably from period to period. The average exchange rate of the dollar to the New Romanian lei in 2009 appreciated by 20% compared to 2008.

Audience Share and Ratings

For advertising sales purposes, our Romanian channels have different target audience demographics: PRO TV - 18-49 urban; ACASA - 15-49 female urban; PRO CINEMA - 18-49 urban; SPORT.RO - male urban; and MTV ROMANIA - 15-34 urban. All audience data shown in this section below is based on the target demographic of PRO TV.

	<i>For the Years Ended December 31,</i>					
	2009	2008	<i>Movement</i>	2008	2007	<i>Movement</i>
All day audience share (all channels)	27.4%	28.8%	(1.4)%	28.8%	30.6%	(1.8)%
All day ratings (all channels)	4.5%	4.5%	0.0%	4.5%	4.1%	0.4%
Prime time audience share (all channels)	32.2%	32.6%	(0.4)%	32.6%	32.4%	0.2%
Prime time ratings (all channels)	10.6%	10.8%	(0.2)%	10.8%	9.6%	1.2%

Our Romania operations experienced a slight decrease in prime time audience share in the year ended December 31, 2009. Local programming continued to perform strongly in 2009, with 'Regina', the spin-off from the successful 'Gypsy Heart' series, delivering an audience share of 26.6%. 'State de Romania', a sitcom broadcast on PRO TV, delivered an audience share of 14.3% in 2009.

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Our main competitors are the privately owned broadcasters Antena 1, which had an all day audience share for 2009 of 11.5%, Prima TV and Kanal D, which had all day audience shares of 5.5% and 4.4%, respectively.

Prime time audience share for Antenna 1 increased from 11.4% in 2008 to 12.2% in 2009, while the prime time audience shares of Prima TV increased from 6.2% to 7.1% and Kanal D decreased from 5.0% to 4.3%.

Prime time ratings for PRO TV were 6.5% in 2008 compared to 6.7% in 2009 while total prime time ratings for the Romania market increased from 33.1% in 2008 to 33.2% in 2009.

During the three months ended December 31, 2009, the combined prime time audience share of PRO TV, ACASA, PRO CINEMA, SPORT.RO and MTV ROMANIA was 30.3% compared to 34.1% for the same period in 2008. The prime time audience share of TVR 1 increased from 3.4% to 4.1%, while the prime time audience share of Antena 1 remained flat at 12.0%.

Our internet operations continued to grow, reaching around 0.4 million average daily unique users in year ended December 31, 2009, with a growth of 42.5% in 2009 compared to 2008. This is mainly due to increases on our general news portal STIRILEPROTV.RO and sports news portal SPORT.RO of 123.1% and 52.3%, respectively in the year ended December 31, 2009.

The number of daily page impressions on our internet sites increased by 40.3% from 2.1 million in 2008 to 3.0 million in the year ended December 31, 2009.

Monetization of audience share

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Spot revenues	\$ 153,147	\$ 253,649	(39.6)%	(27.6)%	\$ 253,649	\$ 202,414	25.3%	25.3%
Non-spot revenues	23,354	20,978	11.3%	34.6%	20,978	12,988	61.5%	61.5%
Net Revenues	\$ 176,501	\$ 274,627	(35.7)%	(22.9)%	\$ 274,627	\$ 215,402	27.5%	27.5%
Represented by								
Broadcast operations	\$ 175,517	\$ 273,270	(35.8)%	(22.9)%	\$ 273,270	\$ 214,976	27.1%	27.1%
Internet operations	984	1,357	(27.5)%	(11.5)%	1,357	426	218.5%	218.5%
Content operations	-	-	-%	-%	-	-	-%	-%
Net Revenues	\$ 176,501	\$ 274,627	(35.7)%	(22.9)%	\$ 274,627	\$ 215,402	27.5%	27.5%

(1) Actual ("Act") reflects the percentage change between two years.

(2) The functional currency of our Romania operations changed from the dollar to the New Romanian lei with effect from January 1, 2008. We therefore do not apply the current period average exchange rates to the prior period revenues and costs.

(3) Number is not meaningful.

Spot revenues decreased in 2009 compared to 2008 both as a result of the strengthening of the dollar against the New Romanian Lei, the currency in which our sales are denominated, and a decline in the advertising market. In constant currency, we experienced a decrease in the volume of GRPs sold, particularly in the first quarter of 2009, and lower pricing, particularly in the second half of 2009.

Non-spot revenues increased in 2009 compared to 2008 mainly increased cable tariffs and higher number of subscribers generated by Sport.ro, Pro Cinema, MTV and Acasa.

EBITDA Performance

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
EBITDA	\$ 38,510	\$ 111,783	(65.5)%	(58.4)%	\$ 111,783	\$ 93,075	20.1%	20.1%
Represented by								
Broadcast operations	\$ 40,857	\$ 112,523	(63.7)%	(56.2)%	\$ 112,523	\$ 93,585	20.2%	20.2%
Internet operations	(2,347)	(740)	(217.2)%	(254.5)%	(740)	(510)	(45.1)%	(45.1)%
Content operations	-	-	-%	-%	-	-	-%	-%
EBITDA	\$ 38,510	\$ 111,783	(65.5)%	(58.4)%	\$ 111,783	\$ 93,075	20.1%	20.1%
EBITDA Margin	22%	41%	(19)%	(18)%	41%	43%	(2)%	(2)%

(1) Actual (“%Act”) reflects the percentage change between two years.

(2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

Our Romania operations' EBITDA decline in 2009 resulted primarily from a decline in revenue and a net increase in costs resulting from:

- a 17% increase in the cost of acquired programming compared to 2008, reflecting the higher cost of foreign acquired programming and an increase in acquired sport events;
- a 14% decrease in the cost of production compared to 2008 following a cost optimization program in the 2009 fall schedule;
- a 9% decrease in other operating costs compared to 2008, primarily due to lower staff-related costs; and
- a 24% increase in selling, general and administrative expenses compared to 2008, primarily due to increases in the provision for doubtful debts and in marketing and selling costs.

Total costs increased 1.2% for the year ended December 31, 2009 compared to the same period in 2008. The significant decline in revenues and the marginal increase in costs contributed to a significant decline in the EBITDA margin in 2009 compared to 2008.

(E) SLOVAK REPUBLIC

Macro economic environment and local advertising markets

We estimate that the television advertising market declined by between 22% and 24% in 2009 due to general economic conditions, exacerbated by the impact on the Slovak Republic of the dispute between Russia and Ukraine over gas supplies in the first quarter. We expect difficult trading conditions during the first half of 2010 with modest recovery in the second half of 2010.

With effect from January 1, 2009 the amount of total broadcast time devoted to advertising on public-owned stations was reduced to 2.5% from 3% and in connection with this we are required to pay 2.0% of the revenues of our Slovak Republic operations to a new Audiovisual Fund. This increased our cost base by approximately US\$ 2.1 million compared to 2008.

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The Slovak Republic adopted the Euro on January 1, 2009, and as a result the functional currency of our Slovak Republic operations changed from the Slovak Koruna (“SKK”) on that date.

The exchange rate between the dollar and the Euro varies considerably from period to period. The average exchange rate of the dollar to the Euro in 2009 appreciated by 5% compared to 2008. We calculated the comparative 2008 like-for-like data by translating the actual SKK revenues and costs of our Slovak Republic operations into Euros using the average exchange rates applicable during 2008. We then converted these implied Euro values into dollars using the current period average exchange rates in order to arrive at a like-for-like comparative.

Audience Share and Ratings Performance

On August 31, 2009, we launched DOMA, a new channel in the Slovak Republic targeted at a younger female audience. For advertising sales purposes, TV MARKIZA’s target audience is the 12+ demographic and the audience data for TV MARKIZA and DOMA is shown below is based on TV MARKIZA’s target audience.

	<i>For the Years Ended December 31,</i>					
	2009	2008	<i>Movement</i>	2008	2007	<i>Movement</i>
All day audience share	31.9%	35.1%	(3.2)%	35.1%	35.5%	(0.4)%
All day ratings	4.3%	4.5%	(0.2)%	4.5%	4.8%	(0.3)%
Prime time audience share	33.9%	36.8%	(2.9)%	36.8%	38.5%	(1.7)%
Prime time ratings	11.7%	12.2%	(0.5)%	12.2%	13.2%	(1.0)%

Our Slovak Republic operations’ prime time audience share declined to 33.9% in 2009 from 36.8% in 2008. This reflects our decision in the first quarter of 2009 to remove high-cost local productions from the schedule to reduce costs. Our principal competitor, privately owned TV JOJ, capitalized on our reductions and increased their investment in local production.

TV JOJ’s prime time audience share in 2009 increased from 19.3% to 22.3% while the prime time audience share for STV1, the only significant public broadcaster, decreased from 17.3% in 2008 to 16.6% in 2009. Prime time ratings for TV MARKIZA were 33.5% in 2009 compared to 36.8% in 2008. Total prime time ratings for the market increased from 33.2% in 2008 to 34.7% in 2009, partially due to the addition of JOJ Plus, a new channel that was launched in October 2008.

During the three months ended December 31, 2009, the prime time audience share of TV MARKIZA decreased to 35.9% from 37.4% in the same period in 2008. The prime time audience share of STV 1 decreased from 15.3% to 15.1%, while TV JOJ’s audience share increased from 21.0% to 22.8% in the same period.

Our internet operations continued to grow by 42.8% from 89.4 thousand of average unique daily users in the year ended December 31, 2008 to 127.6 thousand in the year ended December 31, 2009. This is mainly due to an increase of on our general news portal and interest in broadcast-related shows such as ‘Czech-Slovak Superstar’, a joint reality production between TV NOVA (Czech Republic) and TV MARKIZA.

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The number of daily page impressions increased by 44.8% from 0.6 million in the year ended December 31, 2008 to 0.8 million in the year ended December 31, 2009.

Monetization of audience share

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Spot revenues	\$ 97,894	\$ 122,527	(20.1)%	(17.7)%	\$ 122,527	\$ 106,445	15.1%	1.0%
Non-spot revenues	9,462	10,165	(6.9)%	(4.0)%	10,165	4,094	148.3%	115.2%
Net Revenues	\$ 107,356	\$ 132,692	(19.1)%	(16.7)%	\$ 132,692	\$ 110,539	20.0%	5.3%
Represented by								
Broadcast operations	\$ 106,479	\$ 132,367	(19.6)%	(17.1)%	\$ 132,367	\$ 110,158	20.2%	5.4%
Internet operations	877	325	169.8%	168.2%	325	381	(14.7)%	(26.7)%
Content operations	-	-	-%	-%	-	-	-%	-%
Net Revenues	\$ 107,356	\$ 132,692	(19.1)%	(16.7)%	\$ 132,692	\$ 110,539	20.0%	5.3%

(1) Actual (“%Act”) reflects the percentage change between two years.

(2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

Spot revenues decreased in 2009 compared to 2008 predominantly due to the deterioration of the economy and the resulting decline in the television advertising market. The strengthening of the dollar against the Euro, the currency in which our sales are denominated, also contributed to the decline in revenues.

In constant currency, we experienced a decrease in spot revenues primarily due to a lower volume of GRPs sold as our ratings declined and a decrease in our pricing, particularly in the fourth quarter, to remain competitive in the declining television advertising market. Demand for advertising from the financial and the automotive sectors remained at a similar level to 2008, while demand from the FMCG, pharmaceutical and telecommunications sectors remain in decline.

Non-spot revenues decreased in 2009 compared to 2008 primarily due to lower sponsorship revenues throughout the year as a result of changes to our program schedule. This trend partly reversed in the fourth quarter as a result of the program ‘Czech-Slovak Superstar’.

EBITDA Performance

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
EBITDA	\$ 13,880	\$ 50,228	(72.4)%	(72.1)%	\$ 50,228	\$ 41,532	20.9%	7.6%
Represented by								
Broadcast operations	\$ 15,156	\$ 51,452	(70.5)%	(70.2)%	\$ 51,452	\$ 41,957	22.6%	9.0%
Internet operations	(1,276)	(1,224)	(4.2)%	(9.2)%	(1,224)	(425)	(188.0)%	(140.7)%
Content operations	-	-	-%	-%	-	-	-%	-%
EBITDA	\$ 13,880	\$ 50,228	(72.4)%	(72.1)%	\$ 50,228	\$ 41,532	20.9%	7.6%
EBITDA Margin	13%	38%	(25)%	(26)%	38%	38%	0%	1%

(1) Actual (“%Act”) reflects the percentage change between two years.

(2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

Our Slovak Republic operations’ EBITDA decline resulted primarily from declining revenues and an increase in costs resulting from:

- a 23% increase in the cost of programming compared to 2008, reflecting the higher cost of foreign acquired programming, the additional programming costs of US\$ 1.6 million relates to the launch of DOMA and our schedule including a higher proportion local fiction in 2009 than in 2008;
- a 5% increase in other operating costs compared to 2008, primarily due to increased staff-related costs, as savings from reductions in headcount following a redundancy program in the first quarter were more than offset by increases in internet staff-related costs; and
- a 21% increase in selling, general and administrative expenses compared to 2008, reflecting payments made to the Slovak Audiovisual Fund and marketing costs relating to the launch of DOMA.

Total costs increased by 18% compared to 2008, and when taken together with the decline in revenues described above, our Slovak Republic operations experienced a significant decline in their EBITDA margin compared to 2008.

(F) SLOVENIA

Macro economic environment and local advertising markets

We estimate that the television advertising market declined by between 18% and 20% in 2009 due to the global economic crisis and the resulting uncertainty among advertisers. We currently expect modest recovery in the second half of 2010 leading to growth in the television advertising market of between 3% and 5% for the full year, with anticipated growth in the pharmaceutical, FMCG, telecommunication and financial sectors.

The exchange rate between the dollar and the Euro, the functional currency of our Slovenia operations, varies considerably from period to period. The average exchange rate of the dollar to the Euro in 2009 appreciated by 5% compared to 2008.

Audience Share and Ratings Performance

For advertising sales purposes, each of POP TV's, KANAL A's and TV PIKA's target audience is the 18-49 demographic and audience data shown below for these channels is on this basis:

	<i>For the Years Ended December 31,</i>					
	2009	2008⁽¹⁾	<i>Movement</i>	2008	2007	<i>Movement</i>
All day audience share	39.6%	40.0%	(0.4)%	40.0%	40.2%	(0.2)%
All day ratings	3.7%	3.8%	(0.1)%	3.7%	3.9%	(0.2)%
Prime time audience share	48.8%	47.4%	1.4%	47.4%	47.8%	(0.4)%
Prime time ratings	11.9%	11.6%	0.3%	11.6%	11.9%	(0.3)%

(1) excluding TV PIKA

Our major competitors are the two channels operated by the public broadcaster, SLO1 and SLO2, with all day audience shares for the year ended December 31, 2009 of 13.5% and 7.8%, respectively, and privately owned broadcaster TV3, with an all day audience share of 7.6%.

Prime time audience share for SLO 2 increased from 6.2% to 7.0% and TV3 increased from 6.5% in 2008 to 7.0% in 2009. The prime time audience shares of SLO 1 decreased from 18.9% to 16.0%.

The combined prime time ratings for our Slovenia operations were 11.9% in 2009 compared to 11.6% in 2008. Total prime time ratings for the market remained steady at 24.6% both in 2008 and 2009.

Our Slovenia operations experienced an increase in prime time audience share in 2009. We were able to mitigate the effects of the absence of 'Big Brother' and 'Deal or No Deal' in the first half and the public affairs show 'Frictions' in second half of 2009 with the continued popularity of our innovative local programming, with 'Celebrity Farm', 'Can U Dig It?!' and 'Neighbours', delivering strong average prime time audience shares of 52.9%, 36.7% and 42.0%, respectively. Our news program, '24 ur', continues to perform well delivering an average prime time audience share of 44.7%.

During the three months ended December 31, 2009, our combined prime time audience share increased to 54.5% from 51.0% in the same period in 2008 and included the prime time audience share of TV PIKA of 1.1%. The prime time audience share of TV3 and SLO2 increased from 6.4% to 6.5% and from 5.1% to 6.3% over the same period respectively, while the prime time audience share of SLO 1 declined to 13.6% from 18.1%.

Our internet sites delivered a 68.8% increase in unique daily users in 2009 compared to 2008. Of this increase, 43.7% originated from our 24ur.com website, the most visited website in Slovenia: with over 0.7 million unique visitors and over 115 million page impressions per month.

Monetization of audience share

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Spot revenues	\$ 59,011	\$ 69,497	(15.1)%	(11.1)%	\$ 69,497	\$ 60,559	14.8%	8.4%
Non-spot revenues	7,699	11,200	(31.3)%	(26.9)%	11,200	9,088	23.2%	18.6%
Segment Net Revenues	\$ 66,710	\$ 80,697	(17.3)%	(13.3)%	\$ 80,697	\$ 69,647	15.9%	9.7%
Represented by								
Broadcast operations	\$ 63,385	\$ 75,963	(16.6)%	(12.6)%	\$ 75,963	\$ 67,574	12.4%	6.5%
Internet operations	3,325	4,734	(29.8)%	(24.8)%	4,734	2,073	128.4%	114.2%
Content operations	-	-	-%	-%	-	-	-%	-%
Segment Net Revenues	\$ 66,710	\$ 80,697	(17.3)%	(13.3)%	\$ 80,697	\$ 69,647	15.9%	9.7%

(1) Actual (“%Act”) reflects the percentage change between two years.

(2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

Spot revenues decreased in 2009 compared to 2008, both as a result of the decline in the advertising market as well as a result of the strengthening of the dollar against the Euro, the currency in which our sales are denominated.

In constant currency, we experienced a decrease in spot revenues due to a combination of decreased spending from existing customers and lower pricing. Although the volume of GRPs sold during 2009 was marginally above that sold in 2008, we were unable to maintain our pricing and as a result our spot revenues decreased.

Non-spot revenues decreased primarily due to lower sponsorship and lower telephone voting revenues in 2009 compared to 2008 due to changes in our programming schedule.

EBITDA Performance

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
EBITDA	\$ 17,822	\$ 25,413	(29.9)%	(27.2)%	\$ 25,413	\$ 22,767	11.6%	7.1%
Represented by								
Broadcast operations	\$ 17,551	\$ 24,620	(28.7)%	(25.4)%	\$ 24,620	\$ 24,249	1.5%	(2.2)%
Internet operations	271	793	(65.8)%	(71.0)%	793	(1,482)	153.5%	154.8%
Content operations	-	-	-%	-%	-	-	-%	-%
EBITDA	\$ 17,822	\$ 25,413	(29.9)%	(27.2)%	\$ 25,413	\$ 22,767	11.6%	7.1%
EBITDA Margin	27%	31%	(4)%	(5)%	31%	33%	(2)%	(1)%

(1) Actual (“%Act”) reflects the percentage change between two years.

(2) Like for Like (“%Lfl”) or constant currency reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

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Total costs charged in arriving at EBITDA decreased 7% in 2009 compared to 2008, reflecting:

- a 3% decrease in the cost of programming compared to 2008, reflecting a reduction in the proportion of locally produced programming in our schedule partially offset by the higher cost of acquired programming, particularly in the first half of 2009;
- a decrease of 11% in other operating costs compared to 2008, primarily due to lower staff-related costs, offset by the initial redundancy-related costs reflected in the first quarter of 2009 and higher fees paid for digital transmission as a result of broadcasting our channels in DVB-T; and
- a 14% decrease in selling, general and administrative expenses compared to 2008, primarily due to lower marketing and travel expenses.

Despite the decrease in total costs, our Slovenia operations experienced a decline in EBITDA as a result of the reduction in revenue described above.

(G) UKRAINE

In January 2010, we entered into an agreement to sell 100% of our interest in our Ukraine operations to Igor Kolomoisky, a shareholder and member of our board of directors, for a cash consideration of US\$ 300.0 million plus the reimbursement of cash operating costs between signing and closing estimated to be US\$ 19.0 million. Closing of the transaction is expected to occur in April 2010. See Item 8, Note 22 "Related Party Transactions" for more details.

Macro economic environment and local advertising markets

We estimate that the local television advertising market declined between 28% and 30% in 2009 due to the global economic crisis and the resulting uncertainty among advertisers. However, we currently expect the television advertising market to increase by approximately 18% to 22% in 2010.

The exchange rate between the dollar and the Ukrainian Hryvna, the functional currency of our Ukraine operations since January 1, 2009, varies considerably from period to period. The average exchange rates of the dollar to the Ukrainian Hryvna in 2009 appreciated by 55% compared to 2008. The functional currency of our Ukraine operations changed from the dollar to the Hryvna with effect from January 1, 2009. As a result, we do not apply the current period average exchange rate to the prior period revenues and costs.

Audience Share and Ratings Performance

For advertising sales purposes, STUDIO 1+1 and KINO's target audience is the 18-54 demographic and the audience data is shown below for these channels is on this basis.

	<i>For the Years Ended December 31,</i>					
	2009	2008	Movement	2008	2007	Movement
All day audience share	9.9%	11.7%	(1.8)%	11.7%	15.8%	(4.1)%
All day ratings	1.4%	1.5%	(0.1)%	1.5%	2.0%	(0.5)%
Prime time audience share	12.2%	13.0%	(0.8)%	13.0%	18.2%	(5.2)%
Prime time ratings	4.0%	4.2%	(0.2)%	4.2%	5.9%	(1.7)%

Our main competitors include Inter, with an all day audience share for 2009 of 13.4%, Novy Kanal with 10.4%, ICTV with 9.0% and STB with 9.5%, respectively.

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Prime time audience share for Inter decreased from 19.8% for 2008 to 15.5% for 2009, while the prime time audience shares of Novy Kanal, ICTV and STB increased from 10.7% to 11.8%, from 9.1% to 9.2% and from 8.3% to 9.3%, respectively.

Prime time ratings for STUDIO 1+1 decreased to 3.8% in 2009 from 4.0% in 2008. Prime time ratings in the Ukraine market increased from 32.2% in 2008 to 32.9% in 2009.

We have continued to restructure our operating processes and have reduced the headcount and our overall cost base significantly compared to the same period of 2008. We completed the buyout of our minority partners in KINO during the first quarter and have fully integrated the channel into the operations of STUDIO 1+1.

During the three months ended December 31, 2009, the prime time audience share of STUDIO 1+1 increased to 11.3% from 11.0% compared to 2008. Inter's prime time audience share decreased to 14.9% from 16.4% in the same period also the prime time shares of ICTV and Novy Kanal decreased to 8.9% from 9.4% and from 12.9% to 12.4%, respectively.

Our internet operations continued to grow in terms of audience from 21 thousand in the year ended December 31, 2008 to 62 thousand in the year ended December 31, 2009 mainly due to general news portal TSN.UA and 1PLUS1.UA.

The number of daily page impressions increased from 116 thousand in 2008 to 233 thousand in the year ended December 31, 2009.

Monetization of audience share

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lfl ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lfl ⁽²⁾
Spot revenues	\$ 25,746	\$ 82,480	(68.8)%	(68.8)%	\$ 82,480	\$ 103,111	(20.0)%	(20.0)%
Non-spot revenues	6,287	16,978	(63.0)%	(63.0)%	16,978	23,727	(28.4)%	(28.4)%
Net Revenues	\$ 32,033	\$ 99,458	(67.8)%	(67.8)%	\$ 99,458	\$ 126,838	(21.6)%	(21.6)%
Represented by								
Broadcast operations	\$ 31,850	\$ 99,359	(67.9)%	(67.9)%	\$ 99,359	\$ 126,838	(21.7)%	(21.7)%
Internet operations	183	99	84.8%	84.8%	99	-	-%	-%
Content operations	-	-	-%	-%	-	-	-%	-%
Net Revenues	\$ 32,033	\$ 99,458	(67.8)%	(67.8)%	\$ 99,458	\$ 126,838	(21.6)%	(21.6)%

(1) Actual ("Act") reflects the percentage change between two years.

(2) The functional currency of our Ukraine (Studio 1+1) operations is the dollar.

Our Ukraine operations experienced a significant decrease in net revenues in 2009 as they continued to face a combination of the significant decline in the television advertising market described above and strong competition from the sales house Inter-Reklama, which controls the majority of inventory in the television market. Furthermore, the strengthening of the dollar against the Ukrainian Hryvna, the currency in which our sales are now denominated, has reduced our revenue in dollars. The decrease in our revenues has in part been offset by revenues of US\$ 7.8 million associated with the Presidential elections.

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Non-spot revenues primarily comprised of sponsorship sales which have broadly declined in line with the decline in advertising market.

EBITDA Performance

	For the Years Ended December 31, (US\$ 000's)							
	Movement				Movement			
	2009	2008	% Act ⁽¹⁾	% Lft ⁽²⁾	2008	2007	% Act ⁽¹⁾	% Lft ⁽²⁾
EBITDA	\$ (40,471)	\$ (34,799)	(16.3)%	(16.3)%	\$ (34,799)	\$ 23,464	(248.3)%	(248.3)%
Represented by								
Broadcast operations	\$ (39,498)	\$ (33,140)	(19.2)%	(19.2)%	\$ (33,140)	\$ 23,991	(238.1)%	(238.1)%
Internet operations	(973)	(1,659)	41.4%	41.4%	(1,659)	(527)	(214.8)%	(214.8)%
Content operations	-	-	-%	-%	-	-	-%	-%
EBITDA	\$ (40,471)	\$ (34,799)	(16.3)%	(16.3)%	\$ (34,799)	\$ 23,464	(248.3)%	(248.3)%
EBITDA Margin	(126)%	(35)%	(91)%	(91)%	(35)%	18%	(53)%	(53)%

(1) Actual (“% Act”) reflects the percentage change between two periods.

(2) The functional currency of our Ukraine operations changed from the dollar to the Hryvna with effect from January 1, 2009. We therefore do not apply the current period average exchange rates to the prior period revenues and costs.

Our Ukraine operations’ EBITDA decline is primarily a result of a decline in revenues which significantly outweighed the following cost decreases:

- a 47% decrease in the cost of programming compared to 2008 due to the implementation of a lower cost schedule and a reduction in the size of the library following the significant accelerated amortization charges in 2008;
- a 25% decrease in other operating costs compared to 2008 primarily due to a reduction in headcount; and
- a 69% decrease in selling, general and administrative expenses compared in 2008 primarily due to lower office overheads.

Total costs charged in arriving at EBITDA decreased 46% compared to 2008, however our Ukraine operations experienced a significant decline in EBITDA as a result of the weak market conditions.

(H) MEDIA PRO ENTERTAINMENT

We acquired the Media Pro Entertainment businesses on December 9, 2009 from companies controlled by Adrian Sarbu (see Item 8, Note 3 “Acquisitions and Disposals: Media Pro Entertainment”). The acquisition of Media Pro Entertainment provides us with a unique opportunity to become a significant player in the content business and beyond. We will integrate the acquired assets with our existing production assets in each country to create a dedicated content division with operations in all our countries, which will be known as the Media Pro Entertainment division.

In common with the new Media Pro Entertainment division, the Media Pro Entertainment businesses we acquired are organized by business activity as follows:

Fiction: the Media Pro Entertainment fiction businesses are one of the largest producers of television, feature film and advertising content in Central and Eastern Europe. In 2009, they produced 476 hours of original television content spanning a number of genres from telenovellas to sitcoms and drama and 3 feature films in the Czech, Romanian and English languages and 30 television commercials. In addition, there is a library of 2,450 hours of formats and finished content and 22 feature films that we intend to exploit both inside and outside our current markets.

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Production Services: the Media Pro Entertainment businesses own studio and other production facilities of approximately 500 thousand square feet including 19 sound stages, a backlot and workshops that have been used to produce a number of international movies. The production services operations provide a full range of services including studio spaces, set design and construction, camera, lighting, grip equipment, visual effects, costumes and post production services, both to internal clients and international productions. During 2009, these operations provided approximately US\$ 3.5 million of services to international productions, US\$ 10.0 million of services to productions made for CME channels and US\$ 2.2 million of services to third party Romanian clients.

Distribution and Exhibition: the distribution and exhibition operations acquire rights to international film and television content and distributes them both to third party clients and our own broadcasters. In addition to television broadcast rights, other rights, including those for theatrical exhibition and home video are also sold. At December 31, 2009 the operations owned a library of approximately 1,200 titles of film content, of which approximately 500 were sold during the year. In Romania, Media Pro Entertainment also owns and operates 16 cinema screens, including Romania's first multiplex operation. In 2009, these operations generated approximately 1.4 million admissions, making it the second largest cinema operator in Romania. In addition, a home video distribution sells DVD and Blu Ray discs to wholesale and retail clients both in Romania and Hungary. In 2009, approximately 3.0 million units were sold.

The acquisition of the Media Pro Entertainment businesses and the creation of the Media Pro Entertainment division reflect the increasing importance of locally generated content in our markets. As distribution platforms become more fragmented the importance of controlling high-quality, popular local content becomes more important in safeguarding market share and allowing us to diversify our revenue streams. We also believe that sharing of content production resources will bring significant benefits. We will seek to leverage the creative talent across the Media Pro Entertainment division in order to develop high-quality original formats that can be adapted in multiple countries, to extract more value from our existing library of formats and to pool the expertise of our production professionals in each market.

Operating the Media Pro Entertainment division across all countries will also enable us to share production equipment and facilities in the most efficient way possible in order to lower the unit cost of production at a time when we are seeing increasing competition for popular content causing high levels of price inflation.

We expect that Media Pro Entertainment will also generate additional third party revenues through the sale of production services to independent film-makers and extract additional value from our own library of produced content through the sale of international broadcast rights to third parties outside the countries in which we operate in addition to expected third party revenues generated by enlarging our distribution and exhibition operations.

As we complete the integration of the businesses acquired into the new Media Pro Entertainment division, and reflect a full year of results for all operations, we expect that the results of operations will be significantly enlarged.

ROMANIA (MEDIA PRO ENTERTAINMENT) FINANCIAL INFORMATION

	For the period since acquisition to December 31, 2009 (US\$ 000's) (1)
Content revenues	\$ 5,396
Net Revenues	\$ 5,396
Represented by	
Content operations	\$ 5,396
Net Revenues	\$ 5,396

(1) We acquired Media Pro Entertainment on December 9, 2009.

EBITDA Performance

ROMANIA (MEDIA PRO ENTERTAINMENT) FINANCIAL INFORMATION

	For the period since acquisition to December 31, 2009 (US\$ 000's) (1)
EBITDA	\$ (266)
Represented by	
Content operations	\$ (266)
EBITDA	\$ (266)

EBITDA Margin

(1) We acquired Media Pro Entertainment on December 9, 2009.

(2) Number is not meaningful.

Nm⁽²⁾

V. Consolidated Balance Sheet as at December 31, 2009 compared to December 31, 2008

The principal components of our Consolidated Balance Sheet at December 31, 2009 compared to December 31, 2008 are summarized below:

(US\$ 000's)	December 31, 2009	December 31, 2008	Movement
Current assets	\$ 829,805	\$ 494,756	67.7 %
Non-current assets	2,042,982	1,911,860	6.9 %
Current liabilities	349,723	228,673	52.9 %
Non-current liabilities	1,351,224	1,079,498	25.2 %
CME Ltd. shareholders' equity	\$ 1,177,589	\$ 1,095,258	7.5 %
Noncontrolling interests in consolidated subsidiaries	(5,749)	3,187	(280.4) %

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Current assets: Current assets at December 31, 2009 increased US\$ 335.0 million compared to December 31, 2008, primarily as a result of an increase of US\$ 351.1 million in our cash and cash equivalents, as we drew our unutilized revolving credit facilities in the first quarter, received net proceeds of approximately \$234.4 million from the issuance of equity to an affiliate of Time Warner and received net cash for general corporate purposes of EUR 45.7 million (approximately US\$ 66.9 million) from the issuance of the 2009 Fixed Rate Notes after the redemption of the 2005 Fixed Rate Notes and the repayment of the EBRD Loan.

Non-current assets: Non-current assets at December 31, 2009 increased US\$ 131.1 million compared to December 31, 2008, primarily as a result of a higher level of investment in program rights and increases in the dollar carrying value of CZK-denominated goodwill in our Czech Republic operations caused by the weakening of the dollar and recognition of US\$ 46.0 million of goodwill at acquisition of Media Pro Entertainment, partially offset by an impairment charge of US\$ 81.8 million relating to long-lived assets in Bulgaria.

Current liabilities: Current liabilities at December 31, 2009 increased by US\$ 121.0 million compared to December 31, 2008 as a result of having drawn our unutilized revolving credit facilities in the Czech Republic and Slovenia.

Non-current liabilities: Non-current liabilities at December 31, 2009 increased US\$ 271.7 million compared to December 31, 2008, primarily as a result of additional borrowings after issuing our 2009 Fixed Rate Notes and repaying the EBRD Loan and our 2005 Fixed Rate Notes. The movement also reflects a US\$ 19.5 million increase in the carrying value of our Convertible Notes as a result of the accretion of the debt issuance discount recognized under FSP APB 14-1 (ASC 470).

CME Ltd. Shareholders' Equity: CME Ltd Shareholders' Equity at December 31, 2009 increased US\$ 82.3 million compared to December 31, 2008, primarily as a result of the issuance of equity to an affiliate of Time Warner for net proceeds of US\$ 234.4 million and the issuance of 2.2 million shares of our Class A common stock and warrants to purchase 850,000 shares of Class A common stock in connection with the acquisition of Media Pro Entertainment. We also recognized a reduction in Other Comprehensive Income of US\$ 106.2 million, as a result of the impact of the strengthening in the dollar in total against our foreign currency denominated assets, a net loss of US\$ 97.2 million for the year ended December 31, 2009, a reduction in equity of US\$ 24.1 million in connection with our acquisition of noncontrolling interest and a stock-based compensation charge of US\$ 6.2 million.

Noncontrolling interests in consolidated subsidiaries: Noncontrolling interests in consolidated subsidiaries at December 31, 2009 decreased US\$ 8.9 million compared to December 31, 2008 primarily due to losses of our Bulgaria operations offset by newly acquired noncontrolling interest of Media Pro Entertainment.

VI. Liquidity and Capital Resources**VI (a) Summary of cash flows:**

Cash and cash equivalents increased by US\$ 351.1 million during the year ended December 31, 2009. The change in cash and cash equivalents is summarized as follows:

(US\$ 000's)	For the Years Ended December 31,		
	2009	2008	2007
Net cash (used in)/ generated from continuing operating activities	\$ (31,806)	\$ 135,555	\$ 106,695
Net cash used in continuing investing activities	(99,163)	(588,798)	(235,898)
Net cash received from financing activities	474,855	444,558	135,530
Net cash used in discontinued operations-operating activities	(1,294)	(4,920)	(6,001)
Net cash used in discontinued operations-investing activities	-	(495)	(1,520)
Impact of exchange rate fluctuations on cash	8,504	(21,279)	(1,896)
Net increase / (decrease) in cash and cash equivalents	\$ 351,096	\$ (35,379)	\$ (3,090)

Operating Activities

Cash generated from continuing operations decreased from an inflow of US\$ 135.6 million in 2008 to an outflow of US\$ 31.8 million in 2009, reflecting the cash needs of our Developing Operations as well as the decline in profitability of our Core Operations.

Cash generated from continuing operations increased by US\$ 28.9 million from 2007 to 2008 to US\$ 135.6 million. Our operations in the Czech Republic and Romania showed significant increases in cash generation following continued strong operational performance. These increases more than offset our investment in Developing Operations.

Investing Activities

Cash used in investing activities decreased from US\$ 588.8 million in 2008 to US\$ 99.2 million in 2009. Our investing cash flows in 2009 primarily comprised of US\$ 22.8 million paid in connection with the KINO buyout, US\$ 10.0 million paid in connection with our acquisition of Media Pro Entertainment (see Item 8, Note 3, "Acquisitions and Disposals") and capital expenditure of US\$ 50.1 million.

The cash flows used in investing activities of US\$ 588.8 million in 2008 included the purchases of our investments in our Bulgaria operations and our 40.0% interest in the Studio 1+1 group and capital expenditures of US\$ 78.7 million, largely in respect of the expansion of our broadcasting facilities and equipment in the Czech Republic, Romania and the Slovak Republic.

Our investing activities in 2007 of US\$ 235.9 million consisted primarily of capital expenditure of US\$ 79.9 million largely in respect of the expansion of our broadcasting facilities and equipment in the Czech Republic and Romania and the purchase of increased interests in our Slovak Republic, Romania and Ukraine operations.

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Financing Activities

Net cash received from financing activities increased US\$ 30.3 million from 2008 to US\$ 474.9 million in 2009. The amount of cash received in 2009 reflects:

- the issuance of 14.5 million shares of Class A common stock and 4.5 million shares of Class B common stock to an affiliate of Time Warner for an aggregate offering price of US\$ 234.4 million, net of fees paid; and
- the drawdown of our revolving credit facilities to maximize liquidity and the issuance of EUR 440.0 million (net of fees) (approximately US\$ 633.9 million, net of fees) of our 2009 Fixed Rate Notes,

offset by:

- payments of approximately US\$ 371.1 million to repurchase our EUR 245.0 million 2005 Fixed Rate Notes representing the redemption price and related fees; and
- the repayment of EUR 127.5 million (approximately US\$ 187.3 million at the date of repayment) outstanding on the EBRD Loan.

The amount of cash received in 2008 reflects the net proceeds of US\$ 400.3 million from the issuance of Convertible Notes and purchase of the Capped Call Options (as defined below), US\$ 37.4 million of proceeds from the EBRD Loan and US\$ 22.7 million of drawings on the BMG cash pool.

Our financing cash flows in 2007 primarily comprised net proceeds of US\$ 199.4 million from the issuance of the Floating Rate Notes and US\$ 109.9 million from the issuance of 1,275,227 unregistered shares of Class A Common Stock to Igor Kolomoisky, partially offset by payment of EUR 127.5 million (approximately US\$ 169.0 million at the date of payment) to redeem our floating rate notes due 2012.

Discontinued Operations

In 2009, we paid taxes of US\$ 1.0 million to the Dutch tax authorities pursuant to an agreement we entered into with them on February 9, 2004, compared to US\$ 2.0 million in 2008 and US\$ 2.2 million in 2007.

The CITI channel had cash outflows of US\$ 0.3 million in the period until disposal in February 2009, compared to US\$ 3.4 million in 2008 and US\$ 5.3 million in 2007.

VI (b) Sources and Uses of Cash

We believe that our current cash resources are sufficient to allow us to continue operating for at least the next 12 months and we do not anticipate requirements for additional cash in the near future, subject to the matters disclosed under “Contractual Obligations and Commitments” and “Cash Outlook” below.

Our ongoing source of cash at our operations is primarily the receipt of payments from advertisers and advertising agencies. This may be supplemented from time to time by local borrowing. Surplus cash after funding the ongoing operations may be remitted to us. Surplus cash is remitted to us in the form of debt interest payments and capital repayments, dividends, and other distributions and loans from our subsidiaries.

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Corporate law in the Central and Eastern European countries in which we operate stipulates generally that dividends may be declared by the partners or shareholders out of yearly profits subject to the maintenance of registered capital and required reserves, after the recovery of accumulated losses.

The reserve requirement restriction generally provides that before dividends may be distributed, a portion of annual net profits (typically 5%) be allocated to a reserve, which reserve is capped at a proportion of the registered capital of a company (ranging from 5% to 25%). The restricted net assets of our consolidated subsidiaries and equity in earnings of investments accounted for under the equity method together are less than 25% of consolidated net assets.

VI (c) Contractual Obligations and Commitments

Our future contractual obligations as of December 31, 2009 are as follows:

Contractual Obligations	Payments due by period (US\$ 000's)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-Term Debt – principal	\$ 1,444,284	\$ 116,617	\$ 217	\$ 691,567	\$ 635,883
Long-Term Debt – interest (1)	534,633	123,903	191,929	160,466	58,335
Capital Lease Obligations	6,801	1,465	2,324	930	2,082
Operating Leases	36,916	7,267	9,474	7,442	12,733
Unconditional Purchase Obligations	512,805	156,253	289,630	60,997	5,925
Other Long-Term Obligations	1,163	1,163	-	-	-
FIN 48 (ASC 740) obligations	851	27	824	-	-
Deferred consideration	1,614	1,614	-	-	-
Total Contractual Obligations	\$ 2,539,067	\$ 408,309	\$ 494,398	\$ 921,402	\$ 714,958

(1) Interest obligations on variable rate debt are calculated using the rate applicable at the balance sheet date.

Long-Term Debt

As at December 31, 2009, we had the following debt outstanding by carrying value:

	December 31, 2009 (US\$ 000's)	
Corporate	(1) – (4)	\$ 1,253,928
Czech Republic	(5) – (7)	78,942
Slovenia	(8)	37,675
Romania (Media Pro Entertainment)	(9)	1,374
Total		\$ 1,371,919

(1) As at December 31, 2009 we had EUR 590 million (approximately US\$ 850.0 million) of Senior Notes outstanding, comprising EUR 440.0 million (approximately US\$ 633.9 million) of the 2009 Fixed Rate Notes and EUR 150.0 million (approximately US\$ 216.1 million) of the Floating Rate Notes, which bear interest at nine-month Euro Inter-Bank Offered Rate ("EURIBOR") plus 1.625%. The applicable rate at December 31, 2009 was 2.62%.

The Senior Notes are secured senior obligations and rank pari passu with all existing and future senior indebtedness and are effectively subordinated to all existing and future indebtedness of our subsidiaries. The amounts outstanding are guaranteed by certain of our subsidiaries and are secured by a pledge of shares of these subsidiaries and an assignment of certain contractual rights. The terms of the Senior Notes restrict the manner in which our business is conducted, including the incurrence of additional interest obligations, the making of investments, the payment of dividends or the making of other distributions, entering into certain affiliate transactions and the sale of assets.

In the event that (A) there is a change in control by which (i) any party other than certain of our present shareholders becomes the beneficial owner of more than 35.0% of our total voting power; (ii) we agree to sell substantially all of our operating assets; or (iii) there is a change in the composition of a majority of our Board of Directors; and (B) on the 60th day following any such change of control the rating of the Senior Notes is either withdrawn or downgraded from the rating in effect prior to the announcement of such change of control, we can be required to repurchase the Senior Notes at a purchase price in cash equal to 101.0% of the principal amount of the Senior Notes plus accrued and unpaid interest to the date of purchase.

At any time after September 15, 2013, we may redeem all or a part of the 2009 Fixed Rate Notes at a redemption price equal to 100.0% of the principal amount of such notes, plus a "make-whole" premium and accrued and unpaid interest, if any, to the redemption date.

As of December 31, 2009, Standard & Poor's ("S&P") senior unsecured debt rating for our Senior Notes was B- and was B- with a negative outlook for our corporate credit. As of December 31, 2009, Moody's Investors Services ("Moody's") senior unsecured debt rating for our Senior Notes and our corporate credit rating was B2 with a negative outlook.

- (2) As of December 31, 2009 we had US\$ 475.0 million principal amount of Convertible Notes outstanding that mature on March 15, 2013. Interest is payable semi-annually in arrears on each March 15 and September 15.

The Convertible Notes are secured senior obligations and rank pari passu with all existing and future senior indebtedness and are effectively subordinated to all existing and future indebtedness of our subsidiaries. The amounts outstanding are guaranteed by two subsidiary holding companies and are secured by a pledge of shares of those subsidiaries as well as an assignment of certain contractual rights.

- (3) On July 21, 2006, we entered into a five-year revolving loan agreement for EUR 100.0 million (approximately US\$ 144.1 million) arranged by the European Bank for Reconstruction and Development ("EBRD") and on August 22, 2007, we entered into a second revolving loan agreement for EUR 50.0 million (approximately US\$ 72.0 million) arranged by EBRD (together with the EUR 100.0 million facility, the "EBRD Loan"). ING Bank N.V. ("ING") and Ceska Sporitelna, a.s. ("CS") each participated in the EBRD Loan for EUR 37.5 million (approximately US\$ 54.0 million). On September 17, 2009 we repaid the full aggregate principal amount of EUR 127.5 million (approximately US\$ 187.3 million at the date of repayment) outstanding and simultaneously terminated both agreements. In connection with extinguishing these facilities, we incurred repayment charges and other costs of US\$ 0.6 million. We also wrote off all remaining capitalized issuance costs and these charges were recognized as a loss on extinguishment within interest expense.
- (4) We have an uncommitted multicurrency overdraft facility for EUR 5.0 million (approximately US\$ 7.2 million) from Bank Mendes Gans ("BMG"), a subsidiary of ING, as part of a cash pooling arrangement. The cash pooling arrangement with BMG enables us to receive credit across the group in respect of cash balances which our subsidiaries in the Netherlands, Bulgaria, the Czech Republic, Romania, the Slovak Republic, Slovenia and Ukraine deposit with BMG. Cash deposited by our subsidiaries with BMG is pledged as security against the drawings of other subsidiaries up to the amount deposited. Interest is payable at the relevant money market rate plus 2%. Because each of our subsidiaries holds its own account in its own name with BMG, we consider our drawings on BMG, as debt, although our overall balance with BMG is currently positive. The overdraft facility allows us to have an overall net debit balance with BMG of up to EUR 5.0 million. As of December 31, 2009, the full EUR 5.0 million (approximately US\$ 7.2 million) facility was available to be drawn.

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As of December 31, 2009, the net deposits and drawing of each of our operations in the BMG cash pool was as follows:

	Net Deposits	Net Drawings
Corporate	\$ 7,237	\$ -
Czech Republic	38	-
Slovakia	3,299	-
Slovenia	-	5,234
Ukraine	297	-
Total	\$ 10,871	\$ 5,234

- (5) As of December 31, 2009, CET 21 had drawn, in CZK, the full CZK 1.2 billion (approximately US\$ 65.3 million) of a credit facility with CS available until December 31, 2010. This facility may, at the option of CET 21, be drawn in CZK, US\$ or EUR and bears interest at the three-month, six-month or twelve-month London Inter-Bank Offer Rate ("LIBOR"), EURIBOR or Prague Inter-Bank Offered Rate ("PRIBOR") rate plus 1.65%; a rate of 3.19% applied to the balance outstanding at December 31, 2009 and is based on PRIBOR. A non-utilization fee of 0.25% is payable on the undrawn portion of this facility, which decreases to 0.125% of the undrawn portion if more than 50% of the loan is drawn. Drawings under this facility are secured by a pledge of receivables, which are also subject to a factoring arrangement with Factoring Ceska Sporitelna, a.s. ("FCS"), a subsidiary of CS.
- (6) CET 21 has a working capital credit facility of CZK 250.0 million (approximately US\$ 13.6 million) with CS, which matures on December 31, 2010. This working capital facility bears interest at the three-month PRIBOR rate plus 1.65%. The applicable rate at December 31, 2009 was 3.19%. This facility is secured by a pledge of receivables, which are also subject to a factoring arrangement with CS. As at December 31, 2009, the full CZK 250.0 million (approximately US\$ 13.6 million) was drawn under this facility.
- (7) As at December 31, 2009, there were no drawings under a CZK 300.0 million (approximately US\$ 16.3 million) factoring facility with CS. This facility is available until June 30, 2011 and bears interest at the rate of one-month PRIBOR plus 1.40% for the period that actively assigned accounts receivable are outstanding.
- (8) In July 2005, Pro Plus entered into a revolving five-year facility agreement for up to EUR 37.5 million (approximately US\$ 54.0 million) in aggregate principal amount with ING, Nova Ljubljanska Banka d.d., Ljubljana and Bank Austria Creditanstalt d.d., Ljubljana. The facility availability amortizes by 10.0% each year for four years commencing one year after signing, with 60.0% repayable after five years. This facility is secured by a pledge of the bank accounts of Pro Plus, the assignment of certain receivables, a pledge of our interest in Pro Plus and a guarantee of our wholly-owned subsidiary CME Media Enterprises B.V. Loans drawn under this facility bear interest at a rate of EURIBOR for the period of drawing plus a margin of between 2.10% and 3.60% that varies according to the ratio of consolidated net debt to consolidated broadcasting cash flow for Pro Plus. As of December 31, 2009, the full EUR 22.5 million (approximately US\$ 32.4 million) available under this facility was drawn.
- (9) At December 31, 2009, Media Pro Entertainment has an aggregate principal of RON 8.0 million (approximately US\$ 2.7 million) of loans outstanding to Central National al Cinematografei ("CNC"), a state body which provides financing for qualifying filmmaking projects. Upon acceptance of a particular project the CNC awards an agreed level of funding to each project in the form of an interest free loan. Loans to the CNC are typically advanced for a period of ten years and are repaid through exploitation of the film content. At December 31, 2009 we had 11 loans outstanding to the CNC with maturity dates ranging from 2011 to 2020. The carrying amount at December 31, 2009 is shown net of a fair value adjustment to reflect the interest free nature of the loans arising on acquisition.

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Capital Lease Obligations

Capital lease obligations include future interest payments of US\$ 0.9 million. For more information on our capital lease obligations see Item 8, Note 11, "Credit Facilities and Obligations under Capital Leases".

Operating Leases

For more information on our operating lease commitments see Item 8, Note 21, "Commitments and Contingencies".

Unconditional Purchase Obligations

Unconditional purchase obligations largely comprise future programming commitments. At December 31, 2009, we had commitments in respect of future programming of US\$ 495.5 million (December 31, 2008: US\$ 280.5 million). This includes contracts signed with license periods starting after December 31, 2009. For more information on our programming commitments. See Item 8, Note 21, "Commitments and Contingencies".

Other Long-Term Obligations

In addition to the amounts disclosed above, Adrian Sarbu, our President and Chief Executive Officer and member of our Board of Directors, has the right to sell his 5.0% shareholdings in each of Pro TV and MPI to us under a put option agreement entered into in July 2004 at a price to be determined by an independent valuation, subject to a floor price of US\$ 1.45 million for each 1.0% interest sold. As of December 31, 2009, we considered the fair value of the put option of Mr. Sarbu to be approximately US\$ nil.

On December 21, 2009, CET 21 spol. s r.o. ("CET 21"), one of our wholly owned subsidiaries, entered into a Facility Agreement ("the "Erste Facility") for up to CZK 3.0 billion (approximately US\$ 163.3 million) with Erste Group Bank A.G. as arranger, Česká Spořitelna, a.s. ("CSAS") as facility agent and security agent, and each of CSAS, UniCredit Bank Czech Republic, a.s. and BNP Paribas as original lenders. We and certain of our subsidiaries, namely CME Slovak Holdings B.V., CME Media Enterprises B.V., CME Romania B.V. and Markiza-Slovakia, spol. s r.o. ("Markiza"), are guarantors under the Erste Facility (together, the "Original Guarantors"). On February 16, 2010 the aggregate commitment by the lenders under the Erste Facility to CET 21 increased from CZK 2.5 billion (approximately US\$ 136.1 million) to CZK 2.8 billion (approximately US\$ 152.4 million). As of February 24, 2010, CZK 2.8 billion (approximately US\$ 152.4 million) has been drawn. The facility matures on April 30, 2012, subject to a potential extension of one year. Interest under the facility is calculated at a rate per annum of 4.90% above PRIBOR (Prague interbank offered rate). As of February 24, 2010, CET 21 had hedged the interest rate exposure on CZK 1.5 billion (approximately US\$ 81.7 million) principal outstanding under the Erste Facility. The repayment of the loan will commence 12 months from the date of the Erste Facility, in four semi-annual instalments of 15% each and one instalment of 40% on the maturity date (assuming no extension). CET 21 may be required to prepay amounts drawn in the event of specified changes of control. The Original Guarantors have agreed to guarantee the obligations of CET 21 under the Erste Facility. As security for the facility, CET 21 has pledged substantially all of its assets, including its 100% ownership interest in CME Slovak Holdings B.V. (which in turn has an ownership interest, directly or indirectly, in 100% of the registered capital of Markiza) and its ownership interest in 100% of the registered capital of Jyxo, s.r.o. and BLOG Internet, s.r.o. In addition, CME Investments B.V. has granted security over the receivables under inter-group loans made to CET 21 and Markiza, respectively. The Erste Facility contains customary representations, warranties, covenants and events of default. The covenants include limitations on CET 21's ability to carry out certain types of transactions, incur additional indebtedness, make disposals and create liens.

VI (d) Cash Outlook

Liquidity and Capital Resources

Our principal sources of liquidity are cash from operations, borrowings under our various debt facilities as well as cash proceeds from subscriptions for our equity from time to time. The primary source of our cash flows from operations has been the sale of television advertising, particularly in our Czech Republic, Romania, Slovak Republic and Slovenia operations. The level of cash our operations generate in each country is often strongly correlated to the macro economic performance of that country. While we strive to negotiate spending commitments with advertisers for long periods, typically one year, advertisers have reduced spending on advertising in 2009 because demand in the wider economy has been constrained. This has resulted in us having historically low levels of committed spending and less visibility of future cash flows.

Since 2005, our Core Operations have in the aggregate generated positive cash flows. During the difficult economic conditions that we have experienced since the beginning of 2009, cash flows from those operations have in the aggregate remained positive although they have declined. Our Developing Operations in Bulgaria and Ukraine do not generate positive cash flows, and instead require substantial support as they make investments in programming, people and other resources. Historically, the cash flows from our Core Operations have been sufficient, together with issuances of equity and debt, to fund our Core Operations and our Developing Operations. Currently, the cashflow generated by our Core Operations is not sufficient to cover the cash needs for the Developing Operations and our other financial obligations. However, we expect that the cash generated by our Core Operations combined with our current cash and available facilities will be sufficient to meet all financial obligations of the group for the next twelve months.

During 2009, we have focused on ensuring we have a sufficiently strong liquidity position to enable us to meet all our obligations, withstand any further reductions in operating cash flows that may be caused by any further declines in macro economic conditions and ensure we are well placed to take advantage of economic recovery when it comes. These steps have included targeted reductions to our operating cost base through headcount reductions and widespread cost optimization programs, the deferral of capital expenditure and the rescheduling of expansion plans. In addition to conserving cash, we have also taken several steps to improve our liquidity position. These steps have focused both on limiting the amount of cash spent on our Developing Operations and increasing our cash resources, both through additional debt facilities and the issuance of equity.

Removing the need to support our Developing Operations

Our Developing Operations currently require substantial cash support from our Core Operations. These operations are not the market leaders in their respective countries and must incur a disproportionate level of costs in order to build market share in very competitive environments. Throughout 2009 we have been actively seeking solutions to reduce this need for cash support.

In the Ukraine, on January 20, 2010 we entered into an agreement with Igor Kolomoisky to sell 100.0% of our Ukraine operations for US\$ 300.0 million plus the reimbursement of cash operating costs that we will incur between signing and closing, which we estimate will be approximately US\$ 19.0 million. Pursuant to the agreement, we received an initial instalment of US\$ 30.0 million on February 1, 2010 and expect closing to occur in April 2010.

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In Bulgaria, on February 18, 2010 we entered into an agreement to purchase 100.0% of the bTV group for an aggregate purchase price of US\$ 400.0 million on a cash-free and debt-free basis, subject to a working capital adjustment. The acquisition of the bTV group both provides a source of cash generation for us and enables us to take advantage of the synergies of combining it with our existing broadcasting operations to create a leading multi-channel broadcasting platform. The acquisition of the bTV group will be paid for in cash. Closing is expected to occur in the second quarter of 2010.

We currently estimate that the planned disposal of our Ukraine operations, the acquisition of the bTV group and the restructuring of PRO.BG and RING.BG will improve our cash flows significantly.

Improving our liquidity position and extending the maturity of our debt

As of December 31, 2009, we had US\$ 482.0 million in available unrestricted cash and undrawn credit facilities (including uncommitted overdraft facilities), gross debt of US\$ 1,458.8 million (being the aggregate outstanding principal amount of our debt) and net debt of US\$ 1,000.3 million.

During 2009 we successfully issued EUR 440.0 million (approximately US\$ 633.9 million) of fixed rate senior notes in two tranches as described below and used the majority of the proceeds to repay existing debt in an aggregate principal amount of EUR 372.5 million (approximately US\$ 536.6 million). We received net cash proceeds of EUR 45.7 million (approximately US\$ 66.9 million at the date of the transaction) from the offerings, which we will use for general corporate purposes.

More specifically, on September 17, 2009, we issued EUR 200.0 million (approximately US\$ 288.1 million) of 11.625% senior notes due 2016 at an issue price of 98.261%, and on September 29, 2009 we issued an additional tranche of EUR 240.0 million (approximately US\$ 345.7 million) of senior fixed rate notes due 2016 at an issue price of 102.75%. The 2009 Fixed Rate Notes mature on September 15, 2016.

On September 21, 2009 we repurchased a portion of our 2005 Fixed Rate Notes totaling EUR 63.2 million (approximately US\$ 91.0 million) in aggregate principal amount pursuant to a tender offer. On October 29, 2009 we redeemed the remaining EUR 181.8 million (approximately US\$ 261.9 million) aggregate principal amount of 2005 Fixed Rate Notes outstanding. The 2005 Fixed Rate Notes had a maturity date of May 15, 2012. In connection with such redemption, the 2005 Indenture was discharged on September 29, 2009.

On September 17, 2009, we repaid the aggregate principal amount of EUR 127.5 million (approximately US\$ 187.3 million at the date of repayment) outstanding under the EBRD Loan and simultaneously terminated the EBRD Loan. In connection with extinguishing these facilities, we incurred repayment charges and other costs of US\$ 0.6 million. We also wrote off all remaining capitalized issuance costs and these charges were recognized as a loss on extinguishment within interest expense.

Although the interest costs associated with the 2009 Fixed Rate Notes are substantially higher than the 2005 Fixed Rate Notes and the EBRD Loan, the benefit of replacing our 2005 Fixed Rate Notes and the EBRD loan with the 2009 Fixed Rate Notes, and also in replacing our existing facilities in the Czech Republic, is twofold. First, the scheduled final maturity of a large portion of our outstanding debt has been extended from 2011 or 2012 to 2016 in the case of the Senior Notes and from 2010 to 2012 or possibly 2013 in the case of the Czech facilities. As of December 31, 2009, the principal amount of our Senior Notes and Convertible Notes together represented 91% of the total principal amount of our total debt outstanding and none of this debt matures before March 2013. Our current debt repayment obligations include CZK 420.0 million (approximately US\$ 22.9 million) and EUR 22.5 million (approximately US\$ 32.4 million) in 2010, CZK 840 million (approximately US\$ 45.7 million) and RON 0.6 million (approximately US\$ 0.2 million) in 2011 and CZK 1,540 million (approximately US\$ 83.8 million) in 2012.

We do not have maintenance covenants in any of our senior holding company debt, which means that there is no event of default if we fail to meet a minimum level of EBITDA, leverage or any other EBITDA-related ratio. The 2009 Indenture and the 2007 Indenture contain a covenant which restricts the incurrence of additional debt if our Coverage Ratio is less than 2.0 times, or if the raising of new debt would cause us to fall below this ratio. As of December 31, 2009 our Coverage Ratio was 1.4 times. Notwithstanding this restriction, we are able to incur debt at either the Restricted Subsidiary or holding company level, of up to EUR 250.0 million (approximately US\$ 360.2 million) pursuant to "baskets" set out in the 2009 Indenture and the 2007 Indenture. At December 31, 2009, our local facilities in the Czech Republic, Slovenia and Romania accounted for US\$ 119.2 million of this amount. Following the draw-down of the Erste Facility and repayment of our CS facility in the Czech Republic, our borrowing under these baskets will be approximately EUR 133.8 million (approximately US\$ 192.8 million). The covenants contained in the Erste Facility are not significantly more onerous than those contained in the facilities that it will replace.

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On February 9, 2010, we entered into an interest rate swap agreement with Unicredit and CS until 2013 to convert CZK 1.5 billion of the Erste Facility from a floating rate of 3 month PRIBOR (plus margin) to a fixed interest rate of 2.730% per annum (plus margin). The notional amounts swapped decline in line with the planned amortisation of the loan and extension option. This reduces the risk of interest rate volatility affecting our future cashflows, but incurs an additional expense whilst 3 month PRIBOR remains below 2.73% (1.53% at Feb 16, 2010 based on Czech National Bank website data). Forecasts for 3 month PRIBOR over the next 3 years range up to 4%, with a forecast from the Czech National bank of 2.5% for 2011.

Increasing our financing flexibility

For the purposes of the 2009 Indenture and the 2007 Indenture, the calculation of the Coverage Ratio includes only entities that are “Restricted Subsidiaries.” Subsidiaries may be designated as “Unrestricted Subsidiaries” and excluded from the calculation of Coverage Ratio. Prior to the quarter ended June 30, 2009, all of our operations were Restricted Subsidiaries. During the quarter ended June 30, 2009, our Board of Directors designated those subsidiaries that comprise our Developing Operations as Unrestricted Subsidiaries. This change in designation was immediately beneficial to us because it resulted in the exclusion of the negative EBITDA of the Developing Operations for the purposes of determining our capacity to incur indebtedness under our Senior Notes. Similarly, as the cash flows of our Core Operations recover, our ability to raise additional debt finance should improve commensurately, unimpeded by any continuing negative results in our Developing Operations. In addition, Unrestricted Subsidiaries may be financed in several ways, including by contributing them into minority interest joint ventures, swapping for minority stakes in other ventures or other arrangements.

Under the covenants in the 2009 Indenture and the 2007 Indenture, our Core Operations are restricted from making payments or investments in total of more than EUR 80.0 million (approximately US\$ 115.2 million) to our Developing Operations or to any other operations outside our Core Operations if our Coverage Ratio is below 2.0 times. We have made US\$ 34.7 million of such payments since we issued our Floating Rate Notes in 2007 and as of December 31, 2009 have capacity for approximately US\$ 80.5 million of additional payments to or investments in the Developing Operations in the event our Coverage Ratio continues to be below 2.0 times. We also designated a wholly owned subsidiary holding company (the “Development Financing Holding Company”) as an Unrestricted Subsidiary at the time we designated the Developing Operations as Unrestricted Subsidiaries. The only asset of this entity at December 31, 2009 was US\$ 189.5 million in cash, which can be used to finance our Developing Operations. At the time of the designation, we estimated that this amount would be sufficient to fund our Developing Operations to a break-even cash position. There is no requirement to maintain a minimum cash balance in this company and the full US\$ 189.5 million of cash remains available to our Core Operations at any time. However, if some or all of the US\$ 189.5 million of initial funding is returned to our Core Operations, unless our Coverage Ratio is above 2.0 times, the total additional cash that we are permitted to transfer from Core Operations to the Developing Operations is restricted to EUR 80.0 million (approximately US\$ 115.2 million).

If the Developing Operations exhaust all available cash, it may be possible to re-designate them as Restricted Subsidiaries provided that our Coverage Ratio is not below 2.0 times on a pro forma basis. Our Core Operations are not restricted in the manner or amount of funding support they provide to the Developing Operations if the Developing Operations are Restricted Subsidiaries. Such a re-designation could have adverse consequences on our Coverage Ratio. If a funding need arises for our Unrestricted Subsidiaries, and we are prevented from re-designating our Developing Operations as Restricted Subsidiaries, those operations would be required to raise debt on a stand-alone basis, attract additional equity funding, divest some or all of their assets or enter bankruptcy proceedings.

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Following the sale of our Ukraine operations to Mr Kolomoisky we will retain ownership of the Development Financing Holding Company and the full US\$ 189.5 million cash it held at December 31, 2009. Since only our existing Bulgaria operations will remain as Unrestricted Subsidiaries, and the funding needs of these operations will reduce substantially, we expect that the cash balance remaining in the Development Financing Holding Company will be more than required by the Unrestricted Subsidiaries. Upon the completion of the disposal of our Ukraine operations we will therefore be able to return a large proportion of the cash in the Development Financing Holding Company to a Restricted Subsidiary.

Attracting equity investments.

On May 18, 2009, we issued 14.5 million shares of Class A common stock at a price of \$12.00 per share and 4.5 million shares of Class B common stock at a price of \$15.00 per share to an affiliate of Time Warner, in exchange for aggregate cash consideration, net of fees paid, of US\$ 234.4 million.

Credit ratings and future debt issuances

The availability of additional liquidity is dependent upon the overall status of the debt and equity capital markets as well as on our continued financial performance, operating performance and credit ratings. We are currently able to raise limited additional debt and we believe that we can still access the debt capital markets in order to refinance any combination of our existing debt.

S&P and Moody's have both rated our outstanding debt instruments and our corporate credit as follows as of December 31, 2009:

	Senior and Convertible Notes	Corporate	Outlook
S&P	B-	B-	negative
Moody's		B2	negative

S&P downgraded both of its ratings from BB- to B+ on May 28, 2009 and from B+ to B (with a negative outlook) on August 4, 2009, which they subsequently confirmed on September 29, 2009. S&P further downgraded the rating to B- (with a negative outlook) on November 11, 2009. Moody's downgraded both of its ratings from Ba2 to Ba3 (with a negative outlook) on March 2, 2009 and from Ba3 to B2 (with a negative outlook) on August 19, 2009.

Credit rating agencies now monitor companies much more closely and have made liquidity, and the key ratios associated with it, a particular priority. One of the key indicators used by the ratings agencies in assigning credit ratings to us is our gross leverage ratio, which was 18.1 times at December 31, 2009 and is calculated as our gross debt divided by our trailing twelve-month EBITDA (excluding stock based compensation) as defined by the ratings agencies. As of December 31, 2009, our total gross debt of US\$ 1,458.8 million was the sum of our credit facilities and obligations under capital leases as disclosed in our financial statements and the liability under our swap agreements. Our trailing twelve-month EBITDA (excluding stock based compensation) was US\$ 86.9 million. We expect that the acquisition of the bTV group and the sale of our Ukraine operations will improve substantially this ratio.

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The ratio of Net Debt/EBITDA is 11.5. This ratio will improve significantly after the sale of our Ukraine operations and the acquisition of the bTV group.

We expect our rating to be maintained. Ratings agencies have indicated that retention of these ratings is dependent on maintaining an adequate liquidity profile including at least \$100.0 million of cash in our Restricted Group (Core Operations). We are operating our business with the intention of staying within this liquidity parameter. If we successfully complete the acquisition of the bTV group but do not complete the sale of the Ukraine operations it is likely that our rating will be downgraded.

A downgrade will not result in us being required to repay any of our outstanding debt earlier than the current maturity, nor will it result in any variation of the current interest terms or prevent us from accessing our current undrawn debt facilities or overdrafts. A downgrade, would, however result in our having to pay higher interest rates on any future financing and may make it more difficult for us to raise additional debt. We do not have any credit facilities or other financial instruments which would require early termination, the posting of collateral, or any other financial penalties, solely in the event of our credit rating being downgraded. We will work closely with rating agencies to demonstrate the improved credit profile of our Core Operations, especially following the transactions described above.

Credit risk of financial counterparties

We have entered into a number of significant contracts with financial counterparties as follows:

Cross Currency Swap

On April 27, 2006, we entered into cross currency swap agreements with JP Morgan Chase Bank, N.A. and Morgan Stanley Capital Services Inc. (see Item 8, Note 13, “Financial Instruments and Fair Value Measurements”) under which we periodically exchange Czech koruna for Euro with the intention of reducing our exposure to movements in foreign exchange rates. We do not consider that there is any risk to our liquidity if either of our counterparties were unable to meet their respective rights under the swap agreements because we would be able to convert the CZK we receive from our subsidiary into Euros at the prevailing exchange rate rather than the rate included in the swap.

Capped Call Options

On September 15, 2008, Lehman Brothers Holdings Inc. (“Lehman Holdings”, and collectively with Lehman Brothers OTC Derivatives Inc., “Lehman Brothers”), filed for protection under Chapter 11 of the United States Bankruptcy Code. The bankruptcy filing of Lehman Holding, as guarantor, was an event of default that gave us the right to early termination of capped call options we had purchased from Lehman Brothers (the “Lehman Brothers Capped Call Options”) to increase the effective conversion price of our Convertible Notes. We exercised this right and have claimed an amount of US\$ 19.9 million. We have subsequently assigned our claim to an unrelated third party for cash consideration of US\$ 3.4 million.

We had purchased similar capped call options from BNP Paribas (“BNP”) and Deutsche Bank Securities Inc (“DB”), together with the Lehman Brothers Capped Call Options, the “Capped Call Options”, however we consider the likelihood of similar loss on the BNP or DB capped calls to be significantly less following the coordinated response of Europe’s central banks to the global liquidity crisis and the pivotal positions that each of these banks occupies in its respective country. In the event of any similar default, there would be no impact on our current liquidity since the purchase price of the options has already been paid and we have no further obligation under the terms of the capped calls to deliver cash or other assets to the counterparties. Any default would increase the dilutive effect to our existing shareholders resulting from the issuance of shares of Class A common stock upon any conversion of the Convertible Notes.

Cash Deposits

We deposit cash in the global money markets with a range of bank counterparties and review the counterparties we choose weekly. The maximum period of deposit is three months but we have more recently held amounts on deposit for shorter periods, from overnight to one month. The credit rating of a bank is a critical factor in determining the size of cash deposits and we will only deposit cash with banks of an investment grade of A or A2 or higher. In addition we also closely monitor the credit default swap spreads and other market information for each of the banks with which we consider depositing or have deposited funds.

VI (e) Off-Balance Sheet Arrangements

None.

VII. Critical Accounting Policies and Estimates

Our accounting policies affecting our financial condition and results of operations are more fully described in Note 2 to our consolidated financial statements that are included in Item 8. The preparation of these financial statements requires us to make judgments in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable. Using these estimates we make judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Program Rights

Program rights consist of programming acquired from third parties and programming (film and television) produced locally and form an important component of our station broadcasting schedules. Program rights and the related liabilities are recorded at their gross value when the license period begins and the programs are available for use. Program rights are amortized on a systematic basis over their expected useful lives. Both films and series are amortized as shown with the amortization charged in respect of each airing calculated in accordance with a schedule that reflects our estimate of the relative economic value of each run. For program rights acquired under a standard two-run license, we generally amortize 65% after the first run and 35% after the second run and for those with a three-run license, we amortize 60% on the first run, 30% on the second run and 10% on the third run. The program library is evaluated at least quarterly to determine if expected revenues are sufficient to cover the unamortized portion of each program. To the extent that the revenues we expect to earn from broadcasting a program are lower than the book value, the program rights are written down to their net realizable value by way of recording an additional amortization charge. Accordingly, our estimates of future advertising and other revenues, and our future broadcasting schedules have a significant impact on the value of our program rights on the Consolidated Balance Sheet and the annual programming amortization charge recorded in the Consolidated Statement of Operations.

Recognition of goodwill and intangible assets

In accordance with FASB Statement No. 141(R), "Business Combinations," (ASC 805) we allocate the purchase price of our acquisitions to the tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values, with the excess purchase price over those fair values being recorded as goodwill.

The fair value assigned to identifiable intangible assets acquired is supported by valuations that involve the use of a large number of estimates and assumptions provided by management. If we make different estimates and assumptions, the valuations of identifiable intangible assets change, and the amount of purchase price attributable to these assets also changes, leading to corresponding change in the value of goodwill.

The assumptions and estimates that we have applied vary according to the date, location and type of assets acquired for each of our acquisitions. For example, some of the assumptions and estimates that we have used in determining the value of acquired broadcast licenses are as follows: methodology applied in valuation, discount rate (being the weighted average cost of capital and applicable risk factor), useful life of license (definite or indefinite) and probability of renewal, audience share growth and advertising market share, power ratio and growth, revenue growth for the forecast period and then in perpetuity, operating margin growth, future capital expenditure and working capital requirements, future cost saving as a result of the switch from an analog to a digital environment, inflation and workforce cost, among others.

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All assumptions and estimates applied were based on best estimates at the respective acquisition dates.

Impairment of goodwill, indefinite lived- intangible assets and long-lived assets

We assess the carrying value of intangible assets with indefinite lives and goodwill on an annual basis, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Other than our annual review, factors we consider important which could trigger an impairment review include: under-performance of operating segments or changes in projected results, changes in the manner of utilization of the asset, a severe and sustained decline in the price of our shares and negative market conditions or economic trends. Therefore, our judgment as to the future prospects of each business has a significant impact on our results and financial condition. We believe that our assumptions are appropriate. If future cash flows do not materialize as expected or there is a future adverse change in market conditions, we may be unable to recover the carrying amount of an asset, resulting in future impairment losses.

Impairment tests of goodwill and indefinite-lived intangible assets are performed at the reporting unit level. If potential impairments of goodwill exist, the fair value of the reporting unit is subsequently measured against the fair value of its underlying assets and liabilities, excluding goodwill, to estimate an implied fair value of the reporting unit's goodwill. An impairment loss is recognized for any excess of the carrying value of the reporting unit's goodwill over the implied fair value after adjusting for any impairment of indefinite-lived intangible assets or long-lived assets. Determination of a reporting unit requires judgment, and on January 1, 2010, we changed our business structure which is likely to change the number and nature of the reporting units we use to assess potential impairment.

The fair value of each reporting unit, and consequently the amount of implied goodwill is determined using an income methodology estimating projected future cash flows related to each reporting unit, which we determined to be our business segments (Bulgaria, Croatia, Czech Republic, Romania, Slovak Republic, Slovenia, Ukraine with the exception of the Romania (Media Pro Entertainment) segment, which we determined to have three reporting units (Fiction, Production services and Distribution and Exhibition). These projected future cash flows are discounted back to the valuation date. Significant assumptions inherent in the methodology used include estimates of discount rates, future revenue growth rates and a number of other factors, all of which are based on our assessment of the future prospects and the risks inherent at the respective reporting units.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the respective asset. The same estimates are also used in planning for our long- and short-range business planning and forecasting. We assess the reasonableness of the inputs and outcomes of our undiscounted cash flow analysis against available comparable market data. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount exceeds the fair value of the respective asset.

Assessing goodwill, indefinite-lived intangible assets and long-lived assets requires significant judgment. The process involves making a number of estimates in order to evaluate the fair value of a number of assets, the fair value of the reporting units, and the future cash flows expected in each reporting unit. The table below shows the key measurements involved and the valuation methods applied:

Measurement	Valuation Method
Recoverability of cash flows	Undiscounted future cash flows
Fair value of indefinite-lived broadcast licenses	Build-out method
Fair value of indefinite-lived trademarks	Relief from royalty method
Fair value of reporting units	Discounted cash flow model

In all cases, each method involves a number of significant assumptions which could materially change the result, and the decision on whether assets are impaired. The most significant of these assumptions include: the discount rate applied, the total advertising market size, achievable levels of market share, level of forecast operating costs and capital expenditure and the rate of growth into perpetuity. Certain triggering events in 2009 such as the substantial decline of our share price, the global economic crisis and the reduced economic projections specific to our markets in Central and Eastern Europe caused us to perform impairment reviews in both the first and second quarter of 2009. The impairment reviews resulted in an impairment charge to our Bulgaria reporting unit. There were no further impairment indicators in the third or fourth quarter of 2009. Our share price stabilized in the second half of 2009, global economic conditions had improved slightly, and there was an improvement in market participants' sentiment about future economic performance in our markets. We performed our annual impairment test for goodwill and intangible assets in the fourth quarter of 2009 which did not result in any further impairment charges.

For those reporting units with goodwill (excluding the reporting units from the recent acquisition of Romania (Media Pro Entertainment on December 9, 2009), at December 31, 2009, the following compound cash flow growth rates are necessary to avoid recording a goodwill impairment charge. For comparison, we have also included the compound average cash flow growth rates currently implied by our estimates of future cash flows:

Reporting unit	Break even growth rate (%) (1)	Growth rate currently implied (%) (1)
Croatia	9.8%	13.7%
Czech Republic	6.4%	9.4%
Romania	14.0%	22.2%
Slovak Republic	17.5%	23.7%
Slovenia	13.1%	20.6%

(1) Break-even and implied growth rates are calculated by applying a constant annual growth rate to current year cash flow forecasts, with all other variables constant, such that the net present value of all future cash flows to perpetuity equals the carrying value of the reporting unit's assets for the break-even rate or our estimate of the fair value of the reporting unit for the rate currently implied. Such rates do not indicate our expectation of cash flow growth in any given year, nor are they necessarily comparable with actual growth rates achieved in previous years.

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The table below shows the percentage movement in the costs of capital that we applied to each reporting unit with goodwill between the first quarter impairment review and the second quarter impairment review and the adverse movement, in percentage terms, required to make the fair value of the reporting unit equal their carrying values (with all other assumptions constant):

Reporting Unit	Percentage change in cost of capital	
	Between first and second quarter review	Necessary to break even (second quarter)
Croatia	(5.1) %	22.4%
Czech Republic	(8.2) %	7.3%
Romania	(1.5) %	47.3%
Slovak Republic	(4.3) %	29.5%
Slovenia	(3.9) %	61.1%

There was a negligible change in the cost of capital used between the second quarter impairment review and the annual impairment review performed in the fourth quarter of 2009.

Using our most conservative assumptions, the table below shows whether an adverse change of 10.0% in any of these most conservative assumptions would result in additional impairments after reflecting the impairment charge recognized in the year ended December 31, 2009. Where an adverse change of less than 10.0% would result in an impairment, the level of that change is presented parenthetically:

10% Adverse Change in	Indefinite-Lived Trademarks	Indefinite-Lived Broadcast Licenses	Goodwill
Cost of Capital	None	None	Czech Republic (9.8%)
Total Advertising Market	None	None	Czech Republic (6.2%)
Market Share	None	None	Czech Republic (6.2%)
Forecast operating costs	Not applicable	None	None
Forecast capital expenditure	Not applicable	None	None
Perpetuity Growth rate	None	None	None

We consider all current information in respect of performing our impairment reviews and calculating our impairment charges. If our cash flow forecasts for our operations deteriorate, or discount rates continue to increase, we may be required to recognize additional impairment charges in later periods.

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The assets most susceptible to changes in such conservative key assumptions are the indefinite lived broadcast license in Slovenia and the goodwill in the Czech Republic.

Revenue Recognition

Net revenues predominantly comprise revenues from the sale of advertising time less discounts, agency commissions, and theatrical distribution of films. Net revenues are recognized when the advertisement is aired as long as there is persuasive evidence that an arrangement with a customer exists, the price of the delivered advertising time is fixed or determinable, and collection of the arrangement fee is reasonably assured. In the event that a customer falls significantly behind its contractual payment terms, revenue is deferred until the customer has resumed normal payment terms.

Agency commissions, where applicable, are calculated based on a stated percentage applied to gross billing revenue. Advertisers remit the gross billing amount to the agency and the agency remits gross billings, less their commission, to us when the advertisement is not placed directly by the advertiser. Payments received in advance of being earned are recorded as deferred income.

We record sales from theatrical distribution of films as films are exhibited. Sales of home videos, net of a return provision, are recognized as income when the videos are delivered to and available for sale by retailers. Revenue from licensing of film and television programming is recognized when we make the material available for airing.

We maintain a bad debt provision for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, additional allowances may be required in future periods. We review the accounts receivable balances periodically and our historical bad debt, customer concentrations and customer creditworthiness when evaluating the adequacy of our provision.

Income Taxes

The provision for income taxes includes local and foreign taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences between the financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered or settled. We evaluate the realizability of our deferred tax assets and establish a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized.

In evaluating the realizability of our deferred tax assets, we consider available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. Any reduction in estimated forecasted results may require that we record additional valuation allowances against our deferred tax assets. Once a valuation allowance has been established, it will be maintained until there is sufficient positive evidence to conclude that it is more likely than not that such assets will be realized. An ongoing pattern of sustained profitability will generally be considered as sufficient positive evidence. If the allowance is reversed in a future period, our income tax provision will be reduced to the extent of the reversal. Accordingly, the establishment and reversal of valuation allowances has had and could continue to have a significant negative or positive impact on our future earnings.

We measure deferred tax assets and liabilities using enacted tax rates that, if changed, would result in either an increase or decrease in the provision for income taxes in the period of change.

In accordance with FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109 (“FIN 48”) (ASC 740), we recognize in the consolidated financial statements those tax positions determined to be “more likely than not” of being sustained upon examination, based on the technical merits of the positions.

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From time to time, we engage in transactions, such as business combinations and dispositions, in which the tax consequences may be subject to uncertainty. Significant judgment is required in assessing and estimating the tax consequences of these transactions. We prepare and file tax returns based on interpretation of tax laws and regulations. In the normal course of business, our tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax and interest assessments by these taxing authorities. We only recognize tax benefits taken on tax returns when we believe they are “more likely than not” of being sustained upon examination based on their technical merits. There is considerable judgment involved in determining whether positions taken on the tax return are “more likely than not” of being sustained.

We recognize, when applicable, both accrued interest and penalties related to unrecognized benefits in income tax expense in the accompanying consolidated statements of operations. The liability for accrued interest and penalties at December 31, 2009 is US\$ 0.2 million and US\$ 0.6 million at December 31, 2008.

Foreign exchange

Our reporting currency and functional currency is the dollar but a significant portion of our consolidated revenues and costs are in other currencies, including programming rights expenses and interest on debt. In addition, our Senior Notes are denominated in Euros. Our corporate holding companies have a functional currency of the dollar. All of our other operations have functional currencies other than the dollar.

We record assets and liabilities denominated in a currency other than our functional currency using the exchange rate prevailing at each balance sheet date, with any change in value between reporting periods being recognized as a transaction gain or loss in our Consolidated Statement of Operations. We are exposed to foreign currency on the revaluation of monetary assets and liabilities denominated in currencies other than the local functional currency of the relevant subsidiary. This includes third party receivables and payables, including our Senior Notes which are denominated in Euros, as well as intercompany loans, which are generally provided in currencies other than the dollar. We recorded transaction gains of US\$ 82.5 million in 2009 and transaction losses of US\$ 37.9 million and US\$ 34.4 million in 2008 and 2007, respectively.

The financial statements of our operations whose functional currency is other than the dollar are translated from such functional currency to dollars at the exchange rates in effect at the balance sheet date for assets and liabilities, and at weighted average rates for the period for revenues and expenses, including gains and losses. Translational gains and losses are charged or credited to Accumulated Other Comprehensive Income/(Loss), a component of Equity.

Determination of the functional currency of an entity requires considerable management judgment, which is essential and paramount to this determination. This includes our assessment of a series of indicators, such as the currency in which a majority of sales transactions are negotiated, expense incurred or financing secured. If the nature of our business operations changes, such as by changing the currency in which sales transactions are denominated or by incurring significantly more expenditure in a different currency, we may be required to change the functional currency of some or all of our operations, potentially changing the amounts we report as transaction gains and losses in the Consolidated Statement of Operations as well as the translational gains and losses charged or credited to Accumulated Other Comprehensive Income/(Loss). In establishing functional currency, specific facts and circumstances are considered carefully, and judgment is exercised as to what types of information might be most useful to investors.

Contingencies

We are, from time to time, involved in certain legal proceedings and, as required, accrue our estimate of the probable costs for the resolution for these claims. These estimates are developed in consultation with legal counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in our assumptions or the effectiveness of our strategies related to these proceedings. See Item 8, Note 21, "Commitments and Contingencies" for more detailed information on litigation exposure.

Recent Accounting Pronouncements

See Item 8, Note 2, "Summary of Significant Accounting Policies" for a discussion of accounting standards adopted since December 31, 2009 and recently issued accounting standards not yet adopted.

VIII. Related party matters

Overview

There is a limited local market for many specialist television services in the countries in which we operate; many of these services are provided to us by parties known to be connected to our local shareholders. As stated in FASB Statement No. 57 "Related Party Disclosures" (ASC 850) transactions involving related parties cannot necessarily be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. We will continue to review all of these arrangements.

We consider our related parties to be those shareholders who have direct control and/or influence and other parties that can significantly influence management; a "connected" party is one for whom we are aware of the existence of an immediate family or business connection to a shareholder. We have entered into related party transactions in all of our markets. For detailed discussion of all such transactions, see Item 8, Note 22, "Related Party Transactions".

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We engage in activities that expose us to various market risks, including the effects of changes in foreign currency, exchange rates and interest rates. We do not regularly engage in speculative transactions, nor do we regularly hold or issue financial instruments for trading purposes.

Foreign Currency Exchange Risk Management

We conduct business in a number of foreign currencies, although our functional currency is the dollar, and our Senior Notes are denominated in Euros. As a result, we are subject to foreign currency exchange rate risk due to the effects that foreign exchange rate movements of these currencies have on our costs and on the cash flows we receive from certain subsidiaries. In limited instances, we enter into forward foreign exchange contracts to minimize foreign currency exchange rate risk.

We have not attempted to hedge the Senior Notes and therefore may continue to experience significant gains and losses on the translation of the Senior Notes into dollars due to movements in exchange rates between the Euro and the dollar.

On April 27, 2006, we entered into cross currency swap agreements with JP Morgan Chase Bank, N.A. and Morgan Stanley Capital Services Inc. (see Item 8, Note 13, "Financial Instruments and Fair Value Measurements") under which we periodically exchange Czech koruna for Euro with the intention of reducing our exposure to movements in foreign exchange rates. We do not consider that there is any risk to our liquidity if either of our counterparties were unable to meet their respective rights under the swap agreements because we would be able to convert the CZK we receive from our subsidiary into Euros at the prevailing exchange rate rather than the rate included in the swap.

The fair value of these instruments as at December 31, 2009, was a liability of US\$ 8.6 million.

These currency swap agreements reduce our exposure to movements in foreign exchange rates on a part of the CZK-denominated cash flows generated by our Czech Republic operations that are approximately equivalent in value to the Euro-denominated interest payments on our Senior Notes (see Item 8, Note 6, "Senior Debt"). They are financial instruments that are used to minimize currency risk and are considered an economic hedge of foreign exchange rates. These instruments have not been designated as hedging instruments as defined under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" (ASC 815), and so changes in their fair value are recorded in the Consolidated Statement of Operations and in the Consolidated Balance Sheet in other non-current liabilities.

Interest Rate Risk Management

As at December 31, 2009, approximately 23% of the carrying value of our debt provides for interest at a spread above a base rate of EURIBOR or PRIBOR, which mitigates the impact of an increase in interbank rates on our overall debt.

Interest Rate Table as at December 31, 2009

	2010	2011	Expected Maturity Dates			
			2012	2013	2014	Thereafter
<i>Total Debt in Euro (000's)</i>						
Fixed Rate	-	-	-	-	-	440,000
Average Interest Rate	-	-	-	-	-	11.63%
Variable Rate	22,520	-	-	-	150,000	-
Average Interest Rate	3.54%	-	-	-	2.62%	-
<i>Total Debt in US\$ (000's)</i>						
Fixed Rate	-	-	-	475,000	-	-
Average Interest Rate	-	-	-	3.50%	-	-
<i>Total Debt in CZK (000's)</i>						
Variable Rate	1,450,000	-	-	-	-	-
Average Interest Rate	3.19%	-	-	-	-	-

Variable Interest Rate Sensitivity as at December 31, 2009

Value of Debt as at December 31, 2009 (US\$ 000's)	Interest Rate as at December 31, 2009	Yearly Interest Charge (US\$ 000's)	Yearly interest charge if interest rates increase by (US\$ 000s):				
			1%	2%	3%	4%	5%
\$ 248,532	2.74%	\$ 6,802	\$ 9,287	\$ 11,772	\$ 14,258	\$ 16,743	\$ 19,228
<i>(EUR 172.5 million)</i>							
\$ 78,942	3.19%	2,518	3,308	4,097	4,887	5,676	6,465
<i>(CZK 1,450.0 million)</i>							
Total		\$ 9,320	\$ 12,595	\$ 15,869	\$ 19,145	\$ 22,419	\$ 25,693

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

(Financial Statements and Supplementary data begin on the following page and end on the page immediately preceding Item 9.)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Central European Media Enterprises Ltd.

We have audited the accompanying consolidated balance sheets of Central European Media Enterprises Ltd. and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of operations and comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Central European Media Enterprises Ltd. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, on January 1, 2009, the Company adopted Statement of Financial Accounting Standards No. 160, *Non-Controlling Interests in Consolidated Financial Statements – an amendment of ARB 51* (included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810, *Consolidation*) and FASB Staff Position APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)* (included in FASB ASC Topic 470, *Debt*). The Company has retrospectively adjusted all periods presented in the consolidated financial statements for the effect of these changes.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.

DELOITTE LLP

London, United Kingdom

February 24, 2010

Part II. Financial Information

Item 8. Financial Statements and Supplementary Data

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONSOLIDATED BALANCE SHEETS
(US\$ 000's, except share data)

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 458,529	\$ 107,433
Accounts receivable (net of allowance) (Note 7)	186,978	221,450
Program rights, net	82,007	67,787
Other current assets (Note 8)	102,291	98,086
Total current assets	829,805	494,756
Non-current assets		
Investments (Note 5)	-	16,559
Property, plant and equipment, net (Note 9)	279,436	206,667
Program rights, net	184,038	113,596
Goodwill (Note 4)	1,136,273	1,041,041
Broadcast licenses and other intangible assets, net (Note 4)	398,418	514,732
Other non-current assets (Note 8)	44,817	19,265
Total non-current assets	2,042,982	1,911,860
Total assets	\$ 2,872,787	\$ 2,406,616

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONSOLIDATED BALANCE SHEETS (continued)
(US\$ 000's, except share data)

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 213,699	\$ 174,885
Credit facilities and obligations under capital leases (Note 11)	117,910	36,502
Other current liabilities (Note 12)	18,114	17,286
Total current liabilities	349,723	228,673
Non-current liabilities		
Credit facilities and obligations under capital leases (Note 11)	6,030	38,758
Senior Debt (Note 6)	1,253,928	928,525
Other non-current liabilities (Note 12)	91,266	112,215
Total non-current liabilities	1,351,224	1,079,498
Commitments and contingencies (Note 21)		
EQUITY:		
CME Ltd. shareholders' equity:		
Nil shares of Preferred Stock of \$0.08 each (December 31, 2008 – nil)	-	-
56,046,176 shares of Class A Common Stock of \$0.08 each (December 31, 2008 – 36,024,273)	4,484	2,882
7,490,936 shares of Class B Common Stock of \$0.08 each (December 31, 2008 – 6,312,839)	599	505
Additional paid-in capital	1,410,587	1,126,617
Accumulated deficit	(333,993)	(236,836)
Accumulated other comprehensive income	95,912	202,090
Total CME Ltd. shareholders' equity	1,177,589	1,095,258
Noncontrolling interests	(5,749)	3,187
Total equity	1,171,840	1,098,445
Total liabilities and equity	\$ 2,872,787	\$ 2,406,616

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(US\$ 000's, except share and per share data)

	For the Year Ended December 31,		
	2009	2008	2007
Net revenues	\$ 713,978	\$ 1,019,934	\$ 838,856
Operating expenses:			
Operating costs	134,095	145,210	116,859
Cost of programming	389,900	438,203	327,230
Depreciation of station property, plant and equipment	53,651	51,668	32,653
Amortization of broadcast licenses and other intangibles (Note 4)	21,597	35,381	24,970
Cost of revenues	599,243	670,462	501,712
Selling, general and administrative expenses	116,072	140,517	126,688
Impairment charge (Note 4)	81,843	336,752	-
Operating (loss) / income	(83,180)	(127,797)	210,456
Interest income	2,916	10,006	5,728
Interest expense (Note 16)	(115,771)	(82,481)	(54,936)
Foreign currency exchange gain / (loss), net	82,461	(37,877)	(34,409)
Change in fair value of derivatives (Note 13)	1,315	6,360	(3,703)
Other income	1,521	2,620	7,891
(Loss) / income from continuing operations before tax	(110,738)	(229,169)	131,027
Credit / (provision) for income taxes	3,193	(34,525)	(20,822)
(Loss) / income from continuing operations	(107,545)	(263,694)	110,205
Discontinued operations, net of tax (Note 20)	(262)	(3,785)	(4,480)
Net (Loss) / income	(107,807)	(267,479)	105,725
Net loss / (income) attributable to noncontrolling interests	10,650	(2,067)	(17,107)
Net (Loss) income attributable to CME Ltd.	\$ (97,157)	\$ (269,546)	\$ 88,618
Net (loss) / income	(107,807)	(267,479)	105,725
Currency translation adjustment	(106,604)	(88,609)	158,825
Obligation to repurchase shares	-	488	(488)
Comprehensive (loss) / income	\$ (214,411)	\$ (355,600)	\$ 264,062
Comprehensive income / (loss) attributable to noncontrolling interests	11,076	(2,071)	(17,157)
Comprehensive (loss) / income attributable to CME Ltd.	\$ (203,335)	\$ (357,671)	\$ 246,905

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (continued)
(US\$ 000's, except share and per share data)

	For the Year Ended December 31,		
	2009	2008	2007
PER SHARE DATA (Note 18):			
<i>Net (loss) / income per share:</i>			
Continuing operations - Basic	\$ (1.78)	\$ (6.28)	\$ 2.25
Continuing operations - Diluted	(1.78)	(6.28)	2.23
Discontinued operations – Basic	(0.01)	(0.09)	(0.11)
Discontinued operations - Diluted	(0.01)	(0.09)	(0.11)
Net (loss) / income attributable to CME Ltd common shareholders – Basic	(1.79)	(6.37)	2.14
Net (loss) / income attributable to CME Ltd common shareholders – Diluted	\$ (1.79)	\$ (6.37)	\$ 2.12
<i>Weighted average common shares used in computing per share amounts (000's):</i>			
Basic	54,344	42,328	41,384
Diluted	54,344	42,328	41,833

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONSOLIDATED STATEMENTS OF EQUITY
(US\$ 000's)

	CME Ltd. Shareholders									
	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Equity	
	Number of shares	Par value	Number of shares	Par value						
BALANCE, December 31, 2006	34,412,138	\$ 2,753	6,312,839	\$ 505	\$ 931,108	\$ (30,528)	\$ 131,928	\$ 26,189	\$ 1,061,955	
Impact of adoption of FIN 48	-	-	-	-	-	(3,219)	-	-	(3,219)	
Stock-based compensation	-	-	-	-	6,402	-	-	-	6,402	
Shares issued, net of fees	1,275,227	102	-	-	109,751	-	-	-	109,853	
Stock options exercised	315,833	25	-	-	4,075	-	-	-	4,100	
Acquisitions of noncontrolling interests	-	-	-	-	-	-	-	(13,948)	(13,948)	
Dividends paid to holders of noncontrolling interests	-	-	-	-	-	-	-	(6,243)	(6,243)	
Net income	-	-	-	-	-	88,618	-	17,107	105,725	
Currency translation adjustment	-	-	-	-	-	-	158,775	50	158,825	
Obligation to repurchase shares	-	-	-	-	-	-	(488)	-	(488)	
BALANCE, December 31, 2007	36,003,198	\$ 2,880	6,312,839	\$ 505	\$ 1,051,336	\$ 54,871	\$ 290,215	\$ 23,155	\$ 1,422,962	
Stock-based compensation	-	-	-	-	7,133	-	-	-	7,133	
Stock options exercised	21,075	2	-	-	1,220	-	-	-	1,222	
Purchase and extinguishment capped call options (Note 6)	-	-	-	-	(41,157)	(22,161)	-	-	(63,318)	
Acquisitions of noncontrolling interests	-	-	-	-	-	-	-	(18,861)	(18,861)	
Dividends paid to holders of noncontrolling interests	-	-	-	-	-	-	-	(3,178)	(3,178)	
Bifurcation of equity option embedded in convertible notes	-	-	-	-	108,085	-	-	-	108,085	
Net loss	-	-	-	-	-	(269,546)	-	2,067	(267,479)	
Currency translation adjustment	-	-	-	-	-	-	(88,613)	4	(88,609)	
Obligation to repurchase shares	-	-	-	-	-	-	488	-	488	
BALANCE, December 31, 2008	36,024,273	\$ 2,882	6,312,839	\$ 505	\$ 1,126,617	\$ (236,836)	\$ 202,090	\$ 3,187	\$ 1,098,445	

The accompanying notes are an integral part of these consolidated financial statements.

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CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONSOLIDATED STATEMENTS OF EQUITY (continued)
(US\$ 000's)

	CME Ltd. Shareholders									
	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Equity	
	Number of shares	Par value	Number of shares	Par value						
BALANCE, December 31, 2008	36,024,273	\$ 2,882	6,312,839	\$ 505	\$ 1,126,617	\$ (236,836)	\$ 202,090	\$ 3,187	\$ 1,098,445	
Stock-based compensation	-	-	-	-	6,180	-	-	-	6,180	
Acquisition of noncontrolling interests	-	-	-	-	(24,090)	-	-	3,965	(20,125)	
Shares issued, net of fees	14,500,000	1,160	4,500,000	360	232,848	-	-	-	234,368	
Shares issued in connection with the acquisition of Media Pro Entertainment (Note 3)	2,200,000	176	-	-	55,264	-	-	-	55,440	
Warrants issued in connection with the acquisition of Media Pro Entertainment (Note 3)	-	-	-	-	13,768	-	-	-	13,768	
Conversion of class B shares (Note 14)	3,321,903	266	(3,321,903)	(266)	-	-	-	-	-	
Dividends paid to holders of noncontrolling interest	-	-	-	-	-	-	-	(1,825)	(1,825)	
Net loss	-	-	-	-	-	(97,157)	-	(10,650)	(107,807)	
Currency translation adjustment	-	-	-	-	-	-	(106,178)	(426)	(106,604)	
BALANCE, December 31, 2009	56,046,176	\$ 4,484	7,490,936	\$ 599	\$ 1,410,587	\$ (333,993)	\$ 95,912	\$ (5,749)	\$ 1,171,840	

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(US\$ 000's)

	For the Year Ended December 31,		
	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) / income	\$ (107,807)	\$ (267,479)	\$ 105,725
Adjustments to reconcile net (loss) / income to net cash (used in) / generated from operating activities:			
Loss from discontinued operations (Note 20)	262	3,785	4,480
Depreciation and amortization	324,356	350,364	254,463
Impairment charge (Note 4)	81,843	336,752	-
Loss on disposal of fixed assets	510	51	-
Stock-based compensation (Note 17)	6,218	6,107	5,734
Change in fair value of derivatives (Note 13)	(1,315)	(6,360)	3,703
Foreign currency exchange (gain) / loss, net	(82,461)	37,877	34,409
Net change in (net of effects of acquisitions and disposals of businesses):			
Accounts receivable	51,924	(13,654)	(57,449)
Program rights	(208,785)	(251,462)	(255,147)
Other assets	(2,921)	(3,638)	(4,192)
Accounts payable and accrued liabilities	(52,420)	(15,065)	7,914
Income taxes payable	(10,206)	(18,308)	15,423
Deferred taxes	(23,368)	(19,550)	(2,202)
VAT and other taxes payable	(7,636)	(3,865)	(6,166)
Net cash (used in) / generated from continuing operating activities	(31,806)	135,555	106,695
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net change in restricted cash	-	-	(440)
Purchase of property, plant and equipment	(50,063)	(78,665)	(79,943)
Proceeds from disposal of property, plant and equipment	1,012	408	570
Investments in subsidiaries and unconsolidated affiliates	(39,817)	(512,531)	(156,535)
Repayment of loans and advances to related parties	(10,295)	1,990	450
Net cash used in continuing investing activities	(99,163)	(588,798)	(235,898)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of Common Stock, net of fees	234,368	-	109,853
Net proceeds from issuance of Senior Notes	634,048	-	199,400
Redemption or repayment of Senior Notes	(371,073)	-	(169,010)
Net proceeds from issuance of Convertible Notes	-	463,560	-
Purchase of capped call option	-	(63,318)	-
Proceeds from credit facilities	266,472	223,091	177,515
Payment of credit facilities and capital leases	(287,723)	(176,615)	(182,391)
Proceeds from exercise of stock options	-	1,222	4,100
Excess tax benefits from share based payment arrangements	269	1,026	668
Distributions paid to holders of noncontrolling interests	(1,506)	(4,408)	(4,605)
Net cash received from continuing financing activities	474,855	444,558	135,530
NET CASH USED IN DISCONTINUED OPERATIONS – OPERATING ACTIVITIES	(1,294)	(4,920)	(6,001)
NET CASH USED IN DISCONTINUED OPERATIONS – INVESTING ACTIVITIES	-	(495)	(1,520)
Impact of exchange rate fluctuations on cash	8,504	(21,279)	(1,896)
Net increase / (decrease) in cash and cash equivalents	351,096	(35,379)	(3,090)
CASH AND CASH EQUIVALENTS, beginning of period	107,433	142,812	145,902
CASH AND CASH EQUIVALENTS, end of period	\$ 458,529	\$ 107,433	\$ 142,812
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	\$ 61,940	\$ 55,331	\$ 46,313
Cash paid for income taxes (net of refunds)	\$ 28,440	\$ 72,974	\$ 40,903
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:			
Issuance of equity in connection with the acquisition of Media Pro Entertainment	\$ 55,440	-	-
Issuance of warrants in connection with the acquisition of Media Pro Entertainment	\$ 13,768	-	-
Contribution of investment in connection with the acquisition of Media Pro Entertainment	\$ 19,236	-	-
Acquisition of property, plant and equipment under capital lease	\$ 114	\$ 554	\$ 136

The accompanying notes are an integral part of these consolidated financial statements.

**CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Tabular amounts in US\$ 000's, except share data)

1. ORGANIZATION AND BUSINESS

Central European Media Enterprises Ltd., a Bermuda corporation, was formed in June 1994. Our assets are held through a series of Dutch and Netherlands Antilles holding companies. We are a vertically integrated media company operating leading broadcasting, internet and TV content businesses in seven Central and Eastern European countries with an aggregate population of approximately 97 million people. At December 31, 2009, we had operations in Bulgaria, Croatia, the Czech Republic, Romania, the Slovak Republic, Slovenia and Ukraine.

Our subsidiaries, equity-accounted affiliates and cost investments as at December 31, 2009 were:

Company Name	Effective Voting Interest	Jurisdiction of Organization	Type of Affiliate (1)
Top Tone Media S.A.	80.00%	Luxembourg	Subsidiary
Zopal S.A.	80.00%	Luxembourg	Subsidiary
PRO BG MEDIA EOOD	80.00%	Bulgaria	Subsidiary
LG Consult EOOD	80.00%	Bulgaria	Subsidiary
Top Tone Media Bulgaria EOOD	80.00%	Bulgaria	Subsidiary
Ring TV EAD	80.00%	Bulgaria	Subsidiary
Nova TV d.d.	100.00%	Croatia	Subsidiary
Operativna Kompanija d.o.o.	100.00%	Croatia	Subsidiary
Media House d.o.o.	100.00%	Croatia	Subsidiary
Internet Dnevnik d.o.o.	100.00%	Croatia	Subsidiary
CET 21 spol. s r.o.	100.00%	Czech Republic	Subsidiary
Jyxo, s.r.o.	100.00%	Czech Republic	Subsidiary
BLOG Internet, s.r.o.	100.00%	Czech Republic	Subsidiary
Mediafax s.r.o.	100.00%	Czech Republic	Subsidiary
Media Pro International S.A.	95.00%	Romania	Subsidiary
Media Vision S.R.L.	95.00%	Romania	Subsidiary
Pro TV S.A.	95.05%	Romania	Subsidiary
Sport Radio TV Media S.R.L.	95.04%	Romania	Subsidiary
Music Television System S.R.L.	95.05%	Romania	Subsidiary
Campus Radio S.R.L.	19.01%	Romania	Equity-Accounted Affiliate
CME Slovak Holdings B.V.	100.00%	Netherlands	Subsidiary
A.R.J., a.s.	100.00%	Slovak Republic	Subsidiary

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CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
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Company Name	Effective Voting Interest	Jurisdiction of Organization	Type of Affiliate (1)
MARKÍZA-SLOVAKIA, spol. s r.o.	100.00%	Slovak Republic	Subsidiary
GAMATEX, spol. s r.o.	100.00%	Slovak Republic	Subsidiary (in liquidation)
A.D.A.M., a.s.	100.00%	Slovak Republic	Subsidiary (in liquidation)
MEDIA INVEST, spol. s r.o.	100.00%	Slovak Republic	Subsidiary
EMAIL.SK s.r.o.	80.00%	Slovak Republic	Subsidiary
PMT, s.r.o.	31.50%	Slovak Republic	Cost Investment
MMTV 1 d.o.o.	100.00%	Slovenia	Subsidiary
Produkcija Plus d.o.o.	100.00%	Slovenia	Subsidiary
POP TV d.o.o.	100.00%	Slovenia	Subsidiary
Kanal A d.o.o.	100.00%	Slovenia	Subsidiary
Euro 3 TV d.o.o.	42.00%	Slovenia	Equity-Accounted Affiliate
TELEVIDEO d.o.o. (trading as TV Pika)	100.00%	Slovenia	Subsidiary
CME Cyprus Holding II Ltd.	100.00%	Cyprus	Subsidiary
TV Media Planet Ltd.	100.00%	Cyprus	Subsidiary
CME Cyprus Holding Ltd.	100.00%	Cyprus	Subsidiary
International Media Services Ltd.	100.00%	Bermuda	Subsidiary
CME Ukraine Holding II B.V.	100.00%	Netherlands	Subsidiary
Grizard Investments Limited	100.00%	Cyprus	Subsidiary
Grintwood Investments Limited	100.00%	Cyprus	Subsidiary
Innova Film GmbH	100.00%	Germany	Subsidiary
1+1 Production	100.00%	Ukraine	Subsidiary
Studio 1+1 LLC	100.00%	Ukraine	Subsidiary
Ukrainian Media Services LLC	100.00%	Ukraine	Subsidiary
Ukrpromptorg-2003 LLC	100.00%	Ukraine	Subsidiary
Gravis-Kino LLC	100.00%	Ukraine	Subsidiary
TV Stimul LLC	100.00%	Ukraine	Subsidiary
TOR LLC	100.00%	Ukraine	Subsidiary
ZHYSA LLC	100.00%	Ukraine	Subsidiary
Glavred-Media LLC	10.00%	Ukraine	Cost Investment

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Company Name	Effective Voting Interest	Jurisdiction of Organization	Type of Affiliate (1)
CME Media Pro B.V.	100.00%	Netherlands	Subsidiary
Media Pro Pictures s.r.o.	100.00%	Czech Republic	Subsidiary
Změna, s.r.o.	51.00%	Czech Republic	Subsidiary
Taková normální rodinka, s.r.o.	51.00%	Czech Republic	Subsidiary
Media Pro Pictures S.A.	100.00%	Romania	Subsidiary
Media Pro Distribution S.R.L.	100.00%	Romania	Subsidiary
Media Pro Music and Entertainment S.R.L.	100.00%	Romania	Subsidiary
Pro Video S.R.L.	100.00%	Romania	Subsidiary
Hollywood Multiplex Operation S.R.L.	100.00%	Romania	Subsidiary
Domino Production S.R.L.	51.00%	Romania	Subsidiary
Studiourile Media Pro S.A.	92.20%	Romania	Subsidiary
Promance International S.R.L.	100.00%	Romania	Subsidiary
Pro Video Film and Distribution Kft	100.00%	Hungary	Subsidiary
Central European Media Enterprises N.V.	100.00%	Netherlands Antilles	Subsidiary
Central European Media Enterprises II B.V.	100.00%	Netherlands Antilles	Subsidiary
CME Media Enterprises B.V.	100.00%	Netherlands	Subsidiary
CME Investments B.V.	100.00%	Netherlands	Subsidiary
CME Programming B.V.	100.00%	Netherlands	Subsidiary
CME Ukraine Holding B.V.	100.00%	Netherlands	Subsidiary
CME Development Financing B.V.	100.00%	Netherlands	Subsidiary
CME Ukraine Holding GmbH	100.00%	Austria	Subsidiary
CME Development Corporation	100.00%	Delaware (USA)	Subsidiary
CME Media Services Limited	100.00%	United Kingdom	Subsidiary
CME SR d.o.o.	100.00%	Serbia	Subsidiary

(1) All subsidiaries have been consolidated in our Financial Statements. All equity-accounted affiliates have been accounted for using the equity method. All cost investments have been accounted for using the cost method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

FASB Codification project

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
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On July 1, 2009 we adopted FASB Statement No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles" ("FAS 168"). FAS 168 became the single source of authoritative nongovernmental US GAAP, superseding existing FASB, American Institute of Certified Public Accountants ("AICPA"), Emerging Issues Task Force ("EITF"), and related accounting literature. FAS 168 reorganizes the thousands of accounting pronouncements into roughly 90 accounting topics and displays them using a consistent structure. Also included is relevant Securities and Exchange Commission guidance organized using the same topical structure in separate sections. For convenience, references to pre-codification standards have been retained in this filing but are accompanied parenthetically by a reference to the appropriate section in the Accounting Standards Codification™ ("ASC", "the Codification"). In future filings, all references to authoritative accounting literature will be in accordance with the Codification only.

The significant accounting policies are summarized as follows:

Basis of Presentation

The consolidated financial statements include the accounts of Central European Media Enterprises Ltd. and our subsidiaries, after the elimination of intercompany accounts and transactions. We consolidate the financial statements of entities in which we hold at least a majority voting interest and entities in which we hold less than a majority voting interest but over which we have the ability to exercise control. Entities in which we hold less than a majority voting interest but over which we exercise significant influence are accounted for using the equity method. Other investments are accounted for using the cost method.

Revenue Recognition

Revenue is recognized when there is persuasive evidence of an arrangement, delivery of products has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. A bad debt provision is maintained for estimated losses resulting from our customers' inability to make payments.

Revenues are recognized net of discounts and customer sales incentives. Our principal revenue streams and their respective accounting treatments are discussed below:

Advertising revenue

Revenues primarily result from the sale of advertising time. Television advertising revenue is recognized as the commercials are aired. In certain countries, we commit to provide advertisers with certain rating levels in connection with their advertising. Revenue is recorded net of estimated shortfalls, which are usually settled by providing the advertiser additional advertising time. Discounts and agency commissions are recognized at the point when the advertising is broadcast and are reflected as a reduction to gross revenue.

Program distribution revenue

Program distribution revenue is recognized when the relevant agreement has been entered into, the product is available for delivery, the license period has begun, collectability of the cash is reasonably assured and all of our contractual obligations have been satisfied.

Subscription revenues

Subscriber fees from cable operators and direct-to-home broadcasters are recognized as revenue over the period for which the channels are provided and to which the fees relate. Subscriber revenue is recognized as contracted, based upon the level of subscribers.

**CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
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Barter transactions

Barter transactions represent advertising time exchanged for non-cash goods and/or services, such as promotional items, advertising, supplies, equipment and services. Revenue from barter transactions is recognized as income when advertisements are broadcast. Expenses are recognized when goods or services are received or used. We record barter transactions at the fair value of goods or services received or advertising surrendered, whichever is more readily determinable. Barter revenue amounted to US\$ 3.7 million, US\$ 5.6 million and US\$ 5.0 million for the years ending December 31, 2009, 2008 and 2007, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less. Cash that is subject to restrictions is classified as restricted cash.

Property, Plant and Equipment

Property, plant and equipment is carried at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives assigned to each major asset category as below:

Asset category	Estimated useful life
Land	Indefinite
Buildings	25 years
Station machinery, fixtures and equipment	4 - 8 years
Other equipment	3 - 8 years
Software licenses	3 - 5 years

Construction-in-progress is not depreciated until put into use. Capital leases are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. Leasehold improvements are depreciated over the shorter of the related lease term or the life of the asset. Costs of repairs and maintenance are expensed as incurred. Assets to be disposed of are reported at the lower of carrying value or fair value, less costs of disposal.

Long-Lived Assets Including Intangible Assets with Finite Lives

Long-lived assets include property, plant, equipment and intangible assets with finite lives.

In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144") (ASC 360), we review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The carrying values of long-lived assets are considered impaired when the anticipated undiscounted cash flows from such assets are less than their carrying values. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value.

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Program Rights

Purchased program rights

Purchased program rights and the related liabilities are recorded at their gross value when the license period begins and the programs are available for broadcast.

Purchased program rights are classified as current or non-current assets based on anticipated usage, while the related program rights liability is classified as current or non-current according to the payment terms of the license agreement.

Program rights are evaluated to determine if expected revenues are sufficient to cover the unamortized portion of the program. To the extent that expected revenues are insufficient, the program rights are written down to their net realizable value.

Program rights are amortized on a systematic basis over their expected useful lives, depending on their categorization. The appropriateness of the amortization profiles are reviewed regularly and are as follows:

Type of programming	Amortization %				
	Run 1	Run 2	Run 3	Run 4	Run 5
Special blockbuster	30%	25%	20%	15%	10%
Films and series, 2 runs	65%	35%	-	-	-
Films and series, 3 runs	60%	30%	10%	-	-
Long-run series, Ukraine	85%	15%	-	-	-
Concerts, documentaries, sports events, etc.	100%	-	-	-	-

A "special blockbuster" must meet specific requirements to be classified as such, while the number of runs in other films and series is generally described in the license agreement.

Produced program rights

Program rights that are produced by us consist of deferred film and television costs including direct costs, production overhead and development costs. Program rights are amortized on an individual production basis using the ratio of the current period's gross revenues to estimated remaining total gross revenues from such programs. Such program rights are stated at the lower of cost less accumulated amortization or net realizable value. Program rights are evaluated to determine if expected revenues are sufficient to cover the unamortized portion of the program. To the extent that expected revenues are insufficient, the program rights are written down to their net realizable value.

Produced program rights are classified as current or non-current assets based on anticipated usage.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of the fair value of consideration paid over the fair value of net tangible and other identifiable intangible assets acquired in a business combination. In accordance with FASB Statement No. 142, "Goodwill and Other Intangible Assets" ("FAS 142") (ASC 350), the carrying value of goodwill is evaluated for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired. We evaluate goodwill for impairment in the fourth quarter of each year, or more frequently if events or changes in circumstances indicate that the asset might be impaired. An impairment exists when the carrying value of a reporting unit (including its goodwill), exceeds its fair value after adjusting for any impairments of long-lived assets or indefinite life intangible assets. Goodwill impairment is measured as the excess of the carrying value of goodwill over its implied fair value which is calculated by deducting the fair value of all assets, including recognized and unrecognized intangible assets from the fair value of the reporting unit. We have determined that our reporting units are the same as our operating segments, except for Romania (Media Pro Entertainment) which we determined to have three reporting units (Fiction, Production Services and Distribution and Exhibition).

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Indefinite-lived intangible assets consist of certain acquired broadcast licenses and trademarks. Broadcast licenses are assigned indefinite lives after consideration of the following conditions:

- we intend to renew the licenses into the foreseeable future;
- we have precedents of renewals or reasonable expectation of renewals;
- we do not expect any substantial cost to be incurred as part of a future license renewal and no costs have been incurred in the renewals to date; and
- we have not experienced any historical evidence of a compelling challenge to our holding these licenses.

Indefinite-lived intangible assets are not amortized. We evaluate indefinite-lived intangible assets for impairment in the fourth quarter of each year, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Under FAS 142 (ASC 350), an impairment loss is recognized if the carrying value of an indefinite-lived intangible asset exceeds its fair value.

Fair value is determined based on estimates of future cash flows discounted at appropriate rates and on publicly available information, where appropriate. In the assessment of discounted future cash flows the following data is used: management plans for a period of at least five years, a terminal value at the end of this period assuming an inflationary perpetual growth rate, and a discount rate selected with reference to the relevant cost of capital.

Income Taxes

We account for income taxes under the asset and liability method as set out in FASB Statement No. 109, "Accounting for Income Taxes" ("FAS 109") (ASC 740). Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to amounts which are more likely than not to be realized. In evaluating the realizability of our deferred tax assets, we consider available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations.

In accordance with FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109 ("FIN 48") (ASC 740), we recognize in the consolidated financial statements those tax positions determined to be "more likely than not" of being sustained upon examination, based on the technical merits of the positions.

From time to time, we engage in transactions, such as business combinations and dispositions, in which the tax consequences may be subject to uncertainty. Significant judgment is required in assessing and estimating the tax consequences of these transactions. We prepare and file tax returns based on interpretation of tax laws and regulations. In the normal course of business, our tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax and interest assessments by these taxing authorities. We only recognize tax benefits taken on tax returns when we believe they are "more likely than not" of being sustained upon examination based on their technical merits. There is considerable judgment involved in determining whether positions taken on the tax return are "more likely than not" of being sustained.

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We recognize, when applicable, both accrued interest and penalties related to uncertain tax positions in income tax expense in the accompanying consolidated statements of operations. The liability for accrued interest and penalties at December 31, 2009 is US\$ 0.2 million and US\$ 0.6 million at December 31, 2008.

Foreign Currency

Translation of financial statements

Our reporting currency and functional currency is the dollar. The financial statements of our operations whose functional currency is other than the dollar are translated from such functional currency to dollars at the exchange rates in effect at the balance sheet date for assets and liabilities, and at weighted average rates for the period for revenues and expenses, including gains and losses. Translational gains and losses are charged or credited to Accumulated Other Comprehensive Income/(Loss), a component of Equity. Translation adjustments arising from intercompany financing that is in the nature of a long-term investment are accounted for in a similar manner. At December 31, 2009, a translation loss of US\$ 95.1 million (December 31, 2008: a loss of US\$ 38.7 million, December 31, 2007: a gain of US\$ 79.2 million) related to such intercompany financing is included in Accumulated Other Comprehensive Income/ (loss).

Transactions in foreign currencies

Gains and losses from foreign currency transactions are included in Foreign currency exchange gain/ (loss), net in the Consolidated Statement of Operations in the period during which they arise.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Leases

Leases are classified as either capital or operating. Those leases that transfer substantially all benefits and risks of ownership of the property to us are accounted for as capital leases. All other leases are accounted for as operating leases.

Capital leases are accounted for as assets and are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. Commitments to repay the principal amounts arising under capital lease obligations are included in current liabilities to the extent that the amount is repayable within one year; otherwise the principal is included in non-current liabilities. The capitalized lease obligation reflects the present value of future lease payments. The financing element of the lease payments is charged to interest expense over the term of the lease.

Operating lease costs are expensed on a straight-line basis over the term of the lease.

Financial Instruments

Fair value of financial instruments

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The carrying value of financial instruments, including cash, accounts receivable, accounts payable, accrued liabilities, and credit facilities approximate their fair value due to the short-term nature of these items. The fair value of our Senior Debt is included in Note 6, "Senior Debt".

Derivative financial instruments

We use derivative financial instruments for the purpose of mitigating currency risks, which exist as part of ongoing business operations. As a policy, we do not engage in speculative or leveraged transactions, nor do we hold or issue derivative financial instruments for trading purposes.

Forward exchange contracts and currency swaps are used to mitigate exposures to currency fluctuations on certain short-term transactions generally denominated in currencies other than our functional currency. These contracts are marked to market at the balance sheet date, and the resultant unrealized gains and losses are recorded in the Consolidated Statement of Operations, together with realized gains and losses arising on settlement of these contracts.

Stock-Based Compensation

Stock based compensation is accounted for under FASB Statement No. 123(R), "Share-Based Payment" ("FAS 123(R)") (ASC 718), which requires the recognition of stock-based compensation at fair value. We calculate the fair value of stock option awards using the Black-Scholes option pricing model and recognize the compensation cost over the vesting period of the award.

Contingencies

Contingencies are recorded in accordance with FASB Statement No. 5, "Accounting for Contingencies" (ASC 450). The estimated loss from a loss contingency such as a legal proceeding or claim is recorded in the Consolidated Statement of Operations if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Disclosure of a loss contingency is made if there is at least a reasonable possibility that a loss will be incurred.

Discontinued Operations

We present our results of operations, financial position and cash flows of operations that have either been sold or that meet the criteria for "held-for-sale accounting" as discontinued operations. At the time an operation qualifies for held-for-sale accounting, the operation is evaluated to determine whether or not the carrying value exceeds its fair value less cost to sell. Any loss as a result of carrying value in excess of fair value less cost to sell is recorded in the period the operation meets held-for-sale accounting. Management judgment is required to (1) assess the criteria required to meet held-for-sale accounting, and (2) estimate fair value. Changes to the operation could cause it to no longer qualify for held-for-sale accounting and changes to fair value could result in an increase or decrease to previously recognized losses.

In the fourth quarter of 2008, we agreed to acquire 100% of the KINO channel from our minority partners and to sell them our interest in the CITI channel. The transaction closed in February 2009. The results of the CITI channel were treated as discontinued operations for each period presented. See Note 20, "Discontinued Operations".

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense incurred for the years ending December 31, 2009, 2008 and 2007 totaled US\$ 13.5 million, US\$ 15.9 million and US\$ 11.7 million, respectively.

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Earnings Per Share

Basic net income per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common and dilutive potential common shares outstanding during the period.

Noncontrolling Interests

On January 1, 2009, we adopted FASB Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an Amendment of ARB No. 51" ("FAS 160") (ASC 810), which establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 (ASC 810) clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. FAS 160 (ASC 810) also requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. FAS 160 (ASC 810) also provides guidance when a subsidiary is deconsolidated and requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary.

On adoption of FAS 160 (ASC 810) we began to attribute the net losses of our Bulgaria operations to the holders of the noncontrolling interest. This resulted in a reduction to the net loss attributable to CME Ltd. in accordance with paragraph 15 of Accounting Research Bulletin No. 51 "Consolidated Financial Statements" ("ARB 51")(ASC 810). We had previously not attributed these losses because it would have resulted in a deficit noncontrolling interest. Had we continued to apply the previous requirements of ARB 51 (ASC 810), the impact on consolidated net income attributable to the Company and earnings per share would have been as follows:

	For the Year Ended December 31, 2009
Net income / (loss) attributable to CME Ltd. as reported	\$ (97,157)
Deduct: noncontrolling interest in income recognized since the adoption of FAS 160 (ASC 810)	(10,910)
Pro Forma net income / (loss)	\$ (108,067)
Net loss per share – Basic (As reported)	\$ (1.79)
Net loss per share – Basic (Pro Forma)	\$ (1.99)
Net loss per share – Diluted (As reported)	\$ (1.79)
Net loss per share – Diluted (Pro Forma)	\$ (1.99)

Other than the increases in net losses for the year ended December 31, 2009 noted above, we reclassified certain prior period balances in our Consolidated Balance Sheet, Consolidated Statement of Operations and Statement of Equity to reflect the new presentation requirements of FAS 160 (ASC 810) as shown below.

Convertible Debt

On January 1, 2009, we adopted FASB Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1 (ASC 470)"), which clarifies the accounting for convertible debt instruments that may be settled in cash (including partial cash settlement) upon conversion. FSP APB 14-1 (ASC 470) requires issuers to account separately for the liability and equity components of certain convertible debt instruments in a manner that reflects the issuer's non-convertible debt (unsecured debt) borrowing rate when interest cost is recognized. FSP APB 14-1 (ASC 470) requires bifurcation of a component of the debt including allocated issuance costs, classification of that component in equity and the accretion of the resulting discount on the debt and the allocated acquisition costs to be recognized as part of interest expense in the Consolidated Statement of Operations.

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FSP APB 14-1 (ASC 470) requires retrospective application; therefore we restated both opening equity in 2009 and comparative amounts for 2008 in the consolidated financial statements in 2009 to reflect revised equity and liability balances on issuance of our Convertible Notes (as defined hereinafter) of US\$ 108.1 million (net of allocated acquisition costs) and US\$ 364.2 million, respectively.

The impact on the 2008 comparative amounts for the year ended December 31, 2008 of the adoption of both FSP APB 14-1 (ASC 470) and FAS 160 (ASC 810) was as follows:

	As reported	Impact of adopting		As Adjusted
		FSP APB 14-1 (ASC 470)	FAS 160 (ASC 810)	
Consolidated Statement of Operations				
For the Year ended December 31, 2008				
Interest expense	\$ (68,475)	\$ (14,006)	\$ -	\$ (82,481)
Noncontrolling interest in income of consolidated subsidiaries (1)	(2,071)	-	4	(2,067)
Net (loss) / income	\$ (255,544)	\$ (14,006)	\$ 4	\$ (269,546)
Net loss per share				
Net loss (Basic)	\$ (6.04)	\$ (0.33)	\$ 0.00	\$ (6.37)
Net loss (Diluted)	\$ (6.04)	\$ (0.33)	\$ 0.00	\$ (6.37)
As at December 31, 2008				
	As reported	Impact of adopting		As Adjusted
		FSP APB 14-1 (ASC 470)	FAS 160 (ASC 810)	
Consolidated Balance Sheet				
Other current assets	\$ 98,725	\$ (639)	\$ -	\$ 98,086
Other non-current assets	20,743	(1,478)	-	19,265
Senior Debt	1,024,721	(96,196)	-	928,525
Additional paid-in capital	1,018,532	108,085	-	1,126,617
Accumulated deficit	(224,086)	(14,006)	1,256	(236,836)
Accumulated Other Comprehensive Income	\$ 203,346	\$ -	\$ (1,256)	\$ 202,090

(1) As required by FAS 160 (ASC 810), minority interest in income of consolidated subsidiaries was renamed "Net income attributable to noncontrolling interests". We also reclassified the associated Minority Interest account in the Consolidated Balance Sheet into Equity and renamed it "Noncontrolling interests".

**CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
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Business Combinations

On January 1, 2009, we adopted FASB Statement No. 141(R), "Business Combinations" ("FAS 141(R)") (ASC 805), which establishes principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FAS 141(R) (ASC 805) requires contingent consideration to be recognized at its fair value on the acquisition date and, for certain arrangements, changes in fair value to be recognized in earnings until settled. FAS 141(R) (ASC 805) also requires acquisition-related transaction and restructuring costs to be expensed rather than treated as part of the cost of the acquisition. FAS 141(R) (ASC 805) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Because the requirements of FAS 141(R) (ASC 805) are largely prospective, its adoption did not have a material impact on our financial position or results of operations. However, we recognized an expense of approximately US\$ 0.9 million in the fourth quarter of 2008 for acquisition costs incurred on potential acquisitions that did not complete prior to December 31, 2008 and for which capitalization is prohibited under FAS 141 (R) (ASC 805).

On January 1, 2009, we adopted the Emerging Issues Task Force ("EITF") consensus on Issue No. 08-7, "Accounting for Defensive Intangible Assets" ("EITF 08-7") (ASC 350). The consensus addresses the accounting for an intangible asset acquired in a business combination or asset acquisition that an entity does not intend to use or intends to hold to prevent others from obtaining access (a defensive intangible asset). Under EITF 08-7 (ASC 350), a defensive intangible asset would need to be accounted for as a separate unit of accounting and would be assigned a useful life based on the period over which the asset diminishes in value. EITF 08-7 (ASC 350) was effective for transactions occurring after December 31, 2008. The adoption of this standard did not have a material impact on our financial position or results of operations.

On January 1, 2009, we adopted FASB Staff Position No. FAS 142-3 "Determination of the Useful Life of Intangible Assets," ("FSP FAS 142-3") (ASC 350) which aims to improve consistency between the useful life of a recognized intangible asset under FASB Statement No. 142 "Goodwill and Other Intangible Assets" and the period of expected cash flows used to measure the fair value of the asset under FAS 141 (R) (ASC 350), especially where the underlying arrangement includes renewal or extension terms. FSP FAS 142-3 (ASC 350) was effective prospectively for fiscal years beginning after December 15, 2008. The adoption of FSP FAS 142-3 (ASC 350) did not have a material impact on our financial position or results of operations.

On January 1, 2009, we adopted the EITF consensus on Issue No. 08-6, "Equity Method Investment Accounting Considerations" ("EITF 08-6") (ASC 323) which addresses certain effects of FAS 141(R) (ASC 805) and FAS 160 (ASC 810) on an entity's accounting for equity-method investments. The consensus indicates, among other things, that transaction costs for an investment should be included in the cost of the equity-method investment (and not expensed) and shares subsequently issued by the equity-method investee that reduce the investor's ownership percentage should be accounted for as if the investor had sold a proportionate share of its investment, with gains or losses recorded through earnings. EITF 08-6 (ASC 323) is effective for transactions occurring after December 31, 2008. The adoption of this standard did not have a material impact on our financial position or results of operations.

Derivative Disclosure

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On January 1, 2009, we adopted FASB Statement No. 161 "Disclosures About Derivative Instruments and Hedging Activities an Amendment of FASB Statement No. 133" ("FAS 161") (ASC 815) which enhances the disclosure requirements about derivatives and hedging activities. FAS 161 (ASC 815) requires enhanced narrative disclosure about how and why an entity uses derivative instruments, how they are accounted for under FASB Statement No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133") (ASC 815), and what impact they have on financial position, results of operations and cash flows. FAS 161 (ASC 815) is effective for fiscal years, and interim periods within those fiscal years, beginning on or after November 15, 2008. The adoption of FAS 161 (ASC 815) did not have a material impact on our financial position or results of operations.

Subsequent Events

In May 2009, we adopted, FASB Statement No. 165, "Subsequent Events" ("FAS 165") (ASC 855). FAS 165 (ASC 855) stipulates the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date including a requirement to disclose the date through which they have evaluated subsequent events and whether the date corresponds with the release of their financial statements. FAS 165 (ASC 855) was effective for interim and annual periods ending after June 15, 2009. The adoption of FAS 165 (ASC 855) did not have a material impact on our financial position or results of operations.

Recent Accounting Pronouncements

In June 2009, the FASB issued FASB Statement No. 167, "Amendments to FASB Interpretation No. 46R" ("FAS 167") (ASC 810). FAS 167 (ASC 810) amends FIN 46(R) (ASC 810) to require an analysis to determine whether a variable interest gives the entity a controlling financial interest in a variable interest entity. This statement requires an ongoing reassessment and eliminates the quantitative approach previously required for determining whether an entity is the primary beneficiary. FAS 167 (ASC 810) is effective for fiscal years beginning after November 15, 2009 and early adoption is prohibited. We are currently evaluating the impact of adopting this standard on our financial position and results of operations.

In June 2009, the FASB issued FASB Statement No. 166, "Accounting for Transfers of Financial Assets" ("FAS 166") (ASC 860). FAS 166 removes the concept of a qualifying special-purpose entity from FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" ("FAS 140") (ASC 860) and removes the exception from applying FASB Interpretation No. 46 (revised, December 2003), "Consolidation of Variable Interest Entities" ("FIN 46(R)") (ASC 810). This statement also clarifies the requirements for isolation and limitations on portions of financial assets that are eligible for sale accounting. FAS 166 (ASC 860) is effective for fiscal years beginning after November 15, 2009. We are currently evaluating the impact of adopting this standard on our financial position and results of operations.

In January 2010, the FASB issued Accounting Standard Update ("ASU") 2010-2, "Accounting and Reporting for Decreases in Ownership of a Subsidiary — a Scope Clarification". The ASU clarifies the scope of the decrease in ownership provisions of ASC 810-10 (previously FASB Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements"). ASU 2010-2 expands the scope of the noncontrolling interest standard to include subsidiaries and groups of assets that are businesses or are nonprofit activities. Accordingly, more disposal transactions will be subject to the full gain and loss recognition requirements in the consolidation guidance of ASC 810-10. There is, however an exception for transactions that qualify as partial sales of in-substance real estate even if these transactions involve businesses. Finally, the ASU expands the required disclosures upon deconsolidation of a subsidiary. The ASU's amendments are effective in the beginning of the period in which an entity adopts Statement 160. The retrospective adoption of ASU 2010-2 for the year ended December 31, 2009 did not have a material impact on our financial position and results of operations.

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In January 2010, the FASB issued ASU 2010-06, "Improving Disclosures about Fair Value Measurements". This ASU amends Subtopic 820-10 (previously FASB Statement No. 157) and requires new disclosures related to transfers into and out of Levels 1 and 2 and separate disclosures related to purchases, sales, issuances and settlements in the roll forward for Level 3 inputs. The update also clarifies existing guidance for fair value measurements for each class of assets and liabilities as well as for disclosures about inputs and valuation techniques. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures related to purchases, sales, issuances and settlements in the roll forward for Level 3 inputs which are effective for interim and annual reporting periods beginning after December 15, 2010. The adoption of this update related to the Level 1 and 2 inputs did not impact our financial position or results of operations. We do not expect there to be an impact on our financial position or results of operations related to the Level 3 inputs upon implementation in the annual period ending December 31, 2010.

3. ACQUISITIONS AND DISPOSALS

Romania

Acquisition of Media Pro Entertainment

In order to progress our strategy to become a vertically integrated media company, on December 9, 2009, we acquired the companies comprising Media Pro Entertainment ("MPE") from Media Pro Management S.A. and Metrodome B.V., together "Media Pro", two companies beneficially owned by Adrian Sarbu, our President and Chief Executive Officer and member of our Board of Directors since December 8, 2009. We purchased 100% of each of Media Pro Pictures S.A. ("Media Pro Pictures"), Pro Video s.r.l., Media Pro Music and Entertainment s.r.l., Media Pro Distribution s.r.l., Hollywood Multiplex Operations s.r.l. and Media Pro Pictures s.r.o., as well as the 92.2% interest that Media Pro Pictures holds in Media Pro Studios (Studiorile) S.A. and the 51% interest that Media Pro Pictures holds in Domino Production s.r.l. MPE produces and distributes television and film content and owns studio and production facilities and cinemas in Central and Eastern Europe.

We are integrating our existing fiction, reality and entertainment television production units with the acquired Media Pro Entertainment entities to create a dedicated content division to be called Media Pro Entertainment consisting of fiction, reality and entertainment production services and distribution operations across all of our territories. This acquisition provides us with a proven source of contents which will allow us to create new content and further diversify our revenue streams. This acquisition is expected to deliver significant synergies over the medium-term, including in cost, quality and availability of local production for our broadcast operations.

Total consideration comprised US\$ 10.0 million in cash, 2.2 million shares of our Class A Common Stock (with a fair value of US\$ 55.4 million at the date of acquisition) and warrants to purchase an additional 850,000 shares of our Class A common stock at an exercise price of US\$ 21.75 (valued at US\$ 13.8 million at the date of acquisition). In connection with the acquisition, we transferred our 10.0% interest in Metrodome B.V. and our 8.7% interest in Media Pro Management S.A. to Mr. Sarbu for no additional consideration, together valued at US\$ 19.2 million at the date of acquisition.

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We measured the fair value of the warrants using the Black Scholes method using the following assumptions.

Market Price	\$	25.20
Exercise Price	\$	21.75
Expected Term		6 years
Volatility		67.8%
Dividend Rate		0%
Risk Free Rate		1.67%
Warrant value	\$	16,198
Total Value	\$	13,768

At the date of the acquisition, we determined that the warrants met the definition of an equity instrument within the scope of EITF Issue No. 00-19 "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF 00-19") (ASC 480) and consequently recognized them on issuance at fair value within Additional Paid-In Capital. Subsequent changes in fair value have not been, and will not be, recognized as long as the instruments continue to be classified within Equity.

We performed a preliminary fair value exercise to allocate the purchase price to the acquired assets and liabilities and separately identifiable intangible assets as at December 9, 2009, which is complete with the exception of a final review of certain tax positions. We expect to finalize the purchase price allocation in the first quarter of 2010. The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Fair Value on Date of Acquisition (in US\$'000's)
Cash and cash equivalents	\$ 6,638
Property, plant and equipment	79,588
Program rights	17,802
Trademarks	7,254
Other intangible assets subject to amortization (1)	4,992
Deferred tax assets	11,960
Deferred tax liabilities	(18,812)
Other net liabilities	(53,933)
Noncontrolling interest	(4,067)
Goodwill (2)	47,023
Total purchase price	\$ 98,445

(1) The other intangible assets subject to amortization consist of favorable lease agreement and a contract to distribute Warner Brothers exclusively in Hungary and Romania which are being amortized over the life of the lease and the contract using the effective interest method

(2) No goodwill is expected to be deductible for tax purposes.

2008 Acquisition of Radio Pro

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In order to further strengthen our position in the youth market in Romania and complement our acquisition of the license for MTV Romania, on April 17, 2008 we purchased certain assets of Radio Pro from companies controlled by Mr. Sarbu for total consideration of RON 47.2 million (approximately US\$ 20.6 million at the date of acquisition).

We determined that the assets we acquired met the definition of a business and therefore performed a fair value exercise to allocate the purchase price to the acquired assets and liabilities and separately identifiable intangible assets. The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Fair Value on Acquisition (in US\$'000's)
Property, plant and equipment	\$ 2,561
Intangible assets not subject to amortization (1)	15,892
Goodwill (2)	2,394
Total purchase price (3)	\$ 20,847

(1) Intangible assets not subject to amortization comprise trademarks of US\$ 1.7 million and broadcasting licenses of US\$ 14.2 million.

(2) No goodwill is expected to be deductible for tax purposes.

(3) The total purchase price includes US\$ 0.2 million of capitalized acquisition costs.

Slovenia

Acquisition of Televideo

On September 2, 2009, we acquired the remaining 80% ownership interest in Televideo for cash consideration of EUR 1.2 million (approximately US\$ 1.7 million at the date of acquisition). Televideo operates the TV PIKA channel, a female-orientated general cable channel. In connection with this transaction we allocated EUR 0.2 million (approximately US\$ 0.3 million) to trademarks and EUR 1.7 million (approximately US\$ 2.4 million) to goodwill.

Ukraine

Acquisition of KINO noncontrolling interest

In the fourth quarter of 2008, in accordance with our stated objectives of establishing multi-channel broadcasting platforms in all of our markets and acquiring the remaining noncontrolling interests in our channels, we reached an agreement with our minority partners to acquire 100.0% of the KINO channel and to transfer to them our interest in the CITI channel, a local station that broadcasts in the Kiev region. In connection with this agreement, we segregated the broadcasting licenses and other assets of the KINO channel and transferred them to Gravis-Kino, a new entity spun off from Gravis LLC ("Gravis"), which previously operated both the KINO and the CITI channels. Between January 14, 2009 and February 10, 2009, we acquired a 100.0% interest in the KINO channel by acquiring from our minority partners their interests in Tor, Zhysa, TV Stimul, Ukrpromptorg-2003 LLC and Gravis-Kino and selling to them for a de minimis amount our interest in Gravis, which owns the broadcasting licenses and other assets of the CITI channel. The total consideration paid by us for these interests was US\$ 10.0 million, including a payment of US\$ 1.5 million for the use of studios, offices and equipment of Gravis and the provision of other transitional services through December 31, 2009. In addition, on February 10, 2009, we acquired from an entity controlled by Alexander Tretyakov, our former partner in KINO and CITI, a 10.0% ownership interest in Glavred-Media LLC ("Glavred") for US\$ 12.8 million. Glavred owns a number of websites and print publications as well as a radio station. Igor Kolomoisky, a shareholder and member of our Board of Directors, indirectly holds a 90% interest in Glavred.

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We concluded that these transactions should be accounted for together as the acquisition of a noncontrolling interest in a subsidiary where control is maintained under FAS 160 (ASC 810). Accordingly we recognized the excess of the fair value of the consideration over the adjustment to noncontrolling interest as an adjustment to additional paid-in capital.

The amounts allocated to consideration for KINO totaled approximately US\$ 23.9 million, represented by the fair value of the net assets of the CITI channel transferred (US\$ 1.1 million), cash payments of US\$ 8.5 million for the equity interests, US\$ 1.5 million for transitional services, and the US\$ 12.8 million we paid for the investment in Glavred, which we concluded formed part of the consideration. We determined the Glavred investment to have a fair value of US\$ nil at the date of acquisition.

The balance of noncontrolling interest recorded at the date of acquisition was US\$ nil because the operations had been loss-making. Therefore, the full consideration of US\$ 23.9 million was recognized as a reduction to equity.

4. GOODWILL AND INTANGIBLE ASSETS

Our goodwill and intangible assets are the result of acquisitions in Croatia, the Czech Republic, Romania, the Slovak Republic, Slovenia and Ukraine. No goodwill is expected to be deductible for tax purposes.

Goodwill:

Goodwill as at December 31, 2009, 2008 and 2007 is summarized as follows:

	Bulgaria	Croatia	Czech Republic	Romania	Slovak Republic	Slovenia	Ukraine	TOTAL
Gross balance, Dec 31, 2007	\$ -	\$ 11,227	\$ 951,286	\$ 74,667	\$ 57,635	\$ 18,393	\$ 11,593	\$ 1,124,801
Accumulated impairment losses	-	(10,454)	-	-	-	-	-	(10,454)
Net balance, Dec 31, 2007	-	773	951,286	74,667	57,635	\$ 18,393	\$ 11,593	1,114,347
Additions	74,137	-	-	2,394	-	-	251,209	327,740
Allocation/Adjustment	-	-	-	(525)	-	-	(59)	(584)
Impairment charge	(64,044)	-	-	-	-	-	(262,743)	(326,787)
Foreign currency movement	(10,093)	(34)	(62,350)	(4,200)	4,007	(1,005)	-	73,675
Net balance, Dec 31, 2008	\$ -	\$ 739	\$ 888,936	\$ 72,336	\$ 61,642	\$ 17,388	\$ -	\$ 1,041,041
Gross balance, Dec 31, 2008	64,044	11,193	888,936	72,336	61,642	17,388	262,743	\$ 1,378,282
Accumulated impairment losses	(64,044)	(10,454)	-	-	-	-	(262,743)	(337,241)

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	Bulgaria	Croatia	Czech Republic	Romania	Slovak Republic	Slovenia	Ukraine	Media Pro Entertainment (1)	TOTAL
Gross balance, Dec 31, 2008	\$ 64,044	\$ 11,193	\$ 888,936	\$ 72,336	\$ 61,642	\$ 17,388	\$ 262,743	\$ -	\$ 1,378,282
Accumulated impairment losses	(64,044)	(10,454)	-	-	-	-	(262,743)	-	(337,241)
Net balance, Dec 31, 2008	\$ -	\$ 739	\$ 888,936	\$ 72,336	\$ 61,642	\$ 17,388	\$ -	\$ -	\$ 1,041,041
Additions	-	-	-	-	-	2,439	-	47,023	\$ 49,462
Allocation/Adjustment	-	-	-	-	-	-	-	-	-
Impairment charge	-	-	-	-	-	-	-	-	\$ -
Foreign currency movement	-	18	47,332	(2,511)	1,348	571	-	(988)	\$ 45,770
Net balance, Dec 31, 2009	-	\$ 757	936,268	69,825	62,990	20,398	-	46,035	\$ 1,136,273
Gross balance, Dec 31, 2009	\$ 64,044	11,211	936,268	69,825	62,990	20,398	262,743	46,035	1,473,514
Accumulated impairment losses	(64,044)	(10,454)	-	-	-	-	(262,743)	-	(337,241)

(1) We have determined that MPE has three reporting units: Fiction, Production services and Distribution. As a result of the acquisition of MPE, goodwill was allocated to each of the three reporting units based on the relative enterprise value of each reporting unit. The enterprise value of each reporting unit was based on discounted cash flow modes for each reporting unit.

	Net balance, Dec 31, 2008	Additions	Foreign currency movement	Net balance, Dec 31, 2009
Fiction	\$ -	\$ 18,935	\$ (398)	\$ 18,537
Production services	-	10,164	(214)	9,950
Distribution and Exhibition	-	17,924	(376)	17,548
TOTAL MPE	\$ -	\$ 47,023	\$ (988)	\$ 46,035

Broadcast licenses and other intangible assets:

The net book value of our broadcast licenses and other intangible assets as at December 31, 2009 and 2008 is summarized as follows:

	Indefinite-Lived Broadcast Licenses	Amortized Broadcast Licenses	Trademarks	Customer Relationships	Other	Total
Balance, December 31, 2007	\$ 50,748	\$ 187,178	\$ 60,084	\$ 73,267	\$ 2,145	\$ 373,422
Reallocation (1)	-	-	-	-	624	624
Additions	14,177	139,235	50,198	598	7,473	211,681
Impairment	-	(637)	(8,703)	-	(625)	(9,965)
Amortization	-	(25,088)	(1,054)	(8,155)	(1,084)	(35,381)
Foreign currency movements	(5,069)	(18,630)	(3,478)	2,570	(1,042)	(25,649)
Balance, December 31, 2008	\$ 59,856	\$ 282,058	\$ 97,047	\$ 68,280	\$ 7,491	\$ 514,732
Additions	-	-	7,543	-	4,992	12,535
Impairment	-	(75,788)	(76)	-	(4,882)	(80,746)
Amortization	-	(13,057)	(501)	(7,246)	(793)	(21,597)
Foreign currency movements	(1,350)	(14,637)	(10,655)	650	(514)	(26,506)
Balance, December 31, 2009	\$ 58,506	\$ 178,576	\$ 93,358	\$ 61,684	\$ 6,294	\$ 398,418

(1) At December 31, 2007 we had not completed our purchase price allocation of MTS in Romania. The carrying value of other intangible assets was adjusted during the first quarter of 2008 to reflect the final value of our Trademark and Programming Agreement with MTV NE which allows MTS access to MTV programming and to use the MTV name.

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Our broadcast licenses in Croatia, Romania and Slovenia have indefinite lives because we expect the cash flows generated by those assets to continue indefinitely. These licenses are subject to annual impairment reviews. The licenses in Ukraine have economic useful lives between, and are amortized on a straight-line basis over, two and eighteen years. Licenses in the Czech Republic have an economic useful life of, and are amortized on a straight-line basis over, twenty years. The license in the Slovak Republic has an economic useful life of, and is amortized on a straight-line basis over, thirteen years.

Customer relationships are deemed to have an economic useful life of, and are amortized on a straight-line basis over, five to fourteen years. Trademarks have an indefinite life, with the exception of those acquired trademarks which we do not intend to use, which have an economic life of, and are being amortized over, between two and five years using the declining balance method.

The gross value and accumulated amortization of broadcast licenses and other intangible assets was as follows at December 31, 2009 and December 31, 2008:

	December 31, 2009	December 31, 2008
Gross value	\$ 454,377	\$ 549,140
Accumulated amortization	(114,465)	(94,264)
Net book value of amortized intangible assets	\$ 339,912	\$ 454,876
Indefinite-lived broadcast licenses	58,506	59,856
Total broadcast licenses and other intangible assets, net	\$ 398,418	\$ 514,732

The estimated future amortization expense for our intangible assets with finite lives as of December 31, 2009 is as follows:

2010	\$ 26,346
2011	29,159
2012	28,557
2013	28,509
2014	28,773

Impairment charges:

Summary.

We recognized the following impairment charges in respect of goodwill, indefinite-lived intangible and long-lived assets in the year ended December 31, 2009:

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	Amortized Trademarks	Amortized Broadcast Licenses	Other Intangible Assets	Other Assets	Total
Bulgaria	\$ 76	\$ 75,788	\$ 4,882	\$ 1,097	\$ 81,843

We recognized the following impairment charges in respect of goodwill, indefinite-lived intangible and long-lived assets in the year ended December 31, 2008. We did not recognize any impairment charges in 2007.

	Long-Lived Assets			Goodwill and Indefinite-Lived Intangible Assets		
	Amortized Trademarks	Amortized Broadcast Licenses	Other Intangible Assets	Indefinite-Lived Trademarks	Goodwill	Total
Bulgaria	\$ 222	\$ -	\$ 625	\$ -	\$ 64,044	\$ 64,891
Ukraine	-	637	-	8,481	262,743	271,861
Total	\$ 222	\$ 637	\$ 625	\$ 8,481	\$ 326,787	\$ 336,752

Process of reviewing goodwill, indefinite-lived intangible assets and long-lived assets for impairment.

We review both goodwill and indefinite-lived intangible assets for impairment in the fourth quarter of each year under FASB Statement No. 142 "Goodwill and Other Intangible Assets" ("FAS 142") (ASC 350). Goodwill is evaluated at the reporting unit level and each indefinite-lived intangible asset is evaluated individually. Long-lived assets are evaluated at the asset group level under FASB Statement No. 144 "Accounting for the Impairment and Disposal of Long-Lived Assets" ("FAS 144") (ASC 360) when there is an indication that they may be impaired.

Whenever events occur which suggest any assets in a reporting unit may be impaired an evaluation of the goodwill and indefinite-lived intangible assets, together with the associated long-lived assets of each asset group, is performed. Outside our annual review, there are a number of factors which could trigger an impairment review and these could include:

- under-performance of operating segments or changes in projected results;
- changes in the manner of utilization of an asset;
- severe and sustained declines in the traded price of our Class A common stock that are not attributable to factors other than the underlying value of our assets;
- negative market conditions or economic trends; and
- specific events, such as new legislation, new entrants, changes in technology or adverse legal judgments that we believe could have a negative impact on our business.

Goodwill is evaluated for impairment at the reporting unit level. We have determined that each of our operating segments is a reporting unit, with the exception of Romania (Media Pro Entertainment), which we determined to have three reporting units as disclosed above. Long-lived assets are evaluated at the asset group level and we have determined that, with the exception of Bulgaria, each reporting unit is also an asset group because they are the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. In Bulgaria, there are two asset groups, RING.BG and PRO.BG.

In testing the goodwill of each reporting unit, the fair value of the reporting unit is compared to the carrying value of its assets, including goodwill. If the fair value of the reporting unit is less than its carrying value, the fair value of the reporting unit is then measured against the fair value of its underlying assets and liabilities, excluding goodwill, to estimate an implied fair value of the reporting unit's goodwill. An impairment loss is recognized for any excess of the carrying value of the reporting unit's goodwill over the implied fair value of that goodwill after adjusting for any impairment of indefinite-lived intangible assets or long-lived assets.

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Indefinite-lived intangible assets are evaluated for impairment by comparing the fair value of the asset to its carrying value. Any excess of the carrying value over the fair value is recognized as an impairment charge.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to our estimate of the undiscounted future cash flows we expect that asset group will generate. If the carrying amount of an asset exceeds our estimate of its undiscounted future cash flows, an impairment charge is recognized equal to the amount by which the carrying amount exceeds the fair value of the respective asset.

Assessing goodwill, indefinite-lived intangible assets and long-lived assets for impairment is a complex iterative process that requires significant judgment and involves a great deal of detailed quantitative and qualitative business-specific analysis and many individual assumptions which fluctuate with the passage of time.

Our estimate of the cash flows our operations will generate in future periods forms the basis for most of the significant assumptions inherent in our impairment reviews. Our expectations of these cash flows are developed during our long- and short-range business planning processes, which are designed to address the uncertainties inherent in the forecasting process by capturing a range of possible views about key trends which govern future cash flow growth.

Historically, the overall cash flow growth rates achieved by our operations have not provided a good indication of future cash flows. This is largely because the markets in which we operate are relatively new and have experienced high levels of growth as advertising markets became rapidly established. Instead, we have observed over many years a strong positive correlation between the macro economic performance of our markets and the size of the television advertising market and ultimately the cash flows we generate. With this in mind, we have placed a high importance on developing our expectations for the future development of the macro economic environment in general and the advertising market and our share of it in particular. While this has involved an appreciation of historical trends, we have placed a higher emphasis on forecasting these market trends, which has involved detailed review of macro-economic data, a range of both proprietary and publicly-available estimates for future market development, and a process of on-going consultation with local management.

At present, future macro economic developments in our markets are still uncertain. There are a wide range of economic forecasts which generally anticipate continued declines in the size of television advertising markets in the countries in which we operate before they begin to recover in 2010. Some of the key assumptions underpinning these forecasts include the size of the absolute reduction in the television advertising market during the economic downturn, the point at which growth will resume and the speed with which historical levels of demand will be achieved. In developing our forecasts of future cash flows we take into account available external estimates in addition to considering developments in each of our markets, which provide direct evidence of the state of the market and future market development. In concluding whether a goodwill impairment charge is necessary, we perform the impairment test under a range of possible scenarios. In order to check the reasonableness of the fair values implied by our cash flow estimates we also calculate the value of our Class A common stock implied by our cash flow forecasts and compare this to actual traded values.

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In evaluating our goodwill, indefinite-lived intangible assets and long-lived assets for impairment we use the following valuation methods:

<u>Measurement</u>	<u>Valuation Method</u>
Recoverability of cash flows	Undiscounted future cash flows
Fair value of broadcast licenses	Build-out method
Fair value of trademarks	Relief from royalty method
Fair value of reporting units	Discounted cash flow model

In all cases, each method involves a number of significant assumptions over an extended period of time which could materially change our decision as to whether assets are impaired. The most significant of these assumptions, and the extent to which they changed between the first quarter impairment review, the second quarter impairment review and the annual impairment review done in the fourth quarter are discussed below:

- *Cost of capital:* The cost of capital reflects the return a hypothetical market participant would require for a long-term investment in an asset and can be viewed as a proxy for the risk of that asset. We calculate the cost of capital according to the Capital Asset Pricing Model using a number of assumptions, the most significant of which is a Country Risk Premium ("CRP"). The CRP reflects the excess risk to an investor of investing in markets other than the United States and generally fluctuates with expectations of changes in a country's macro economic environment. The costs of capital that we have applied in all reporting units since the end of 2008 have been very high compared to historic levels, which we believe represents a fundamental re-pricing of the perceived risk of investing in emerging markets. We observed a reduction in costs of capital between the first quarter impairment review and the second quarter impairment review in response to reductions in the CRP, which have decreased across emerging market economies due to a narrowing of the relative spread between yields on developed and emerging market debt, as the risk differential between these is perceived by market participants to have diminished. There was a negligible change in the cost of capital used between the second quarter impairment review and fourth quarter annual impairment review.
- *Growth rate into perpetuity:* reflects the level of economic growth in each of our markets from the last forecasted period into perpetuity and is the sum of an estimated real growth rate, which reflects our belief that macro economic growth in our markets will eventually converge to western European markets, and long term expectations for inflation. Our estimates of these rates are based on observable market data and have not changed.
- *Total advertising market:* The size of the television advertising market effectively places an upper limit on the advertising revenue we can expect to earn in each country. Our estimate of the total advertising market is developed from a number of external sources, in combination with a process of on-going consultation with local management. In our second quarter impairment review, we reduced our forecast of the absolute size of the television advertising markets compared to the first quarter impairment review. In our annual impairment review performed in the fourth quarter, we marginally increased our size of the television advertising markets based on our expectation of higher growth rates as the markets begin to recover.
- *Market share:* This is a function of the audience share we expect our stations to generate, and the relative price at which we can sell advertising. Our estimate of the total advertising market is developed from a number of external sources, in combination with a process of on-going consultation with local management. In general, in the second quarter impairment review we forecast that our levels of market share will be comparable to, or slightly higher than we assumed in the first quarter impairment review to reflect recent improvements in our audience share. In our annual impairment review, we forecast our market share to be lower than our assumptions in the second quarter as a result of increased competition.

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- *Forecast operating costs:* The level of cash flow generated by each operation is ultimately governed by the extent to which we manage the relationship between revenues and costs. We forecast the level of operating costs by reference to (a) the historical absolute and relative levels of costs we have incurred in generating revenue in each station, (b) the operating strategy of each business and (c) specific forecast costs to be incurred. With the exception of the Czech Republic, where costs were reduced, in the second quarter impairment review we forecast that operating costs will be comparable or slightly higher in comparison with our assumptions in the first quarter impairment review, to reflect the increased EBITDA margins we had experienced in some operations compared to previous forecasts as we have reduced costs. In the annual impairment review, we forecast our operating costs to be comparable, or slightly lower in comparison with our second quarter assumptions to reflect further cost reductions we initiated.
- *Forecast capital expenditure:* The size and phasing of capital expenditure, both recurring expenditure to replace retired assets and investments in new projects, has a significant impact on cash flows. We forecast the level of future capital expenditure based on current strategies and specific forecast costs to be incurred. In line with our ongoing efforts to protect our operating margins, the absolute levels of capital expenditure forecast remained broadly constant between the first, second and fourth quarter impairment reviews, however certain investment cash flows were delayed, with a consequent marginal positive impact on the fair value of the reporting units.

Impairment reviews during 2009 and charges recognized

A number of events occurred since the annual impairment review performed in the fourth quarter of 2008 that suggested the need for further impairment testing in the first two quarters of 2009 which resulted in additional impairment charges:

- a continued reduction in the short and medium economic projections for our markets by external analysts fuelled by a widespread perception that Central and Eastern Europe had been heavily impacted by the global economic crisis and growing sentiment that recovery would take longer than expected;
- increasing reluctance of advertisers to make spending commitments, which had a larger than expected impact on both the proportion of our advertising inventory we could sell and a reduction in the prices we could achieve;
- continued significant volatility in the price of shares of our Class A common stock, particularly during the first quarter of 2009;
- historically high sovereign debt yields in our markets, suggesting a fundamental re-pricing of risk by investors; and
- an escalation of the economic crisis in Ukraine, including the downgrading of its sovereign credit rating to CCC+ by Standard & Pools.

All of these factors were felt most acutely in the first quarter of 2009. The second quarter saw a slight improvement in some macro economic indicators, which continued into the second half of 2009.

During the three months ended March 31, 2009, the price of our Class A common stock decreased from a high of US\$ 22.73 per share to a low of US\$ 4.86 per share. In addition, when we updated our medium and long-term forecast models at March 31, 2009, we determined that the forecast future cash flows of all of our stations had decreased compared to our previous estimates. We concluded that together these two events constituted an indicator of possible impairment in all reporting units and asset groups and it was therefore necessary to review them for impairment under FAS 142 (ASC 350) and FAS 144 (ASC 360) (the "first quarter impairment review").

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Upon reviewing all of our long-lived assets, indefinite-lived intangible assets and goodwill in the first quarter impairment review, we concluded that a charge was required to impair long-lived assets in Bulgaria. In all other cases, the extent to which the respective assets tested passed the impairment test had reduced since they were previously tested for impairment in the fourth quarter of 2008. In the Czech Republic this decline had caused the result of the goodwill impairment test to be particularly close, as discussed below.

Although the price of our Class A common stock recovered during the three months ended June 30, 2009, the financial performance of our stations continued to decline, which caused us to revise our medium and long-term forecast models once more. We concluded that this constituted an indicator of possible impairment in all reporting units and asset groups and it was therefore necessary to perform another impairment review (the "second quarter impairment review").

Upon performing the second quarter impairment review we concluded that no further impairment charges were required. In most reporting units, the extent to which the respective assets passed the impairment test had remained comparable or increased, largely as a result of falls in the return required by investors, and we concluded no further impairment charges were required. In the Czech Republic the excess of fair value over carrying value had increased and this is discussed further below.

There were no further indicators of impairment in the third or fourth quarter of 2009. However, we performed our annual impairment review in accordance with FAS 142 (ASC 350) in the fourth quarter of 2009. Market participants' sentiment about the future economic performance of our markets in general, and our ability to capitalize on our competitive position in particular, appeared to improve by the time of our annual impairment review. At the same time, the financial performance of our stations began to stabilize. We therefore concluded that there was no further impairment.

Bulgaria

We revised our estimates of future cash flows in our Bulgaria operations at the time of the first quarter impairment review to reflect our revised expectations of a heavier contraction in the advertising market in 2009, lower growth in future years and a more prolonged downturn. In addition, Bulgaria has been heavily impacted by the global economic crisis, which has been reflected in the returns expected by investors to reflect the increased actual and perceived risk of investing in Bulgaria continuing to be higher than their historical norms. We concluded that long-lived assets in the Pro.bg asset group were no longer recoverable and recorded a charge to write them down to their fair value of US\$ nil.

Czech Republic

In the first quarter impairment review, we concluded that our Czech Republic reporting unit passed the first stage of the impairment test for goodwill, but that its fair value had declined significantly since we tested it for impairment in the fourth quarter of 2008 and was very close to its carrying value. This decline in value was due to reductions in our cash flow forecasts to reflect the fact that uncertainties over the macro economic environment had caused international advertisers to become increasingly reluctant to make spending commitments. This reluctance caused a contraction in the overall size of the advertising market which manifested itself as a worse-than-expected decline in both the level of advertising inventory our operations were able to sell and the prices at which it could be sold.

In the second quarter impairment review we concluded that the fair value of the reporting unit had increased marginally, while the carrying value of the reporting unit had reduced, resulting in a higher excess of fair value over carrying value. The main reason for the increase in the fair value of the reporting unit was a reduction in the cost of capital applied to reflect a slightly lower perceived risk among investors in investing in the Czech Republic, which in turn reflected marginally more encouraging macro economic conditions in the Czech Republic in the second quarter of 2009 in comparison with the first quarter. This slight improvement in discount factor was commensurate with the higher average price for our Class A common stock in the second quarter of 2009 than the first quarter. The improvement in the discount factor was partially offset by slight downward revisions to our expectations of cash flows for our Czech Republic operations to reflect their continuing decline in financial performance in the first half of 2009.

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In the fourth quarter annual impairment review, we concluded that the fair value of the Czech Republic reporting unit had increased appreciably from the second quarter impairment review resulting in a much higher excess of fair value over carrying value. In general, this was primarily due to an upward revision to our expected cash flows as a result of a more positive outlook in the market and the pace and timing of the recovery in the market.

Impairment reviews during 2008 and charges recognized

At the time of our annual impairment review in 2008, there was a growing uncertainty in all of our markets over future growth or contraction in the advertising markets, a rapid deepening of the global economic crisis, including a widespread withdrawal of investment funding from the Central and Eastern European markets and companies with investments in them, particularly Ukraine, Bulgaria and Romania. Significant and rapid falls in the price of our shares of Class A common stock, beyond the point at which the carrying value of our net assets exceeded the market value of our shares, an unprecedented spike in sovereign debt yields in our markets, suggesting a fundamental re-pricing of risk by investors; and an escalation of the economic and political crisis in Ukraine following its receipt of a US\$ 16.5 billion emergency loan from the IMF, including a dispute with Russia over natural gas supplies.

Bulgaria

We revised our cash flow projections for Bulgaria to reflect revised expectations of contraction in the advertising market in 2009 and lower growth in future years as a result of the global economic crisis and the increased actual and perceived risk of investing in Bulgaria. We concluded that long-lived assets in the Ring TV asset group were not recoverable and recorded a charge of US\$ 0.9 million to write them down to their fair value of US\$ nil. Assets in the Pro.bg asset group were recoverable so no impairment charge was recorded although these amounts were subsequently impaired. In addition, we recorded a charge of US\$ 64.0 million to write off goodwill because the fair value of the business did not exceed the combined fair value of the assets.

Ukraine

In the fourth quarter of 2008, the outlook for the Ukraine economy in general, and the advertising market in particular, worsened significantly. This was both as a result of the global economic crisis and factors unique to Ukraine, such as the need for assistance from the IMF, increasing political instability caused by disputes between the President and Prime Minister and a dispute with Russia over supplies of natural gas. These developments were reflected in our evaluation of the fair values of the assets of the reporting unit and of the reporting unit itself through, (a) a decline in expected revenues resulting from an expectation of lower growth in the advertising market in future years and (b) an increase in the returns expected by investors to reflect the increased actual and perceived risk of investing in Ukraine. As a result we recorded a charge of US\$ 271.9 million to write the carrying value of goodwill, the indefinite-lived trademark and the KINO broadcasting license to US\$ nil.

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5. INVESTMENTS

We hold the following investments in unconsolidated affiliates:

	Type of Affiliate	Effective Voting interest	Carrying value	
			December 31, 2009	December 31, 2008
Media Pro Management S.A.	Cost Method Investment	8.7%	-	16,559
			\$ -	\$ 16,559

Media Pro Management S.A.

We disposed of our investment in Media Pro Management S.A. on December 9, 2009 in connection with our acquisition of Media Pro Entertainment. See Note 3 "Acquisitions and Disposals: Romania".

6. SENIOR DEBT

Our senior debt comprised the following as at December 31, 2009 and December 31, 2008:

	Carrying Value		Fair Value	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
EUR 440.0 million 11.625% Senior Notes	\$ 639,515	\$ -	\$ 608,510	\$ -
EUR 245.0 million 8.25% Senior Notes	-	340,966	-	233,562
EUR 150.0 million Floating Rate Senior Notes	216,090	208,755	153,424	125,253
USD 475.0 million 3.50% Senior Convertible Notes	398,323	378,804	369,883	230,375
	\$ 1,253,928	\$ 928,525	\$ 1,131,816	\$ 589,190

On September 17, 2009 we issued EUR 200.0 million (approximately US\$ 288.1million) of 11.625% senior notes due 2016 at an issue price of 98.261%, and on September 29, 2009 we issued an additional tranche of EUR 240.0 million Senior Notes due 2016 (approximately US\$ 345.7 million) at an issue price of 102.75% (collectively the "2009 Fixed Rate Notes"). The 2009 Fixed Rate Notes mature on September 15, 2016.

On March 10, 2008, we issued US\$ 475.0 million of 3.50% Senior Convertible Notes (the "Convertible Notes"). The Convertible Notes mature on March 15, 2013. The carrying value of the Convertible Notes as at December 31, 2008 has been adjusted to reflect the impact of the adoption of FSP APB 14-1 (ASC 470) (see Note 2, "Summary of Significant Accounting Policies: Convertible Debt").

On May 16, 2007, we issued EUR 150.0 million (approximately US\$ 216.1 million) of floating rate senior notes (the "Floating Rate Notes", and collectively with the 2009 Fixed Rate Notes, the "Senior Notes") which bear interest at the six-month Euro Inter Bank Offered Rate ("EURIBOR") plus 1.625% (The applicable rate at December 31, 2009 was 2.616%). The Floating Rate Notes mature on May 15, 2014.

On May 5, 2005, we issued EUR 245.0 million of 8.25% senior notes due 2012 (the "2005 Fixed Rate Notes"). The 2005 Fixed Rate Notes were issued with a maturity date of May 15, 2012. On September 21, 2009 we repurchased 2005 Fixed Rate Notes totaling EUR 63.2 million (approximately US\$ 91.0 million) in aggregate principal amount pursuant to a tender offer. On September 29, 2009 we issued a redemption notice for redemption on October 29, 2009, of the remaining EUR 181.8 million (approximately US\$ 261.9 million) aggregate principal amount of 2005 Fixed Rate Notes outstanding. The 2005 Fixed Rate Notes were redeemable at our option in whole or in part upon payment of a redemption price, which was 104.125% of the principal amount. In connection with the redemption, approximately US\$ 290.0 million (which represents the redemption price plus all interest) was paid on the settlement date in October 2009 and the indenture pursuant to which the 2005 Fixed Rate Notes were issued was discharged.

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Fixed Rate Notes

2009 Fixed Rate Notes

Interest is payable semi-annually in arrears on each March 15 and September 15. The fair value of the 2009 Fixed Rate Notes as at December 31, 2009 was calculated by multiplying the outstanding debt by the traded market price.

The 2009 Fixed Rate Notes are secured senior obligations and rank pari passu with all existing and future senior indebtedness and are effectively subordinated to all existing and future indebtedness of our subsidiaries. The amounts outstanding are guaranteed by two subsidiary holding companies and are secured by a pledge of shares of those subsidiaries as well as an assignment of certain contractual rights. The terms of our 2009 Fixed Rate Notes restrict the manner in which our business is conducted, including the incurrence of additional interest obligations, the making of investments, the payment of dividends or the making of other distributions, entering into certain affiliate transactions and the sale of assets (see also Note 23, "Restricted and Unrestricted Subsidiaries").

In the event that (A) there is a change in control by which (i) any party other than certain of our present shareholders becomes the beneficial owner of more than 35.0% of our total voting power; (ii) we agree to sell substantially all of our operating assets; or (iii) there is a change in the composition of a majority of our Board of Directors; and (B) on the 60th day following any such change of control the rating of the 2009 Fixed Rate Notes is either withdrawn or downgraded from the rating in effect prior to the announcement of such change of control, we can be required to repurchase the 2009 Fixed Rate Notes at a purchase price in cash equal to 101.0% of the principal amount of the 2009 Fixed Rate Notes plus accrued and unpaid interest to the date of purchase.

The 2009 Fixed Rate Notes are redeemable at our option, in whole or in part, at the redemption prices set forth below:

From:	Fixed Rate Notes Redemption Price
September 15, 2013 to September 14, 2014	105.813%
September 15, 2014 to September 14, 2015	102.906%
September 15, 2015 and thereafter	100.000%

Certain derivative instruments, including redemption call options and change of control and asset disposition put options, have been identified as being embedded in the 2009 Fixed Rate Notes but as they are considered clearly and closely related to the 2009 Fixed Rate Notes, they are not accounted for separately. We have included the net issuance premium within the carrying value of the 2009 Fixed Rate Notes and are amortizing it through interest expense using the effective interest method.

Floating Rate Notes

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Interest is payable semi-annually in arrears on each May 15 and November 15. The fair value of the Floating Rate Notes as at December 31, 2009 and December 31, 2008 was equal to the outstanding debt multiplied by the traded market price.

The Floating Rate Notes are secured senior obligations and rank pari passu with all existing and future senior indebtedness and are effectively subordinated to all existing and future indebtedness of our subsidiaries. The amounts outstanding are guaranteed by two subsidiary holding companies and are secured by a pledge of shares of those subsidiaries as well as an assignment of certain contractual rights. The terms of our Floating Rate Notes restrict the manner in which our business is conducted, including the incurrence of additional indebtedness, the making of investments, the payment of dividends or the making of other distributions, entering into certain affiliate transactions and the sale of assets.

In the event that (A) there is a change in control by which (i) any party other than certain of our present shareholders becomes the beneficial owner of more than 35.0% of our total voting power; (ii) we agree to sell substantially all of our operating assets; or (iii) there is a change in the composition of a majority of our Board of Directors; and (B) on the 60th day following any such change of control the rating of the Floating Rate Notes is either withdrawn or downgraded from the rating in effect prior to the announcement of such change of control, we can be required to repurchase the Floating Rate Notes at a purchase price in cash equal to 101.0% of the principal amount of the Floating Rate Notes plus accrued and unpaid interest to the date of purchase.

The Floating Rate Notes are redeemable at our option for the remainder of their life, in whole or in part, at 100.0% of their face value.

Certain derivative instruments, including redemption call options and change of control and asset disposition put options, have been identified as being embedded in the Floating Rate Notes but as they are considered clearly and closely related to the Floating Rate Notes, they are not accounted for separately.

Convertible Notes

Interest is payable semi-annually in arrears on each March 15 and September 15. The fair value of the Convertible Notes as at December 31, 2009 and December 31, 2008 was calculated by multiplying the outstanding debt by the traded market price because we considered the value of the embedded conversion option to be zero since the market price of our shares was so far below the conversion price.

The Convertible Notes are secured senior obligations and rank pari passu with all existing and future senior indebtedness and are effectively subordinated to all existing and future indebtedness of our subsidiaries. The amounts outstanding are guaranteed by two subsidiary holding companies and are secured by a pledge of shares of those subsidiaries as well as an assignment of certain contractual rights.

Prior to December 15, 2012, the Convertible Notes are convertible following certain events and from that date, at any time, based on an initial conversion rate of 9.5238 shares of our Class A common stock per US\$ 1,000 principal amount of Convertible Notes (which is equivalent to an initial conversion price of approximately US\$ 105.00, or a 25% conversion premium based on the closing sale price of US\$ 84.00 per share of our Class A common stock on March 4, 2008). The conversion rate is subject to adjustment if we make certain distributions to the holders of our Class A common stock, undergo certain corporate transactions or a fundamental change, and in other circumstances specified in the Convertible Notes. From time to time up to and including December 15, 2012, we will have the right to elect to deliver (i) shares of our Class A common stock or (ii) cash and, if applicable, shares of our Class A common stock upon conversion of the Convertible Notes. At present, we have elected to deliver cash and, if applicable, shares of our Class A common stock. As at December 31, 2009, the Convertible Notes may not be converted. In addition, the holders of the Convertible Notes have the right to put the Convertible Notes to us for cash equal to the aggregate principal amount of the Convertible Notes plus accrued but unpaid interest thereon following the occurrence of certain specified fundamental changes (including a change of control, certain mergers, insolvency and a delisting).

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In order to increase the effective conversion price of our Convertible Notes, on March 4, 2008 we purchased, for aggregate consideration of US\$ 63.3 million, capped call options over 4,523,809 shares of our Class A common stock from Lehman Brothers OTC Derivatives Inc. (the "Lehman OTC Capped Call Options"), 1,583,333 shares, from BNP Paribas (the "BNP Capped Call Options"), 1,583,333 shares and from Deutsche Bank Securities Inc. (the "DB Capped Call Options"), 1,357,144 shares together, the "Capped Call Options". The amount of shares corresponds to the number of shares of our Class A common stock that would be issuable on a conversion of the Convertible Notes at the initial conversion price if we elected to settle the Convertible Notes solely in shares of Class A common stock. The Capped Call Options entitle us to receive, at our election, cash or shares of Class A common stock with a value equal approximately to the difference between the trading price of our shares at the time the option is exercised and US\$ 105.00, up to a maximum trading price of US\$ 151.20. These options expire on March 15, 2013. At present, we have elected to receive shares of our Class A common stock on exercise of the Capped Call Options.

On September 15, 2008, Lehman Brothers Holdings Inc., ("Lehman Holdings", and collectively with Lehman OTC, "Lehman Brothers"), the guarantor of the obligations of Lehman OTC under the capped call agreement, filed for protection under Chapter 11 of the United States Bankruptcy Code. The bankruptcy filing of Lehman Holdings, as guarantor, was an event of default that gave us the right to early termination of the capped call option agreement with Lehman OTC and to claim for losses. We exercised this right on September 16, 2008 and claimed an amount of US\$ 19.9 million, which bears interest at a rate equal to our estimate of our cost of funding plus 1% per annum.

At the date of purchase, we determined that all of the Capped Call Options met the definition of an equity instrument within the scope of EITF 00-19 (ASC 480) and consequently recognized them on issuance at fair value within additional paid-in capital. We believe that this classification is still correct with respect to the BNP and DB Capped Call Options and have continued to recognize them within Equity. Subsequent changes in fair value have not been, and will not be, recognized as long as the instruments continue to be classified in Equity.

We concluded that from September 16, 2008, upon delivery of the termination notice, the Lehman OTC Capped Call Options were effectively extinguished. The nullification of the non-bankruptcy provisions of the original contract means that the fair value of the instrument no longer varies with movements in the value of an underlying (previously, shares of our Class A common stock) and consequently the contract ceased to be a derivative instrument and ceased to fall within the scope of EITF 00-19 (ASC 815). Effective September 16, 2008, we reclassified the US\$ 22.2 million cost of the Lehman OTC Capped Call Options from additional paid-in capital to accumulated deficit to reflect this extinction. We further concluded that our claim did not meet the definition of an asset because the future benefit it embodied was not sufficiently probable and therefore treated our bankruptcy claim in accordance with FASB Statement No. 5 "Accounting for Contingencies" (ASC 450).

On March 3, 2009, we assigned our claim in the bankruptcy proceedings of Lehman Brothers to an unrelated third party for cash consideration of US\$ 3.4 million, or 17% of the claim value, which has been recognized as other income within selling, general and administrative expenses in our Consolidated Statement of Operations. See Note 21, "Commitments and Contingencies: Lehman Brothers Bankruptcy Claim".

Prior to the termination of the Lehman OTC Capped Call Options, we noted that no dilution would occur prior to the trading price of our Class A common stock reaching US\$ 151.20. This conclusion was based on a number of assumptions, including that we would exercise all Capped Call Options simultaneously, we would continue with our election to receive shares of our Class A common stock on the exercise of the Capped Call Options, and no event that would result in an adjustment to the conversion rate of value of the options would have occurred.

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Following the termination of the Lehman OTC Capped Call Options, which represented 35% of the total number of Capped Call Options we acquired on March 4, 2008, limited dilution will occur following the exercise of the remaining BNP and DB Capped Call Options if the price of shares of our Class A common stock is between US\$ 105.00 per share and US\$ 151.20 per share when the Convertible Notes are converted. The table below shows how many shares of our Class A common stock we would issue following a conversion of the Convertible Notes and the exercise of the remaining DB and BNP Capped Call Options for a variety of share price scenarios. This table assumes the currently selected settlement methods continue to apply and no event that would result in an adjustment to the conversion rate or the value of the option has occurred:

Stock price	Shares issued on conversion of Convertible Notes	Shares received on exercise of capped call options	Net shares issued	Value of shares issued (US\$ '000)
\$105.00 and below	-	-	-	\$ -
110.00	(205,628)	133,658	(71,970)	(7,917)
120.00	(565,476)	367,559	(197,917)	(23,750)
130.00	(869,963)	565,475	(304,488)	(39,583)
140.00	(1,130,951)	735,118	(395,833)	(55,417)
151.20	(1,382,274)	898,478	(483,796)	(73,150)
\$ 200.00	(2,148,807)	679,248	(1,469,559)	\$ (293,912)

At December 31, 2009, the Capped Called Options could not be exercised because no conversion of any Convertible Notes had occurred. In the event any Convertible Notes had been converted at December 31, 2009, no shares of our Class A common stock would have been issuable because the closing price of our shares was below US\$ 105.00 per share. The aggregate fair value of the remaining Capped Call Options with DB and BNP at December 31, 2009 was US\$ 1.0 million.

On adoption of FSP APB 14-1 (ASC 470), we calculated the value of the conversion option embedded in the Convertible Notes and accounted for it separately in all periods from March 10, 2008.

US\$'000	Principal amount of liability component	Unamortized discount	Net carrying value	Equity Component
As at December 31, 2007	\$ (475,000)	\$ 110,752	\$ (364,248)	\$ 110,752
Amortization of debt issuance discount	-	(14,556)	(14,556)	-
As at December 31, 2008	\$ (475,000)	\$ 96,196	\$ (378,804)	\$ 110,752
Amortization of debt issuance discount	-	(19,519)	(19,519)	-
As at December 31, 2009	\$ (475,000)	\$ 76,677	\$ (398,323)	\$ 110,752

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The remaining issuance discount is being amortized over the life of the Convertible Notes, which mature on March 15, 2013. The effective interest rate on the liability component for all periods presented was 10.3%.

Certain other derivative instruments have been identified as being embedded in the Convertible Notes, but as they are considered to be clearly and closely related to the Convertible Notes they are not accounted for separately.

7. ACCOUNTS RECEIVABLE

Accounts receivable comprised the following at December 31, 2009 and December 31, 2008:

	December 31, 2009	December 31, 2008
Third-party customers	\$ 203,226	\$ 227,253
Less allowance for bad debts and credit notes	(17,667)	(14,663)
Related parties	2,311	8,913
Less allowance for bad debts and credit notes	(892)	(53)
Total accounts receivable	\$ 186,978	\$ 221,450

Bad debt expense for the year ending December 31, 2009, 2008 and 2007 was US\$ 4.5 million, US\$ 2.5 million and US\$ 1.9 million, respectively.

At December 31, 2009, CZK 713.5 million (approximately US\$ 38.8 million) (December 31, 2008: CZK 820.7 million, US\$ 44.7 million) of receivables in the Czech Republic were pledged as collateral subject to a factoring agreement (see Note 11, "Credit Facilities and Obligations under Capital Leases").

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8. OTHER ASSETS

Other current and non-current assets comprised the following at December 31, 2009 and December 31, 2008:

	December 31, 2009	December 31, 2008
Current:		
Prepaid programming	\$ 48,145	\$ 54,301
Productions in progress	13,635	14,080
Other prepaid expenses	9,567	7,286
Income taxes recoverable	7,685	1,216
Deferred tax	7,084	5,898
VAT recoverable	6,749	3,460
Capitalized debt costs	5,591	4,636
Assets held for sale	-	5,484
Inventory	1,555	-
Restricted Cash	1,046	821
Other	1,234	904
Total other current assets	\$ 102,291	\$ 98,086
	December 31, 2009	December 31, 2008
Non-current:		
Capitalized debt costs	\$ 22,816	\$ 13,282
Deferred tax	11,281	2,108
Productions in progress	7,737	-
Other	2,983	3,875
Total other non-current assets	\$ 44,817	\$ 19,265

Capitalized debt costs primarily comprise the costs incurred in connection with the issuance of our Senior Notes and Convertible Notes (see Note 6, "Senior Debt"), and are being amortized over the term of the Senior Notes and Convertible Notes using the effective interest method. The carrying value of the costs related to the Convertible Notes above reflect the changes made by our adoption of FSP APB 14-1 on January 1, 2009 (see Note 2, "Summary of Significant Accounting Policies: Convertible Debt").

Assets held for sale at December 31, 2008 represented assets relating to the CITI channel.

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9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprised the following at December 31, 2009 and December 31, 2008:

	December 31, 2009	December 31, 2008
Land and buildings	\$ 170,211	\$ 92,421
Station machinery, fixtures and equipment	218,642	190,090
Other equipment	36,272	35,470
Software licenses	37,500	30,219
Construction in progress	13,215	11,293
Total cost	\$ 475,840	\$ 359,493
Less: Accumulated depreciation	(196,404)	(152,826)
Total net book value	\$ 279,436	\$ 206,667
Assets held under capital leases (included in the above)		
Land and buildings	\$ 6,079	\$ 5,855
Station machinery, fixtures and equipment	3,927	1,917
Total cost	\$ 10,006	\$ 7,772
Less: Accumulated depreciation	(2,180)	(1,644)
Net book value	\$ 7,826	\$ 6,128

For further information on capital leases, see Note 11, "Credit Facilities and Obligations under Capital Leases".

Depreciation expense for the years ending December 31, 2009, 2008 and 2007 was US\$ 54.6 million, US\$ 52.6 million and US\$ 33.5 million, respectively. This includes corporate depreciation expense for the years ending December 31, 2009, 2008 and 2007 of US\$ 1.0 million, US\$ 0.9 million and US\$ 0.8 million, respectively, which is included in selling, general and administrative expenses in the Consolidated Statement of Operations.

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10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprised the following at December 31, 2009 and December 31, 2008:

	December 31, 2009	December 31, 2008
Accounts payable	\$ 43,218	\$ 35,778
Programming liabilities	65,158	44,251
Duties and other taxes payable	20,868	22,635
Accrued staff costs	18,736	27,318
Accrued interest payable	26,686	10,531
Income taxes payable	3,909	7,399
Accrued production costs	7,523	6,531
Accrued legal contingencies	2,729	5,728
Accrued legal and professional fees	964	430
Authors' rights	4,751	4,734
Other accrued liabilities	19,157	9,550
Total accounts payable and accrued liabilities	\$ 213,699	\$ 174,885

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11. CREDIT FACILITIES AND OBLIGATIONS UNDER CAPITAL LEASES

Group loan obligations and overdraft facilities comprised the following at December 31, 2009 and December 31, 2008:

		December 31, 2009	December 31, 2008
Credit facilities:			
Corporate	(a) – (b)	\$ -	\$ 57,180
Czech Republic	(c) – (f)	78,942	12,923
Romania	(g)	-	104
Slovak Republic	(h)	-	-
Slovenia	(i)	37,675	-
Ukraine	(j)	-	172
Media Pro Entertainment (1)	(k)	1,374	-
Total credit facilities		\$ 117,991	\$ 70,379
Capital leases:			
Bulgaria operations, net of interest		\$ 674	\$ 689
Romania operations, net of interest		49	289
Slovak Republic operations, net of interest		-	36
Slovenia operations, net of interest		3,490	3,867
Media Pro Entertainment operations, net of interest (1)		1,736	-
Total capital leases		\$ 5,949	\$ 4,881
Total credit facilities and capital leases		\$ 123,940	\$ 75,260
Less current maturities		(117,910)	(36,502)
Total non-current maturities		\$ 6,030	\$ 38,758

(1) We acquired Media Pro Entertainment on December 9, 2009.

Corporate

(a) On July 21, 2006, we entered into a five-year revolving loan agreement for EUR 100.0 million (approximately US\$ 144.1 million) arranged by the European Bank for Reconstruction and Development ("EBRD") and on August 22, 2007, we entered into a second revolving loan agreement for EUR 50.0 million (approximately US\$ 72.0 million) arranged by EBRD (together with the EUR 100.0 million facility, the "EBRD Loan"). ING Bank N.V. ("ING") and Ceska Sporitelna, a.s. ("CS") each participated in the EBRD Loan for EUR 37.5 million (approximately US\$ 54.0 million). On September 17, 2009 we repaid the full EUR 127.5 million (approximately US\$ 183.7 million) outstanding under both facilities and simultaneously terminated both agreements. In connection with extinguishing these facilities, we incurred repayment charges and other costs of US\$ 0.6 million. We also wrote off all remaining capitalized issuance costs within interest expense.

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(b) We have an uncommitted multicurrency overdraft facility for EUR 5.0 million (approximately US\$ 7.2 million) from Bank Mendes Gans ("BMG"), a subsidiary of ING, as part of a cash pooling arrangement. The cash pooling arrangement with BMG enables us to receive credit across the group in respect of cash balances which our subsidiaries in The Netherlands, the Czech Republic, Romania, the Slovak Republic and Slovenia deposit with BMG. Cash deposited by our subsidiaries with BMG is pledged as security against the drawings of other subsidiaries up to the amount deposited. As at December 31, 2009, the full EUR 5.0 million (approximately US\$ 7.2 million) facility was available to be drawn. Interest is payable at the relevant money market rate plus 2.0%.

As at December 31, 2009, the net deposits and drawing of each of our operations in the BMG cash pool was as follows:

	Net Deposits	Net Drawings
Corporate	\$ 7,237	\$ -
Czech Republic	38	-
Slovakia	3,299	-
Slovenia	-	5,234
Ukraine	297	-
Total	\$ 10,871	\$ 5,234

Czech Republic

(c) As at December 31, 2009, CET 21 had drawn, in CZK, the full CZK 1.2 billion (approximately US\$ 65.3 million) of a credit facility with CS. Interest was payable on this facility at a rate of 3.19% at December 31, 2009. Drawings under this facility were secured by a pledge of receivables, which are also subject to a factoring arrangement with Factoring Ceska Sportitelna, a.s. ("FCS"), a subsidiary of CS. The facility was repaid in full February 22, 2010 and subsequently cancelled.

(d) As at December 31, 2009, CZK 250.0 million (approximately \$US 13.6 million), the full amount of the facility had been drawn by CET 21 under a working capital facility agreement with CS. Interest was payable on the facility at a rate of 3.19% at December 31, 2009. Drawings under this facility were secured by a pledge of receivables, which are also subject to a factoring arrangement with FCS.

(e) As at December 31, 2009, there were no drawings under a CZK 300.0 million (approximately US\$ 16.3 million) factoring facility with FCS available until September 30, 2011. The facility bears interest at one-month PRIBOR plus 1.40% for the period that actively assigned accounts receivable are outstanding.

(f) On December 21, 2009, CET 21 spol. s r.o. ("CET 21"), one of our wholly owned subsidiaries, entered into a Facility Agreement ("the "Erste Facility") for up to CZK 3.0 billion (approximately US\$ 163.3 million) with Erste Group Bank A.G. as arranger, Česká Spořitelna, a.s. ("CSAS") as facility agent and security agent, and each of CSAS, UniCredit Bank Czech Republic, a.s. and BNP Paribas as original lenders. We and certain of our subsidiaries, namely CME Slovak Holdings B.V., CME Media Enterprises B.V., CME Romania B.V. and Markiza-Slovakia, spol. S.r.o. ("Markiza"), are guarantors under the Erste Facility (together, the "Original Guarantors"). On February 16, 2010 the aggregate commitment by the lenders under the Erste Facility to CET 21 increased from CZK 2.5 billion (approximately US\$ 136.1 million) to CZK 2.8 billion (approximately US\$ 152.4 million). As of February 24, 2010, CZK 2.8 billion (approximately US\$ 152.4 million) has been drawn. The facility matures on April 30, 2012, subject to a potential extension of one year. Interest under the facility is calculated at a rate per annum of 4.90% above PRIBOR (Prague interbank offered rate). As of February 24, 2010, CET 21 had hedged the interest rate exposure on CZK 1.5 billion (approximately US\$ 81.7 million) principal outstanding under the Erste Facility. The repayment of the loan will commence 12 months from the date of the Erste Facility, in four semi-annual instalments of 15% each and one instalment of 40% on the maturity date (assuming no extension). CET 21 may be required to prepay amounts drawn in the event of specified changes of control. The Original Guarantors have agreed to guarantee the obligations of CET 21 under the Erste Facility by entering into an interest rate swap agreement (see Note 24, "Subsequent Events"). As security for the facility, CET 21 has pledged substantially all of its assets, including its 100% ownership interest in CME Slovak Holdings B.V. (which in turn has an ownership interest, directly or indirectly, in 100% of the registered capital of Markiza) and its ownership interest in 100% of the registered capital of Jyxo, s.r.o. and BLOG Internet, s.r.o. In addition, CME Investments B.V. has granted security over the receivables under inter-group loans made to CET 21 and Markiza, respectively. The Erste Facility contains customary representations, warranties, covenants and events of default. The covenants include limitations on CET 21's ability to carry out certain types of transactions, incur additional indebtedness, make disposals and create liens. The facility became available for drawing on January 18, 2010.

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Romania

(g) Our Romania operations repaid US\$ 0.1 million drawn from the BMG cash pool during the year ended December 31, 2009.

Slovak Republic

(h) As at December 31, 2009, our Slovak Republic operations had made no drawings under a EUR 3.3 million (approximately US\$ 4.8 million) overdraft facility with ING. This can be utilized for short term advances up to six months at an interest rate of EURIBOR plus 2.0%.

Slovenia

(i) On July 29, 2005, Pro Plus entered into a revolving facility agreement for up to EUR 37.5 million (approximately US\$ 54.0 million) in aggregate principal amount with ING, Nova Ljubljanska Banka d.d., Ljubljana and Bank Austria Creditanstalt d.d., Ljubljana. The facility amortizes by 10.0% each year for four years commencing one year after signing, with the remaining 60.0% repayable after five years. This facility is secured by a pledge of the bank accounts of Pro Plus, the assignment of certain receivables, a pledge of our interest in Pro Plus and a guarantee of CME Media Enterprises B.V. Loans drawn under this facility bear interest at a rate of EURIBOR for the period of drawing plus a margin of between 2.1% and 3.6% that varies according to the ratio of consolidated net debt to consolidated broadcasting cash flow for Pro Plus. A rate of 3.09% applied at December 31, 2009. As at December 31, 2009, the full EUR 22.5 million (approximately US\$ 32.4 million) was still available for drawing under this revolving facility had been drawn.

Ukraine

(j) Our Ukraine operations repaid US\$ 0.2 million drawn from the BMG cash pool during the year ended December 31, 2009.

Media Pro Entertainment

(k) At December 31, 2009, Media Pro Entertainment has an aggregate principal of RON 8.0 million (approximately US\$ 2.7 million) of loans outstanding to Central National al Cinematografei ("CNC"), a state body which provides financing for qualifying filmmaking projects. Upon acceptance of a particular project the CNC awards an agreed level of funding to each project in the form of an interest free loan. Loans to the CNC are typically advanced for a period of ten years and are repaid through exploitation of the film content. At December 31, 2009 we had 11 loans outstanding to the CNC with maturity dates ranging from 2011 to 2020. The carrying amount at December 31, 2009 is shown net of a fair value adjustment to reflect the interest free nature of the loans arising on acquisition.

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Total Group

At December 31, 2009, the maturity of our debt (including the carrying value of our Senior Notes and Convertible Notes) was as follows:

2010	\$	116,630
2011		109
2012		-
2013		398,323
2014		216,329
2015 and thereafter		640,528
Total	\$	1,371,919

Capital Lease Commitments

We lease certain of our office and broadcast facilities as well as machinery and equipment under various leasing arrangements. The future minimum lease payments from continuing operations, by year and in the aggregate, under capital leases with initial or remaining non-cancelable lease terms in excess of one year, consisted of the following at December 31, 2009:

2010	\$	1,465
2011		1,549
2012		774
2013		534
2014		2,479
2015 and thereafter		-
	\$	6,801
Less: amount representing interest		(852)
Present value of net minimum lease payments	\$	5,949

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12. OTHER LIABILITIES

Other current and non-current liabilities comprised the following as at December 31, 2009 and December 31, 2008:

	December 31, 2009	December 31, 2008
Current:		
Deferred revenue	\$ 13,031	\$ 7,684
Consideration payable – Bulgaria	-	4,500
Consideration payable – Czech Republic	1,470	-
Consideration payable - Romania	-	724
Consideration payable - Slovenia	144	-
Onerous contracts	-	1,994
Deferred tax	3,327	177
Liabilities held for sale	-	2,207
Other	142	-
Total other current liabilities	\$ 18,114	\$ 17,286
	December 31, 2009	December 31, 2008
Non-current:		
Deferred tax	\$ 75,110	\$ 89,126
Program rights	6,876	9,922
Fair value of derivatives	8,567	9,882
Consideration payable – Czech Republic	-	1,396
Income taxes payable	507	1,070
Other	206	819
Total other non-current liabilities	\$ 91,266	\$ 112,215

13. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

FASB Statement No. 157 "Fair Value Measurements" ("FAS 157") (ASC 820) establishes a hierarchy that prioritizes the inputs to those valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FAS 157 (ASC 820) are:

- | | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted instruments. |
| Level 2 | Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. |
| Level 3 | Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. |

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A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

We evaluate the position of each financial instrument measured at fair value in the hierarchy individually based on the valuation methodology we apply. At December 31, 2009, we had no material financial assets or liabilities carried at fair value using significant level 1 or level 3 inputs and the only instruments we value using level 2 inputs are the following currency swap agreements:

Currency Swap

On April 27, 2006, we entered into currency swap agreements with two counterparties whereby we swapped a fixed annual coupon interest rate (of 9.0%) on notional principal of CZK 10.7 billion (approximately US\$ 582.5 million), payable on each July 15, October 15, January 15, and April 15 up to the termination date of April 15, 2012, for a fixed annual coupon interest rate (of 9.0%) on notional principal of EUR 375.9 million (approximately US\$ 541.5 million) receivable on each July 15, October 15, January 15, and April 15 up to the termination date of April 15, 2012.

These currency swap agreements reduce our exposure to movements in foreign exchange rates on a part of the CZK-denominated cash flows generated by our Czech Republic operations that is approximately equivalent in value to the Euro-denominated interest payments on our Senior Notes (see Note 6, "Senior Debt"). They are financial instruments that are used to minimize currency risk and are considered an economic hedge of foreign exchange rates. These instruments have not been designated as hedging instruments as defined under FAS 133 (ASC 815) and so changes in their fair value are recorded in the Consolidated Statement of Operations and in the Consolidated Balance Sheet in other non-current liabilities.

We value our currency swap agreements using an industry-standard currency swap pricing model which calculates the fair value on the basis of the net present value of the estimated future cash flows receivable or payable. These instruments are allocated to level 2 of the FAS 157 (ASC 820) fair value hierarchy because the critical inputs to this model, including the relevant yield curves and the known contractual terms of the instrument, are readily observable.

The fair value of these instruments as at December 31, 2009, was a US\$ 8.6 million liability, which represented a decrease of US\$ 1.3 million from the US\$ 9.9 million liability as at December 31, 2008. This was recognized as a derivative gain in the Consolidated Statement of Operations.

14. EQUITY

Preferred Stock

5,000,000 shares of Preferred Stock, with a US\$ 0.08 par value, were authorized as at December 31, 2009 and December 31, 2008. None were issued and outstanding as at December 31, 2009 and December 31, 2008.

Class A and B Common Stock

100,000,000 shares of Class A common stock and 15,000,000 shares of Class B common stock were authorized as at December 31, 2009 and December 31, 2008. The rights of the holders of Class A common stock and Class B common stock are identical except for voting rights. The shares of Class A common stock are entitled to one vote per share and the shares of Class B common stock are entitled to ten votes per share. Class B common stock is convertible into Class A common stock for no additional consideration on a one-for-one basis. Holders of each class of shares are entitled to receive dividends and upon liquidation or dissolution are entitled to receive all assets available for distribution to shareholders. The holders of each class have no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

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On May 18, 2009, we issued 14.5 million shares of Class A Common Stock at a price of US\$ 12.00 per share and 4.5 million shares of Class B Common Stock at a price of US\$ 15.00 per share to Time Warner Media Holdings B.V., an affiliate of Time Warner Inc. ("Time Warner") for an aggregate offering price of US\$ 241.5 million, net of fees of US\$ 7.1 million.

On September 28, 2009, the general partner of CME Holdco L.P., the holder of approximately 6.3 million shares of Class B common stock and 60,000 shares of Class A common stock, issued a notice of dissolution to the partners informing them that it intended to dissolve the partnership and distribute its assets pursuant to the terms of the partnership agreement. Due to the ownership restrictions with respect to shares of Class B common stock as set forth in our by-laws, a certain amount of shares of Class B common stock were converted to shares of Class A common stock prior to the distribution of the partnership assets. Following the conversion, Adele (Guernsey) L.P., a fund affiliated with Apax Partners, received 3,168,566 shares of Class A common stock, a minority partner of CME Holdco L.P. received 213,337 shares of Class A common stock and entities affiliated with Ronald Lauder received 2,990,936 shares of Class B common stock.

On December 9, 2009, in connection with the acquisition of Media Pro Entertainment, we issued 1,600,000 shares of Class A common stock and warrants to purchase an additional 600,000 shares of Class A common stock to Media Pro Management S.A. and 600,000 shares of Class A common stock and warrants to purchase an additional 250,000 shares of Class A common stock to Metrodome B.V.

There were approximately 7.5 million shares of Class B common stock and 56.0 million shares of Class A common stock outstanding at December 31, 2009.

15. INCOME TAXES

As our investments are predominantly owned by Dutch holding companies, the components of the provision for income taxes and of the income from continuing operations before provision for income taxes have been analyzed between their Netherlands and non-Netherlands components. Similarly the Dutch corporate income tax rates have been used in the reconciliation of income taxes.

(Loss) / income before provision for income taxes, noncontrolling interest, equity in income of unconsolidated affiliates and discontinued operations:

The Netherlands and non-Netherlands components of (loss) / income from continuing operations before income taxes are:

	For the Years Ended December 31,		
	2009	2008	2007
Domestic	\$ 130,185	\$ (15,795)	\$ (102,532)
Foreign	(240,923)	(213,374)	233,559
	\$ (110,738)	\$ (229,169)	\$ 131,027

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Total tax charge for the years ended December 31, 2009, 2008 and 2007 was allocated as follows:

	For the Years Ended December 31,		
	2009	2008	2007
Income tax (benefit) / expense from continuing operations	\$ (3,193)	\$ 34,525	\$ 20,822
Income tax (benefit) / expense from discontinued operations	(3)	(64)	(29)
Currency translation adjustment in accumulated other comprehensive income	-	-	20,202
Total tax (benefit) / expense	\$ (3,196)	\$ 34,461	\$ 40,995

Income Tax Provision:

The Netherlands and non-Netherlands components of the provision for income taxes from continuing operations consists of:

	For the Years Ended December 31,		
	2009	2008	2007
Current income tax expense:			
Domestic	\$ 371	\$ 253	\$ (20,046)
Foreign	19,003	49,431	51,806
	\$ 19,374	\$ 49,684	\$ 31,760
Deferred tax (benefit)/expense:			
Domestic	\$ (2)	\$ 21	\$ -
Foreign	(22,565)	(15,180)	(10,938)
	\$ (22,567)	\$ (15,159)	\$ (10,938)
(Benefit) / provision for income taxes	\$ (3,193)	\$ 34,525	\$ 20,822

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Reconciliation of Effective Income Tax Rate:

The following is a reconciliation of income taxes, calculated at statutory Netherlands rates, to the income tax provision included in the accompanying Consolidated Statements of Operations for the years ended December 31, 2009, 2008 and 2007:

	For the Years Ended December 31,		
	2009	2008	2007
Income taxes at Netherlands rates (25.5%)	\$ (28,218)	\$ (58,416)	\$ 33,409
Jurisdictional differences in tax rates	25,530	4,276	(15,971)
Tax effect of goodwill impairment	-	73,092	-
Unrecognized tax benefits	12,310	2,634	(2,367)
Interest expense disallowed	-	1,150	4,347
Tax effect of other permanent differences	(655)	6,724	2,597
Effect of changes in tax rates	-	9	(9,271)
Change in valuation allowance	(11,350)	7,192	9,803
Other	(810)	(2,136)	(1,725)
Provision for income taxes	\$ (3,193)	\$ 34,525	\$ 20,822

In 2008 we recognized impairment losses against goodwill in our Bulgaria, Ukraine (STUDIO 1+1) and Ukraine (KINO, CITI) operations for which there was no tax credit. In 2009 we recognized impairment losses against intangible assets in Bulgaria for which there was a tax credit at the Bulgarian statutory tax rate.

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Components of Deferred Tax Assets and Liabilities

The following table shows the significant components included in deferred income taxes as at December 31, 2009 and 2008:

	December 31, 2009	December 31, 2008
Assets:		
Tax benefit of loss carry-forwards and other tax credits	\$ 71,788	\$ 48,384
Programming rights	19,366	3,119
Property, plant and equipment	1,884	1,899
Accrued expense	7,406	4,613
Other	8,352	4,684
Gross deferred tax assets	108,796	62,699
Valuation allowance	(65,711)	(47,392)
Net deferred tax assets	43,085	15,307
Liabilities:		
Broadcast licenses, trademarks and customer relationships	\$ (69,193)	\$ (86,670)
Property, plant and equipment	(14,984)	(6,219)
Programming rights	(8,308)	(478)
Temporary difference due to timing	(10,672)	(3,236)
Total deferred tax liabilities	\$ (103,157)	\$ (96,603)
Net deferred income tax liability	\$ (60,072)	\$ (81,296)

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Deferred tax is recognized on the Consolidated Balance Sheet as follows:

	December 31, 2009	December 31, 2008
Net current deferred tax assets	\$ 7,084	\$ 5,898
Net non-current deferred tax assets	11,281	2,109
	<u>18,365</u>	<u>8,007</u>
Net current deferred tax liabilities	(3,327)	(177)
Net non-current deferred tax liabilities	(75,110)	(89,126)
	<u>\$ (78,437)</u>	<u>\$ (89,303)</u>
Net deferred income tax liability	<u>\$ (60,072)</u>	<u>\$ (81,296)</u>

We provided a valuation allowance against potential deferred tax assets of US\$ 65.7 million and US\$ 47.4 million as at December 31, 2009 and 2008, respectively, since it has been determined by management, based on the weight of all available evidence, that it is more likely than not that the benefits associated with these assets will not be realized.

During 2009, we had the following movements on valuation allowances:

Balance at December 31, 2008	<u>\$ 47,392</u>
Credit to costs and expenses	(11,350)
Companies acquired	4,384
Charged to Currency Translation Adjustment	25,378
Foreign exchange	(93)
Balance at December 31, 2009	<u>\$ 65,711</u>

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As of December 31, 2009 we have operating loss carry-forwards that will expire in the following periods:

Year	2010	2011	2012	2013	2014 - 27	Indefinite
Austria	-	-	-	-	-	12,912
Bulgaria	-	-	8,841	10,976	24,879	-
Croatia	373	9,556	26,503	14,908	12,842	-
Cyprus	-	-	-	-	-	2,113
Czech Republic	3,059	31	55	3,065	800	-
Netherlands	-	-	-	5,411	114,163	-
Romania	100	2,391	7,776	9,348	3,589	-
Slovenia	-	-	-	-	-	12,438
Ukraine	-	-	-	-	-	52,015
United Kingdom	-	-	-	-	-	4,768
United States	-	-	-	-	7,031	-
Total	3,532	11,978	43,175	43,708	163,304	84,246

The losses are subject to examination by the tax authorities and to restriction on their utilization. In particular the losses can only be utilized against profits arising in the legal entity in which they arose. We have provided valuation allowances against all the above operating loss carry-forwards except those arising in Studio 1+1 in Ukraine and to the extent they arise in the United Kingdom and the United States as we consider it more likely than not that we will fail to utilize these tax benefits.

We have not provided income taxes or withholding taxes on US\$ 534.7 million (2008: US\$ 361.2 million) of cumulative undistributed earnings of our subsidiaries and affiliates as these earnings are either permanently reinvested in the companies concerned or can be recovered tax-free. It is not practicable to estimate the amount of taxes that might be payable on the distribution of these earnings.

We recognize accrued interest and penalties related to unrecognized tax benefits within the provision for income taxes. The liability for accrued interest and penalties at December 31, 2009 is US\$ 0.2 million and as at December 31, 2008 we had an accrual of US \$ 0.6 million. The decrease for the year of US\$ 0.4 million arose as a result of the statute of limitations expiring and this amount was recognized in the income statement.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance at January 1, 2007	\$ 3,575
Decreases for tax positions taken during a prior period	(1,279)
Increases for tax positions taken during the current period	34
Decreases resulting from the expiry of the statute of limitations	(1,122)
Other	515
Balance at December 31, 2007	\$ 1,723
Increases for tax positions taken during a prior period	1,130
Increases for tax positions taken during the current period	1,999
Decreases resulting from the expiry of the statute of limitations	(495)
Other	(54)
Balance at December 31, 2008	\$ 4,303
Increases for tax positions taken during a prior period	95
Increases for tax positions taken during the current period	12,843
Decreases resulting from the expiry of the statute of limitations	(628)
Other	23
Balance at December 31, 2009	\$ 16,636

The total amount of unrecognized benefits that, if recognized, would affect the effective tax rate amounts to US\$ 0.6 million. It is reasonably possible that the total amount of unrecognized tax benefits will decrease by approximately US\$ 0.3 million within 12 months of the reporting date as a result of tax audits closing and statutes of limitations expiring.

Our subsidiaries file income tax returns in The Netherlands and various other tax jurisdictions including the United States. As at December 31, 2009, analyzed by major tax jurisdictions, our subsidiaries are generally no longer subject to income tax examinations for years before:

Country	Year
Bulgaria	2002
Croatia	2005
Czech Republic	2006
Germany	2005
Netherlands	2007
Romania	2005
Slovak Republic	2004
Slovenia	2004
Ukraine	2004
United States	2001
United Kingdom	2008

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16. INTEREST EXPENSE

Interest expense comprised the following for the years ended December 31, 2009, 2008 and 2007 respectively:

	For the Year Ended December 31,		
	2009	2008	2007
Interest on Senior Notes	\$ 52,478	\$ 43,962	\$ 41,549
Interest on Convertible Notes	16,625	13,439	-
Interest on EBRD Loan	3,921	1,384	1,118
Loss on redemption of senior notes	9,415	-	3,380
Interest on capital leases	236	384	336
Other interest and fees	4,012	4,330	2,209
	\$ 86,687	\$ 63,499	\$ 48,592
Amortization of capitalized debt issuance costs	9,565	4,426	6,344
Amortization of issuance discount on Convertible Notes	19,519	14,556	-
	\$ 29,084	\$ 18,982	\$ 6,344
Total interest expense	\$ 115,771	\$ 82,481	\$ 54,936

Interest expense for the years ended December 31, 2008 and 2007 reflects the impact of adopting FSP APB 14-1 (ASC 470) retrospectively (see Note 2, "Summary of Significant Accounting Policies: Convertible Debt").

17. STOCK-BASED COMPENSATION

6,000,000 shares have been authorized for issuance in respect of equity awards under a stock-based compensation plan ("the Plan"). Under the Plan, awards are made to employees at the discretion of the Compensation Committee and to directors pursuant to an annual automatic grant under the Plan or at the discretion of the Board of Directors.

Grants of options allow the holders to purchase shares of Class A common stock or Class B common stock at an exercise price, which is generally the market price prevailing at the date of the grant, with vesting between one and four years after the awards are granted.

When options are vested, holders may exercise them at any time up to the maximum contractual life of the instrument which is specified in the option agreement. At December 31, 2009, 2008 and 2007, the maximum life of options that had been issued under the Plan was 10 years. Upon providing the appropriate written notification, holders pay the exercise price and receive shares. Shares delivered under the Plan are newly issued shares. No options were exercised in 2009. The intrinsic value of awards exercised during 2008 was US\$ 0.8 million (2007: US\$ 23.3 million) and the income tax benefits realized thereon was US\$ 0.1 million in 2008 (2007: US\$ 1.1 million).

The exercise of stock options has generated a net operating loss brought forward in our Delaware subsidiary of US\$ 8.5 million at January 1, 2009 and US\$ 11.3 million at January 1, 2008. In the years ended December 31, 2009 and December 31, 2008, tax benefits of US\$ 0.3 million and US\$ 1.3 million, respectively, were recognized in respect of the utilization of part of this loss, and were recorded as additional paid-in capital, net of US\$ 0.3 million and US\$ 0.1 million of transfers related to the write-off of deferred tax assets arising upon forfeitures for the years ended December 31, 2009 and 2008, respectively. The losses are subject to examination by the tax authorities and to restriction on their utilization.

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The charge for stock-based compensation in our Consolidated Statements of Operations was as follows:

	For the Year Ended December 31,		
	2009	2008	2007
Stock-based compensation charged	6,218	6,107	5,734
Income tax benefit recognized	(317)	(641)	(479)

As of December 31, 2009, there was US\$ 8.5 million of total unrecognized compensation expense related to options. The expense is expected to be recognized over a weighted average period of 2.5 years.

Under the provisions of FASB FAS 123(R) (ASC 718), the fair value of stock options is estimated on the grant date using the Black-Scholes option-pricing model and recognized ratably over the requisite service period.

Pursuant to the Plan, employees and members of our Board of Directors were awarded options during the year ended December 31, 2009. The exercise price of the options granted ranged from US\$ 17.52 to US\$ 36.44 per share. The fair value of these option grants was estimated on the date of the grant using the Black-Scholes option-pricing model, with the following assumptions used:

Date of Option Grant	Number of Options Granted	Risk-free interest rate (%)	Expected term (years)	Expected volatility (%)	Dividend yield (%)	Fair value (US\$/share)
May 15, 2009	120,000	1.30	3.00	62.40	0.0	7.38
May 15, 2009	353,875	1.30	3.75	57.50	0.0	7.65
May 29, 2009	33,000	1.42	3.75	58.14	0.0	8.28
June 19, 2009	5,000	1.84	3.00	62.87	0.0	8.28
July 30, 2009	160,000	1.73	5.25	53.60	0.0	10.06
September 15, 2009	5,000	1.49	3.00	63.95	0.0	14.95
September 16, 2009	10,000	1.55	3.00	64.03	0.0	15.83
December 8, 2009	5,000	1.21	3.00	65.04	0.0	11.33

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A summary of option activity for the year ended December 31, 2009 is presented below:

	Shares	Weighted Average Exercise Price (US\$/share)	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at January 1, 2009	1,439,042	\$ 50.81	6.17	\$ 1,458
Granted	691,875	18.68	-	-
Exercised	-	-	-	-
Forfeited	(130,167)	52.48	-	-
Outstanding at December 31, 2009	2,000,750	\$ 39.59	5.24	\$ 5,645
Vested or expected to vest	1,868,694	39.15	5.19	5,313
Exercisable at December 31, 2009	1,093,000	\$ 47.67	4.57	\$ 2,315

Under the provisions of FAS 123(R) (ASC 718), the fair value of stock options that are expected to vest is estimated on the grant date using the Black-Scholes option-pricing model and recognized ratably over the requisite servicing period. The calculation of compensation cost requires the use of several significant assumptions which are calculated as follows:

- *Expected forfeitures.* FAS 123(R) (ASC 718) requires that compensation cost only be calculated on those instruments that are expected to vest in the future. The number of options that actually vest will usually differ from the total number issued because employees forfeit options when they do not meet the service conditions stipulated in the agreement. Since all forfeitures result from failure to meet service conditions, we have calculated the forfeiture rate by reference to the historical employee turnover rate.
- *Expected volatility.* Expected volatility has been calculated based on an analysis of the historical stock price volatility of the company and its peers for the preceding period corresponding to the options' expected life. We consider this basis to represent the best indicator of expected volatility over the life of the option.
- *Expected term.* The expected term of options granted has been calculated following the "shortcut" method as outlined in section D 2, question 6 of SEC Staff Accounting Bulletin No. 107 "Share Based Compensation" (ASC 718) because our options meet the definition of "plain vanilla" therein. Since insufficient data about holder exercise behavior is available to make estimates of expected term, we have continued to apply the shortcut method in accordance with Staff Accounting Bulletin No. 110, ("SAB 110") (ASC 718).

The weighted average assumptions used in the Black-Scholes model for grants made in the years ending December 31, 2009, 2008 and 2007 were as follows:

	For the Years Ended December 31,		
	2009	2008	2007
Risk-free interest rate	1.4%	1.51%	3.6%
Expected term (years)	3.92	4.60	4.9
Expected volatility	57.2%	45.18%	36.2%
Dividend yield	0%	0%	0%
Weighted-average fair value	\$ 8.31	\$ 12.31	\$ 40.48

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The following table summarizes information about stock option activity during 2009, 2008, and 2007:

	2009		2008		2007	
	Shares	Weighted Average Exercise Price (US\$/share)	Shares	Weighted Average Exercise Price (US\$/share)	Shares	Weighted Average Exercise Price (US\$/share)
Outstanding at beginning of year	1,439,042	\$ 50.81	1,176,117	\$ 56.72	1,288,575	\$ 35.51
Awards granted	691,875	18.68	342,000	35.92	246,000	108.48
Awards exercised	-	-	(21,075)	57.97	(315,833)	12.98
Awards expired	-	-	-	-	(20,000)	23.00
Awards forfeited	(130,167)	52.48	(58,000)	80.39	(22,625)	51.79
Outstanding at end of year	2,000,750	\$ 39.59	1,439,042	\$ 50.81	1,176,117	\$ 56.72

The following table summarizes information about stock options outstanding at December 31, 2009:

Range of exercise prices	Options outstanding			
	Shares	Average remaining contractual life (years)	Aggregate intrinsic value (US\$)	Weighted average exercise price (US\$/share)
\$ 0.01 - 20.00	726,375	4.66	4,728	17.10
\$ 20.01 - 40.00	577,750	6.17	917	23.02
\$ 40.01 - 60.00	238,500	5.79	-	52.78
\$ 60.01 - 80.00	217,000	4.59	-	67.56
\$ 80.01 - 100.00	35,000	2.43	-	90.43
\$ 100.01 - 120.00	206,125	5.21	-	111.90
Total	2,000,750	5.24	5,645	39.59
Expected to vest	1,868,694	5.19	5,313	39.15

The following table summarizes information about stock options exercisable at December 31, 2009:

Range of exercise prices	Options exercisable			
	Shares	Average remaining contractual life (years)	Aggregate intrinsic value (US\$)	Weighted average exercise price (US\$/share)
\$ 0.01 - 20.00	294,000	3.98	2,112	16.42
\$ 20.01 - 40.00	225,625	4.70	203	24.41
\$ 40.01 - 60.00	220,000	5.75	-	52.31
\$ 60.01 - 80.00	187,000	4.21	-	66.92
\$ 80.01 - 100.00	35,000	2.43	-	90.43
\$ 100.01 - 120.00	131,375	4.79	-	110.96
Total	1,093,000	4.57	2,315	47.67

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18. EARNINGS PER SHARE

The components of basic and diluted earnings per share are as follows:

	For the Year Ended December 31,		
	2009	2008	2007
Net (loss) / income from continuing operations attributable to CME Ltd. shareholders	\$ (96,895)	\$ (265,761)	\$ 93,098
Net loss from discontinued operations	(262)	(3,785)	(4,480)
Net (loss) / income attributable to CME Ltd. Shareholders	(97,157)	(269,546)	88,618
Weighted average outstanding shares of common stock (000's)	54,344	42,328	41,384
Dilutive effect of employee stock options (000's)	-	-	449
Common stock and common stock equivalents (000's)	54,344	42,328	41,833
Net (loss) / income per share:			
Basic	\$ (1.79)	\$ (6.37)	\$ 2.14
Diluted	\$ (1.79)	\$ (6.37)	\$ 2.12

At December 31, 2009, 1,328,052 (December 31, 2008: 877,625) stock options and warrants were antidilutive to income from continuing operations and excluded from the calculation of earnings per share. These may become dilutive in the future. Shares of Class A common stock potentially issuable under our Convertible Notes may also become dilutive in the future, although they were antidilutive to income at December 31, 2009.

19. SEGMENT DATA

Through the year ended December 31, 2009, we managed our business on a geographic basis and reviewed the performance of each segment using data that reflects 100% of operating and license company results. Our segments were Bulgaria, Croatia, the Czech Republic, Romania, the Slovak Republic, Slovenia, Ukraine and Romania (Media Pro Entertainment).

We evaluate the performance of our segments based on Net Revenues and EBITDA, which is also used as a component in determining management bonuses.

Our key performance measure of the efficiency of our segments is EBITDA margin. We define EBITDA margin as the ratio of EBITDA to Net Revenues.

EBITDA is determined as net income / (loss), which includes program rights amortization costs, before interest, taxes, depreciation and amortization of intangible assets. Items that are not allocated to our segments for purposes of evaluating their performance and therefore are not included in EBITDA, include:

- (1) foreign currency exchange gains and losses;
- (2) changes in fair value of derivatives; and
- (3) certain unusual or infrequent items (e.g., impairments of assets or investments).

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Below are tables showing our Net Revenues, operating costs, cost of programming, depreciation, amortization, selling, general and administrative expenses, impairment charges, operating (loss) / income, EBITDA and total assets by operation for the years ended December 31, 2009, 2008 and 2007 for Consolidated Statement of Operations data and as at December 31, 2009 and December 31, 2008 for Consolidated Balance Sheet data:

Net Revenues	For the Year Ended December 31,		
	2009	2008	2007
Bulgaria (1)	\$ 3,520	\$ 1,263	\$ -
Croatia	49,139	54,651	37,193
Czech Republic	275,883	376,546	279,237
Romania	176,501	274,627	215,402
Slovak Republic	107,356	132,692	110,539
Slovenia	66,710	80,697	69,647
Ukraine	32,033	99,458	126,838
Romania (Media Pro Entertainment) (2)	5,396	-	-
Total Operating Segments	\$ 716,538	\$ 1,019,934	\$ 838,856
Corporate	\$ -	\$ -	\$ -
Elimination	(2,560)	-	-
Total	\$ 713,978	\$ 1,019,934	\$ 838,856

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) We acquired Media Pro Entertainment on December 9, 2009.

Operating Costs	For the Year Ended December 31,		
	2009	2008	2007
Bulgaria (1)	\$ 6,244	\$ 2,289	\$ -
Croatia	13,140	12,723	9,999
Czech Republic	40,439	41,037	30,325
Romania	24,582	32,251	23,487
Slovak Republic	19,496	19,379	21,017
Slovenia	12,085	14,329	12,185
Ukraine	17,520	23,202	19,846
Romania (Media Pro Entertainment) (2)	589	-	-
Total Operating Segments	\$ 134,095	\$ 145,210	\$ 116,859
Corporate	\$ -	\$ -	\$ -
Elimination	-	-	-
Total	\$ 134,095	\$ 145,210	\$ 116,859

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) We acquired Media Pro Entertainment on December 9, 2009.

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Cost Of Programming	For the Year Ended December 31,		
	2009	2008	2007
Bulgaria (1)	\$ 34,979	\$ 6,506	\$ -
Croatia	29,809	39,585	32,232
Czech Republic	85,667	101,356	70,005
Romania	96,839	114,716	85,288
Slovak Republic	61,325	52,162	37,258
Slovenia	30,117	32,823	27,988
Ukraine	48,699	91,055	74,459
Romania (Media Pro Entertainment) (2)	4,692	-	-
Total Operating Segments	\$ 392,127	\$ 438,203	\$ 327,230
Corporate	\$ -	\$ -	\$ -
Elimination	(2,227)	-	-
Total	\$ 389,900	\$ 438,203	\$ 327,230

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) We acquired Media Pro Entertainment on December 9, 2009.

Depreciation	For the Year Ended December 31,		
	2009	2008	2007
Bulgaria (1)	\$ 2,696	\$ 535	\$ -
Croatia	5,468	6,198	3,630
Czech Republic	17,438	18,442	10,158
Romania	11,917	11,854	7,365
Slovak Republic	7,461	6,027	3,905
Slovenia	6,343	5,526	4,647
Ukraine	2,060	3,086	2,948
Romania (Media Pro Entertainment) (2)	268	-	-
Total Operating Segments	\$ 53,651	\$ 51,668	\$ 32,653
Corporate	\$ 992	\$ 889	\$ 842
Elimination	-	-	-
Total	\$ 54,643	\$ 52,557	\$ 33,495

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) We acquired Media Pro Entertainment on December 9, 2009.

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Amortization of intangible assets	For the Year Ended December 31,		
	2009	2008	2007
Bulgaria (1)	\$ 1,545	\$ 2,886	\$ -
Croatia	-	-	-
Czech Republic	11,194	22,723	18,652
Romania	2,386	3,294	3,146
Slovak Republic	4,765	4,961	2,882
Slovenia	-	-	-
Ukraine	1,678	1,517	290
Romania (Media Pro Entertainment) (2)	29	-	-
Total Operating Segments	\$ 21,597	\$ 35,381	\$ 24,970
Corporate	\$ -	\$ -	\$ -
Elimination	-	-	-
Total	\$ 21,597	\$ 35,381	\$ 24,970

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) We acquired Media Pro Entertainment on December 9, 2009.

Selling, General and Administrative Expenses	For the Year Ended December 31,		
	2009	2008	2007
Bulgaria (1)	\$ 7,071	\$ 2,653	\$ -
Croatia	5,967	7,758	8,844
Czech Republic	21,314	25,498	22,411
Romania	16,570	15,877	13,552
Slovak Republic	12,655	10,923	10,732
Slovenia	6,686	8,132	6,707
Ukraine	6,285	20,000	9,069
Romania (Media Pro Entertainment) (2)	381	-	-
Total Operating Segments	\$ 76,929	\$ 90,841	\$ 71,315
Corporate	\$ 39,143	\$ 49,676	\$ 55,373
Elimination	-	-	-
Total	\$ 116,072	\$ 140,517	\$ 126,688

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) We acquired Media Pro Entertainment on December 9, 2009.

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Impairment charges	For the Year Ended December 31,		
	2009	2008	2007
Bulgaria (1)	\$ 81,843	\$ 64,891	\$ -
Croatia	-	-	-
Czech Republic	-	-	-
Romania	-	-	-
Slovak Republic	-	-	-
Slovenia	-	-	-
Ukraine	-	271,861	-
Romania (Media Pro Entertainment) (2)	-	-	-
Total Operating Segments	\$ 81,843	\$ 336,752	\$ -
Corporate	\$ -	\$ -	\$ -
Elimination	-	-	-
Total	\$ 81,843	\$ 336,752	\$ -

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) We acquired Media Pro Entertainment on December 9, 2009.

Operating income / (loss)	For the Year Ended December 31,		
	2009	2008	2007
Bulgaria (1)	\$ (130,858)	\$ (78,497)	\$ -
Croatia	(5,245)	(11,613)	(17,512)
Czech Republic	99,831	167,490	127,686
Romania	24,207	96,635	82,564
Slovak Republic	1,654	39,240	34,745
Slovenia	11,479	19,887	18,120
Ukraine	(44,209)	(311,263)	20,226
Romania (Media Pro Entertainment) (2)	(563)	-	-
Total Operating Segments	\$ (43,704)	\$ (78,121)	\$ 265,829
Corporate	\$ (39,143)	\$ (49,676)	\$ (55,373)
Elimination	(333)	-	-
Total	\$ (83,180)	\$ (127,797)	\$ 210,456

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) We acquired Media Pro Entertainment on December 9, 2009.

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EBITDA	For the Year Ended December 31,		
	2009	2008	2007
Bulgaria (1)	\$ (44,774)	\$ (10,185)	\$ -
Croatia	223	(5,415)	(13,882)
Czech Republic	128,463	208,655	156,496
Romania	38,510	111,783	93,075
Slovak Republic	13,880	50,228	41,532
Slovenia	17,822	25,413	22,767
Ukraine	(40,471)	(34,799)	23,464
Romania (Media Pro Entertainment) (2)	(266)	-	-
Total Operating Segments	\$ 113,387	\$ 345,680	\$ 323,452
Corporate	\$ (38,151)	\$ (48,787)	\$ (54,531)
Elimination	(333)	-	-
Total	\$ 74,903	\$ 296,893	\$ 268,921

(1) We acquired our Bulgaria operations on August 1, 2008.

(2) We acquired Media Pro Entertainment on December 9, 2009.

Total assets (1):	December 31, 2009	December 31, 2008
Bulgaria (2)	\$ 31,416	\$ 107,805
Croatia	54,612	50,431
Czech Republic	1,390,579	1,306,997
Romania	383,556	387,845
Slovak Republic	243,336	240,899
Slovenia	102,836	93,022
Ukraine	86,349	129,590
Romania (Media Pro Entertainment) (3)	179,267	-
Total Operating Segments	\$ 2,471,951	\$ 2,316,589
Corporate	\$ 401,162	\$ 84,543
Elimination	(326)	-
Total	\$ 2,872,787	\$ 2,401,132
Reconciliation to consolidated balance sheets:		
Assets held for sale (4)	\$ -	\$ 5,484
Total assets	\$ 2,872,787	\$ 2,406,616

(1) Segment assets exclude any inter-company investments, loans, payables and receivables.

(2) We acquired our Bulgaria operations on August 1, 2008.

(3) We acquired Media Pro Entertainment on December 9, 2009.

(4) Assets held for sale at December 31, 2008 represented the CITI channel, which was disposed of in February 2009.

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	December 31, 2009	December 31, 2008
Long-lived assets (1):		
Bulgaria (2)	\$ 8,492	\$ 6,404
Croatia	11,743	13,450
Czech Republic	66,533	61,463
Romania	45,229	52,193
Slovak Republic	36,989	40,025
Slovenia	26,713	24,932
Ukraine	4,726	7,083
Romania (Media Pro Entertainment) (3)	78,213	-
Total Operating Segments	\$ 278,638	\$ 205,550
Corporate	\$ 798	\$ 1,117
Elimination	-	-
Total long-lived assets	\$ 279,436	\$ 206,667

(1) Reflects property, plant and equipment.

(2) We acquired our Bulgaria operations on August 1, 2008.

(3) We acquired Media Pro Entertainment on December 9, 2009.

We do not rely on any single major customer or group of major customers.

Following the acquisition of Media Pro Entertainment and the implementation of our strategy to become a vertically integrated media company, from January 1, 2010, we will manage our business based on three divisions: Content (largely comprised of Media Pro Entertainment), Broadcast and New Media. We are still in the process of identifying our operating and reporting segments following this reorganization.

20. DISCONTINUED OPERATIONS

In the fourth quarter of 2008, in connection with an agreement with our minority partners to acquire 100% of the KINO channel and sell to them our interest in the CITI channel, we segregated the broadcasting licenses and other assets of the KINO channel and transferred them to Gravis-Kino, a new entity spun off from Gravis, which previously operated the KINO and the CITI channels. Between January 14, 2009 and February 10, 2009, we acquired a 100% interest in the KINO channel by acquiring from our minority partners their interests in Tor, Zhysa, TV Stimul, Ukrpromtorg and Gravis-Kino and selling to them our interest in Gravis, which owns the broadcasting licenses and other assets of the CITI channel. We concluded that the CITI channel represented a disposal group and therefore recognized the income and expenses of our CITI channel as a discontinued operation in all periods presented. The assets and liabilities of the CITI channel were classified as available for sale at December 31, 2008 and were disposed of in the first quarter of 2009.

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21. COMMITMENTS AND CONTINGENCIES

Commitments

a) Station Programming Rights Agreements

At December 31, 2009, we had the following commitments in respect of future programming, including contracts signed with license periods starting after the balance sheet date:

	December 31, 2009
Bulgaria	\$ 94,516
Croatia	33,950
Czech Republic	95,611
Romania	140,278
Slovak Republic	48,718
Slovenia	16,572
Ukraine	56,957
Media Pro Entertainment (1)	8,940
Total	\$ 495,542

(1) We acquired Media Pro Entertainment on December 9, 2009

Of the amount shown in the table above, US\$ 141.2 million is payable within one year.

b) Operating Lease Commitments

For the years ended December 31, 2009, 2008 and 2007 we incurred aggregate rent on all facilities of US\$ 10.6 million, US\$ 14.0 million and US\$ 11.8 million, respectively. Future minimum operating lease payments at December 31, 2009 for non-cancellable operating leases with remaining terms in excess of one year (net of amounts to be recharged to third parties) are payable as follows:

	December 31, 2009
2009	\$ 7,267
2010	5,306
2011	4,448
2012	6,398
2013	2,165
2014 and thereafter	11,332
Total	\$ 36,916

c) Acquisition of Minority Shareholdings in Romania

Adrian Sarbu, our President and Chief Executive Officer, has the right to sell to us his shareholding in Pro TV and MPI under a put option agreement entered into in July 2004 at a price to be determined by an independent valuation, subject to a floor price of US\$ 1.45 million for each 1.0% interest sold. Mr. Sarbu's right to put his shareholding is exercisable until November 12, 2029. As at December 31, 2009, we considered the fair value of Mr. Sarbu's put option to be approximately US\$ nil.

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d) Ukraine Transaction

In July 2009, we entered into an agreement with Igor Kolomoisky, a shareholder and member of our Board of Directors, pursuant to which Mr. Kolomoisky and certain of his affiliates would invest US \$100.0 million in cash and contribute the entities that own and operate the TET TV channel in Ukraine, in exchange for 49.0% ownership interest in our Ukraine operations (the "2009 Ukraine Agreement"). In January 2010 we entered into a new agreement with Mr. Kolomoisky and a company beneficially owned by him in which we agreed to sell our entire interests in our Ukraine operations for US\$ 300.0 million plus the reimbursement of cash operating costs incurred by CME between signing and closing, estimated to be approximately US\$ 19.0 million, (the "Ukraine Transaction"). In connection with entering into the Ukraine Transaction, the 2009 Ukraine Agreement was terminated.

e) Other

Czech Republic - Factoring of Trade Receivables

CET 21 has a working capital credit facility of CZK 250 million (approximately US\$ 13.6 million) with CS. This facility is secured by a pledge of receivables under the factoring agreement with FCS.

The transfer of the receivables is accounted for as a secured borrowing under FAS 140 (ASC 860), with the proceeds received recorded in the Consolidated Balance Sheet as a liability and included in current credit facilities and obligations under capital leases. The corresponding receivables are a part of accounts receivable, as we retain the risks of ownership.

Contingencies

a) Litigation

We are, from time to time, a party to litigation or arbitration proceedings arising in the normal course of our business operations. Other than the claim discussed below, we are not presently a party to any such litigation or arbitration which could reasonably be expected to have a material adverse effect on our business or operations.

Video International Termination

On March 18, 2009, Video International Company Group, CGSC ("VI"), a Russian legal entity, filed a claim in the London Court of International Arbitration ("LCIA") against our wholly-owned subsidiary CME Media Enterprises B.V. ("CME BV"), which was, at the time the claim was filed, the principal holding company of our Ukrainian subsidiaries. The claim relates to the termination of an agreement between VI and CME BV dated November 30, 2006 (the "parent agreement"). The parent agreement was one of four related contracts by which VI subsidiaries, including LLC Video International-Prioritet ("Prioritet"), supplied advertising and marketing services to Studio 1+1 in Ukraine and another subsidiary of the Company. Among these four contracts were the advertising services agreement and the marketing services agreements both between Prioritet and Studio 1+1. The parent agreement provides that it automatically terminates upon termination of the advertising services agreement. On December 24, 2008, each of CME BV, Studio 1+1 and the other CME subsidiary provided notices of termination to their respective contract counterparties, following which each of the four contracts terminated on March 24, 2009. On January 9, 2009, in response to a VI demand, CME revised its termination notice and noted that the parent agreement would expire of its own accord with the termination of the advertising services agreement. In connection with these terminations, Studio 1+1 is required under the advertising and marketing services agreements to pay a termination penalty equal to (i) 12% of the average monthly advertising revenues, and (ii) 6% of the average monthly sponsorship revenues, in each case for advertising and sponsorship sold by Prioritet for the six months prior to the termination date, multiplied by six. We determined the termination penalty to be UAH 37.7 million (approximately US\$ 4.6 million) and made a provision for this amount in our financial statements in the fourth quarter of 2008. On June 1, 2009, we paid UAH 13.5 million (approximately US\$ 1.7 million) to Prioritet and set off UAH 7.4 million (approximately US\$ 0.9 million) against amounts owing to Studio 1+1 under the advertising and marketing services agreements. In its arbitration claim, VI is seeking payment of a separate indemnity under the parent agreement equal to the aggregate amount of Studio 1+1's advertising revenues for the six months ended December 31, 2008. The aggregate amount of relief sought is US\$ 58.5 million. We believe that VI has no grounds for receiving such separate indemnity and are vigorously defending the arbitration proceedings. We do not believe it is probable that we will be required to make any payment and accordingly have made no provision for it.

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b) Lehman Brothers Bankruptcy Claim

On March 4, 2008, we purchased for cash consideration of US\$ 22.2 million, capped call options from Lehman OTC (See Note 6, "Senior Debt: Convertible Notes") over 1,583,333 shares of our Class A common stock which, together with purchases of similar options from other counterparties, entitled us to receive, at our election following a conversion under the Convertible Notes, cash or shares of Class A common stock with a value equal to the difference between the trading price of our shares at the time the option is exercised and US\$ 105.00, up to a maximum trading price of US\$ 151.20.

On September 15, 2008, Lehman Holdings, the guarantor of the obligations of Lehman OTC under the capped call agreement, filed for protection under Chapter 11 of the United States Bankruptcy Code. The bankruptcy filing of Lehman Holding, as guarantor, was an event of default and gave us the right to terminate the capped call agreement with Lehman OTC and claim for losses. We exercised this right on September 16, 2008 and claimed an amount of US\$ 19.9 million, which bears interest at a rate equal to CME's estimate of its cost of funding plus 1% per annum.

On October 3, 2008, Lehman OTC also filed for protection under Chapter 11. We filed claims in the bankruptcy proceedings of both Lehman Holding and Lehman OTC. Our claim was a general unsecured claim and ranked together with similar claims.

On March 3, 2009 we assigned our claim in the bankruptcy proceedings of Lehman Holdings and Lehman OTC to an unrelated third party for cash consideration of US\$ 3.4 million, or 17% of the claim value. Under the terms of the agreement, in certain circumstances which we consider remote, including if our claim is subsequently disallowed or adjusted by the bankruptcy court, the counterparty would be able to recoup the corresponding portion of the purchase price from us. Likewise, if the amount of recovery exceeds the amount of our claim, we may receive a portion of that recovery from the claim purchaser.

c) Restrictions on dividends from Consolidated Subsidiaries and Unconsolidated Affiliates

Corporate law in the Central and Eastern European countries in which we have operations stipulates generally that dividends may be declared by shareholders, out of yearly profits, subject to the maintenance of registered capital and required reserves after the recovery of accumulated losses. The reserve requirement restriction generally provides that before dividends may be distributed, a portion of annual net profits (typically 5%) be allocated to a reserve, which reserve is capped at a proportion of the registered capital of a company (ranging from 5% to 25%). The restricted net assets of our consolidated subsidiaries and equity in earnings of investments accounted for under the equity method together are less than 25% of consolidated net assets.

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22. RELATED PARTY TRANSACTIONS

Overview

There is a limited local market for many specialist television services in the countries in which we operate; many of these services are provided by parties known to be connected to our local shareholders, members of our management and Board of Directors or our equity investees. As stated in FASB Statement No. 57 "Related Party Disclosures" ("FAS 57 (ASC 850)") transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. We will continue to review all of these arrangements.

Related Party Groups

We consider our related parties to be those shareholders who have direct control and/or influence and other parties that can significantly influence management as well as our officers and directors; a "connected" party is one in relation to whom we are aware of the existence of an immediate family or business connection to a shareholder. We have identified transactions with individuals or entities associated with the following individuals or entities as related party transactions: Adrian Sarbu, our President and Chief Executive Officer, member of our Board of Directors and a shareholder in our Romania operations; Time Warner, beneficial owners of approximately 31.0% of our outstanding shares and the right to nominate two members of our Board of Directors; and Igor Kolomoisky, beneficial owner of approximately 2.6% of our outstanding shares and a member of our Board of Directors.

Related Party Transactions

Adrian Sarbu

Bulgaria:

We purchased programming from companies related to or connected with Mr. Sarbu in the year ended December 31, 2009 with a value of approximately US\$ 0.1 million (2008: US\$ 0.1 million; 2007: US\$ nil). The total amount payable at December 31, 2009 was US\$ nil (December 31, 2008, US\$ nil).

Croatia:

We purchased programming from companies related to or connected with Mr. Sarbu in the year ended December 31, 2009 with a value of approximately US\$ 0.1 million (2008: US\$ 0.1 million; 2007: US\$ 20 thousand). The total amount payable at December 31, 2009 was US\$ 1 thousand (December 31, 2008: US\$ nil).

Czech Republic:

We purchased programming from companies related to or connected with Mr. Sarbu in the year ended December 31, 2009 with a value of approximately US\$ 0.4 million (2008: US\$ 2.7 million; 2007: US\$ 0.7 million). The total amount payable at December 31, 2009 was US\$ nil (December 31, 2008: US\$ 0.2 million).

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Slovak Republic:

We purchased programming from companies related to or connected with Mr. Sarbu in the year ended December 31, 2009 with a value of approximately US\$ 0.1 million (2008: US\$ 1.9 million; 2007: US\$ 41 thousand). The total amount payable as at December 31, 2009 was US\$ nil (December 31, 2008: US\$ 0.2 million).

Romania:

The total purchases from companies related to or connected with Mr. Sarbu in the year ended December 31, 2009 were approximately US\$ 35.4 million (2008: US\$ 47.1 million; 2007: US\$ 28.3 million). Of this, US\$ 28.3 million was in respect of purchases of programming rights. At December 31, 2009, we owed approximately US\$ 0.4 million to companies related to or connected with Mr. Sarbu (December 31, 2008: US\$ 1.3 million). The total sales to companies related to or connected with Mr. Sarbu in the year ended December 31, 2009 were approximately US\$ 0.9 million (2008: US\$ 1.9 million; 2007: US\$ 3.1 million). At December 31, 2009, we were owed approximately US\$ 1.5 million by companies related to or connected with Mr. Sarbu (December 31, 2008: US\$ 8.6 million).

Certain subsidiaries of the Company have entered into various production and distribution arrangements with Imagine in Action, Inc. and Abandon S.R.L., two television production and distribution companies controlled by Ms. Alma Sarbu, the daughter of Adrian Sarbu. Pursuant to these arrangements, Media Pro Entertainment paid these two companies an aggregate of approximately US\$ 0.3 million in the year ended December 31, 2009, including the period prior to our acquisition of Media Pro Entertainment.

On December 9, 2009 we acquired Media Pro Entertainment from companies related to or connected with Mr. Sarbu. See Note 3 "Acquisitions and Disposals: Romania".

On April 17, 2008 we acquired certain radio broadcasting assets of Radio Pro from companies related to or connected with Mr. Sarbu for a purchase price of RON 47.2 million (approximately US\$ 20.6 million).

Slovenia:

We purchased programming from companies related to or connected with Mr. Sarbu in the year ended December 31, 2009 with a value of approximately US\$ 0.1 million (2008: US\$ 25 thousand; 2007: US\$ 42 thousand). The total amount payable at December 31, 2009 was US\$ 29 thousand (December 31, 2008: US\$ nil).

Ukraine:

We purchased programming from companies related to or connected with Mr. Sarbu in the year ended December 31, 2009 with a value of approximately US\$ 0.7 million (2008: US\$ nil; 2007: US\$ nil). The total amount payable as at December 31, 2009 was US\$ nil (December 31, 2008: US\$ nil).

Time Warner

Bulgaria:

We purchased programming from companies related to or connected with Time Warner in the year ended December 31, 2009 with a value of approximately US\$ 37.0 million (2008: US\$ 0.2 million; 2007: US\$ nil). The total amount payable as at December 31, 2009 was US\$ 1.6 million (December 31, 2008: US\$ 0.1 million).

Croatia:

We purchased programming from companies related to or connected with Time Warner in the year ended December 31, 2009 with a value of approximately US\$ 44 thousand (2008: US\$ 0.1 million; 2007: US\$ 0.2 million). The total amount payable as at December 31, 2009 was US\$ nil (December 31, 2008 US\$ 0.1 million).

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Czech Republic:

We purchased programming from companies related to or connected with Time Warner in the year ended December 31, 2009 with a value of approximately US\$ 1.9 million (2008: US\$ 58.2 million; 2007: US\$ 2.4 million). The total amount payable as at December 31, 2009 was US\$ nil (December 31, 2008: US\$ nil).

Romania:

We purchased programming from companies related to or connected with Time Warner in the year ended December 31, 2009 with a value of approximately US\$ 17.2 million (2008: US\$ 14.2 million; 2007: US\$ 13.2). The total amount payable as at December 31, 2009 was US\$ 29.7 million (December 31, 2008: US\$ 22.1 million).

Slovak Republic:

We purchased programming from companies related to or connected with Time Warner in the year ended December 31, 2009 with a value of approximately US\$ 1.6 million (2008: US\$ 12.9 million; 2007: US\$ 2.6 million). The total amount payable as at December 31, 2009 was US\$ 7.0 million (December 31, 2008: US\$ 3.6 million).

Slovenia:

We purchased programming from companies related to or connected with Time Warner in the year ended December 31, 2009 with a value of approximately US\$ 2.3 million (2008: US\$ 0.1 million; 2007: US\$ 2.5 million) The total amount payable as at December 31, 2009 was US\$ 0.6 million (December 31, 2008: US\$ 0.6 million).

Ukraine:

We purchased programming from companies related to or connected with Time Warner in the year ended December 31, 2009 of US\$ 1.8 million (2008: US\$ 1.4 million; 2007: US\$ 2.3 million). The total amount payable as at December 31, 2009 was US\$ 0.7 million (December 31, 2008: \$ nil).

Igor Kolomoisky

On June 30, 2008 we paid \$140.0 million to Mr. Kolomoisky, a shareholder and member of our Board of Directors, in connection with our acquisition of the interests in the Studio 1+1 group over which he held options.

As part of the transactions involving the split of the KINO and CITI channels, on February 10, 2009, we acquired a 10% ownership interest in Glavred for US\$ 12.8 million, from an entity controlled by Alexander Tretyakov. Mr. Kolomoisky indirectly owns 90% of Glavred.

We sold technical services with a value of US\$ 0.2 million to companies related to or connected with CJSC TV Channel TET, an entity related to or connected with Mr. Kolomoisky, in the year ended December 31, 2009. (2008: US\$ nil; 2007: US\$ nil). The total amount receivable as at December 31, 2009 was US\$ 0.1 million (2008: US\$ nil).

In July 2009, we entered into an agreement with Igor Kolomoisky pursuant to which Mr. Kolomoisky and certain of his affiliates would invest US \$100.0 million in cash and contribute the entities that own and operate the TET TV channel in Ukraine, in exchange for 49.0% ownership interest in our Ukraine operations (the "2009 Ukraine Agreement"). In January 2010 we entered into a new agreement with Mr. Kolomoisky and a company beneficially owned by him in which we agreed to sell our entire interests in our Ukraine operations for US\$ 300.0 million plus the reimbursement of cash operating costs incurred by CME between signing and closing, estimated to be approximately US\$ 19.0 million, (the "Ukraine Transaction"). In connection with entering into the Ukraine Transaction, the 2009 Ukraine Agreement was terminated.

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23. RESTRICTED AND UNRESTRICTED SUBSIDIARIES

Under the terms of the indentures governing the Floating Rate Notes and the 2009 Fixed Rate Notes (the "2007 Indenture" and the "2009 Indenture" respectively), we are largely restricted from raising debt at the corporate level if the ratio of Consolidated Interest Expense to Consolidated EBITDA (both as defined in the 2007 Indenture and 2009 Indenture) (the "Coverage Ratio") is less than 2.0 times. For the purposes of the 2007 Indenture and the 2009 Indenture, the calculation of the Coverage Ratio includes the company and its subsidiaries that are "Restricted Subsidiaries." Subsidiaries may be designated as "Unrestricted Subsidiaries" and excluded from the calculation of Coverage Ratio by our Board of Directors. Previously, all of our operations were Restricted Subsidiaries. During the quarter ended June 30, 2009, our Board of Directors designated those subsidiaries that comprised our Ukraine and Bulgaria operations as "Unrestricted Subsidiaries". This change in designation was immediately beneficial to us because it resulted in the exclusion of the negative EBITDA of the Ukraine and Bulgaria operations from the calculation of our Coverage Ratio. We also designated a wholly owned subsidiary holding company, the entity that funds those operations (the "Development Financing Holding Company"), as an Unrestricted Subsidiary at the same time we designated the Ukraine and Bulgaria operations as Unrestricted Subsidiaries. The Unrestricted Subsidiaries had US\$ 215.2 million in cash at December 31, 2009.

Our Coverage Ratio is currently below 2.0 times, therefore our Restricted Subsidiaries are restricted from making payments or investments in total of more than approximately EUR 80.0 million (approximately US\$ 115.2 million) to our Unrestricted Subsidiaries or to any other operations that are not restricted subsidiaries. We have made US\$ 34.7 million of such payments and as at December 31, 2009 we have capacity for approximately US\$ 80.5 million of additional payments or investments in the Unrestricted Subsidiaries in the event our Coverage Ratio fell below 2.0 times.

When the Ukraine Transaction closes (see Note 24, "Subsequent Events: Ukraine Transaction") the Development Financing Holding Company may choose to return any unrequired portion of the US\$ 189.5 million that it holds to a Restricted Subsidiary. There is no requirement to maintain a minimum cash balance in this company and the US\$ 189.5 million cash balance remains available to our Restricted Subsidiaries at any time.

If the Developing Operations exhaust all available cash, it may be possible to re-designate them as Restricted Subsidiaries provided that our Coverage Ratio is not below 2.0 times on a pro-forma basis. Our Restricted Subsidiaries are not restricted in the manner or amount of funding support they may provide to the Unrestricted Subsidiaries if they are so re-designated. Such a re-designation could have adverse consequences for our Coverage Ratio. If a funding need arises for our Unrestricted Subsidiaries, and we are prevented from re-designating our Developing operations as Restricted Subsidiaries, those operations would be required to raise debt on a stand-alone basis, attract additional equity funding, divest some or all of their assets or enter bankruptcy proceedings.

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Selected financial information for CME Ltd. and its Restricted Subsidiaries and Unrestricted Subsidiaries as required by the 2009 Indenture was as follows:

	Issuer and Restricted subsidiaries	Unrestricted Subsidiaries	Intra-group eliminations	Total
Consolidated Statement of Operations:				
For the Year Ended December 31, 2009				
Net revenues	\$ 678,424	\$ 35,554	\$ -	\$ 713,978
Operating income / (loss)	91,464	(174,644)	-	(83,180)
Depreciation of station property, plant and equipment	48,894	4,757	-	53,651
Amortization of broadcast licenses and other intangibles	18,373	3,224	-	21,597
Net income / (loss) attributable to CME Ltd.	\$ 63,448	\$ (160,605)	\$ -	\$ (97,157)

Consolidated Balance Sheet:

	As at December 31, 2009			
Cash and cash equivalents	243,314	215,215	-	458,529
Third Party Debt (1)	1,377,194	674	-	1,377,868
Total assets	3,365,435	335,623	(828,271)	2,872,787
Total CME Ltd. shareholders' Equity	1,683,789	195,459	(701,659)	1,177,589

(1) Third party debt is defined as credit facilities and capital leases or Senior Debt with entities that are not part of the CME Ltd. consolidated group.

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	Issuer and Restricted subsidiaries	Unrestricted Subsidiaries	Intra-group eliminations	Total
Consolidated Statement of Operations:				
For the Year Ended December 31, 2008				
Net revenues	\$ 919,351	\$ 100,583	\$ -	\$ 1,019,934
Operating income / (loss)	263,892	(391,689)	-	(127,797)
Depreciation of station property, plant and equipment	48,047	3,621	-	51,668
Amortization of broadcast licenses and other intangibles	30,978	4,403	-	35,381
Net income / (loss) attributable to CME Ltd.	\$ 128,572	\$ (398,118)	\$ -	\$ (269,546)

Consolidated Balance Sheet:

	As at December 31, 2008			
Cash and cash equivalents	92,528	14,905	-	107,433
Third Party Debt (1)	1,002,923	862	-	1,003,785
Total assets	2,766,862	238,462	(598,708)	2,406,616
Total CME Ltd. shareholders' Equity	\$ 1,498,961	\$ 109,065	\$ (512,768)	\$ 1,095,258

(1) Third party debt is defined as credit facilities and capital leases or Senior Debt with entities that are not part of the CME Ltd consolidated group.

	Issuer and Restricted subsidiaries	Unrestricted Subsidiaries	Intra-group eliminations	Total
Consolidated Statement of Operations:				
For the Year Ended December 31, 2007				
Net revenues	\$ 712,018	\$ 126,838	\$ -	\$ 838,856
Operating income / (loss)	190,230	20,226	-	210,456
Depreciation of station property, plant and equipment	29,705	2,948	-	32,653
Amortization of broadcast licenses and other intangibles	24,679	291	-	24,970
Net income / (loss) attributable to CME Ltd.	\$ 90,341	\$ (1,723)	\$ -	\$ 88,618

(1) Third party debt is defined as credit facilities and capital leases or Senior Debt with entities that are not part of the CME Ltd consolidated group.

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24. SUBSEQUENT EVENTS

Ukraine Transaction

On January 20, 2010, CME entered into an agreement (the "Ukraine Transaction") to sell 100% of our interest in our Ukraine operations to Harley Trading Limited, a company beneficially owned by Igor Kolomoisky, a CME shareholder and a member of our Board of Directors, for US\$ 300.0 million in cash plus the reimbursement of cash operating expenses between signing and closing, estimated to be US\$ 19.0 million. We received an initial payment of US\$ 30.0 million on February 1, 2010. The remainder is payable at closing, which is expected to be in April 2010 (see Note 22, "Related Party Transactions").

Credit facilities

On February 16, 2010 the aggregate commitment by the lenders under the Erste Facility to CET 21 increased from CZK 2.5 billion (approximately US\$ 136.1 million) to CZK 2.8 billion (approximately US\$ 152.4 million). As of February 24, 2010, we had drawn CZK 2.8 billion (approximately US\$ 152.4 million) under the Erste Facility. Drawings were used to refinance certain existing indebtedness of CET 21 to CS and to repay certain inter-group indebtedness of CET 21.

On February 9, 2010, we entered into an interest rate swap agreement with Unicredit and CS until 2013 to convert CZK 1.5 billion (approximately \$US 81.7 million) of the Erste Facility from a floating rate of 3 month PRIBOR (plus margin) to a fixed interest rate of 2.730% per annum (plus margin). The notional amounts swapped decline in line with the planned amortisation of the loan and extension option. The fair value of the interest rate swap will be recorded on the Consolidated Balance Sheet and any adjustments to the fair value will be recorded in the Consolidated Statement of Operations.

Acquisition of the bTV group

On February 18, 2010, we and our wholly owned subsidiary CME Media Enterprises B.V. ("CME BV") entered into a Deed relating to the sale and purchase of certain media interests in Bulgaria (the "Agreement") with News Corporation and News Netherlands B.V. Under the Agreement, CME BV or a wholly owned subsidiary of CME BV will acquire (i) 100% of Balkan News Corporation EAD ("BNC"), which owns a 74% interest in Radio Company C.J. OOD ("RCJ") and a 23% interest in Balkan Media Group AD, and (ii) 100% of TV Europe B.V., which owns 100% of Triada Communications EOOD ("Triada"). BNC and Triada operate and broadcast the bTV, bTV Cinema and bTV Comedy television channels and RCJ operates several radio stations in Bulgaria (the "bTV group"). Total cash consideration for the transaction is US\$ 400 million on a cash-free and debt-free basis and is subject to an adjustment in the event that actual working capital at completion differs from an agreed level of target working capital. Completion is subject to the approval of the Bulgarian Commission for the Protection of Competition and other customary closing conditions and is expected to occur in the second quarter of 2010.

On February 18, 2010, CME BV entered into a sale and purchase agreement ("SPA") with Top Tone Media Holdings Limited ("Top Tone Holdings") and Krassimir Guergov to restructure the operations of its Bulgarian terrestrial channel Pro.BG and cable channel Ring.BG (the "Pro.BG business"). Mr. Guergov is entitled by contract to the economic benefits that accrue to Top Tone Holdings. Under the SPA, Top Tone Holdings will transfer to CME BV its 20% interest in each of Top Tone Media S.A. and Zopal S.A., which together own the Pro.BG business, in consideration of (i) receiving a 6% interest in a subsidiary to be formed to acquire the bTV group in the transaction described above and (ii) the termination of the existing agreements with Top Tone Holdings and Krassimir Guergov in respect of the Pro.BG business. It is expected that Mr. Guergov, who has provided expertise and advice for the Pro.BG business, will continue to provide advice following the completion of these transactions.

We have evaluated subsequent events through February 24, 2010, the date on which our financial statements were issued.

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25. QUARTERLY FINANCIAL DATA

Selected quarterly financial data for the years ended December 31, 2009 and 2008 is as follows:

	First Quarter (Unaudited)	For the Year ended December 31, 2009			Fourth Quarter (Unaudited)
		Second Quarter (Unaudited)	Third Quarter (Unaudited)		
(US\$ 000's, except per share data)					
Consolidated Statement of Operations data:					
Net revenues	\$ 141,221	\$ 186,185	\$ 134,482	\$ 252,090	
Cost of revenue	122,032	145,123	143,046	189,042	
Operating (loss) / income	(84,482)	11,703	(33,450)	23,049	
Net (loss) / income from continuing operations	(46,678)	22,106	(24,294)	(58,941)	
Net (loss) from discontinued operations	(262)	-	-	-	
Net (loss) / income attributable to CME Ltd.	\$ (44,438)	\$ 24,081	\$ (21,550)	\$ (55,250)	
Net (loss) / income per share:					
Basic EPS	\$ (1.05)	\$ 0.47	\$ (0.35)	\$ (0.89)	
Effect of dilutive securities	-	-	-	-	
Diluted EPS	\$ (1.05)	\$ 0.47	\$ (0.35)	\$ (0.89)	

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	For the Year ended December 31, 2008			
	First Quarter (Unaudited)	Second Quarter (Unaudited)	Third Quarter (Unaudited)	Fourth Quarter (Unaudited)
(US\$ 000's, except per share data)				
Consolidated Statement of Operations data:				
Net revenues	\$ 223,023	\$ 304,808	\$ 200,603	291,501
Cost of revenue	146,886	174,812	158,862	189,903
Operating (loss) / income	45,474	98,743	7,156	(279,170)
Net (loss) / income from continuing operations	15,672	65,518	(18,568)	(326,316)
Net (loss) from discontinued operations	(750)	(758)	(1,027)	(1,250)
Net (loss) / income attributable to CME Ltd.	\$ 14,445	\$ 63,465	\$ (19,329)	\$ (328,127)
Net income / (loss) per share:				
Basic EPS	\$ 0.34	\$ 1.50	\$ (0.46)	\$ (7.75)
Effect of dilutive securities	-	(0.02)	-	-
Diluted EPS	\$ 0.34	\$ 1.48	\$ (0.46)	\$ (7.75)

Note: The amounts shown above reflect the classification of the results of the CITI channel as a discontinued operation for all periods presented.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that information required to be disclosed in our Annual Report on Form 10-K is recorded, processed, summarized and reported within the allowable time periods and to ensure that information required to be disclosed is accumulated and communicated to management, including the President and Chief Executive Officer and the Chief Financial Officer to allow timely decisions regarding required disclosure.

Our President and Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2009 and concluded that our disclosure controls and procedures are effective as of that date.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. We have performed an assessment of the design and operating effectiveness of our internal control over financial reporting as of December 31, 2009, however we excluded from our assessment the internal control over financial reporting at the companies comprising Media Pro Entertainment (as defined in Item 8, Note 3, "Acquisitions and Disposals"), which we acquired on December 9, 2009 and whose financial statements constitute 11.6% and 6.2% of net and total assets, respectively, 0.8% of net revenues, and 1.2% of net loss of the consolidated financial statement amounts as of and for the year ended December 31, 2009. Accordingly, our assessment did not include the internal control over financial reporting at Media Pro Entertainment. This assessment was performed under the direction and supervision of our President and Chief Executive Officer and our Chief Financial Officer, and utilized the framework established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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Based on that evaluation, we concluded that as of December 31, 2009, our internal control over financial reporting was effective. Our independent registered public accounting firm, Deloitte LLP, has audited our financial statements and issued a report on the effectiveness of internal control over financial reporting, which is included herein.

Changes in Internal Controls

There were no changes in our internal controls over financial reporting during the three month period ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

February 24, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Central European Media Enterprises Ltd.

We have audited the internal control over financial reporting of Central European Media Enterprises Ltd. and subsidiaries (the "Company") as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at the companies comprising Media Pro Entertainment (as defined in Item 8, Note 3, "Acquisitions and Disposals"), which were acquired on December 9, 2009 and whose financial statements constitute 11.6% and 6.2% of net and total assets, respectively, 0.8% of net revenues, and 1.2% of net loss of the consolidated financial statement amounts as of and for the year ended December 31, 2009. Accordingly, our audit did not include the internal control over financial reporting at MediaPro Entertainment. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2009 of the Company and our report dated February 24, 2010 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph regarding the adoption of Statement of Financial Accounting Standards No. 160, *Non-Controlling Interests in Consolidated Financial Statements – an amendment of ARB 51* (included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810, *Consolidation*) and the adoption of FASB Staff Position APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)* (included in FASB ASC Topic 470, *Debt*).

DELOITTE LLP
London, United Kingdom
February 24, 2010

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 is incorporated herein by reference to the sections entitled "Election of Directors," "Management," "Corporate Governance and Board of Director Matters" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement for the 2010 Annual General Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to the sections entitled "Compensation Discussion and Analysis", "Compensation Committee Report" and "Compensation Committee Interlocks and Insider Participation" in our Proxy Statement for the 2010 Annual General Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is incorporated herein by reference to the sections entitled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in our Proxy Statement for the 2010 Annual General Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated herein by reference to the sections entitled "Certain Relationships and Related Party Transactions" and "Director Independence" in our Proxy Statement for the 2010 Annual General Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is incorporated herein by reference to the section entitled "Selection of Auditors" in our Proxy Statement for the 2010 Annual General Meeting of Shareholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The following Financial Statements of Central European Media Enterprises Ltd. are included in Part II, Item 8 of this Report:

- Report of Independent Registered Public Accounting Firm;
- Consolidated Balance Sheets as of December 31, 2009 and 2008;
- Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2009, 2008 and 2007;
- Consolidated Statement of Equity for the years ended December 31, 2009, 2008 and 2007;
- Consolidated Statements of Cash Flows for the years ended December 31, 2009, 2008 and 2007; and
- Notes to Consolidated Financial Statements.

(a)(2) Financial Statement Schedule (included at page S-1 of this Annual Report on Form 10-K).

(a)(3) The following exhibits are included in this report:

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
3.01*	Memorandum of Association (incorporated by reference to Exhibit 3.01 to the Company's Registration Statement No. 3380344 on Form S-1, filed June 17, 1994).
3.02*	Bye-Laws of Central European Media Enterprises Ltd., as amended and restated on June 3, 2008 (incorporated by reference to Exhibit 3.02 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
3.03*	Memorandum of Increase of Share Capital (incorporated by reference to Exhibit 3.03 to Amendment No. 1 to the Company's Registration Statement No. 33-80344 on Form S-1, filed August 19, 1994).
3.04*	Memorandum of Reduction of Share Capital (incorporated by reference to Exhibit 3.04 to Amendment No. 2 to the Company's Registration Statement No. 33-80344 on Form S-1, filed September 14, 1994).
3.05*	Certificate of Deposit of Memorandum of Increase of Share Capital executed by the Registrar of Companies on May 20, 1997 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997).
4.01*	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.01 to Amendment No. 1 to the Company's Registration Statement No. 33-80344 on Form S-1, filed August 19, 1994).

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<u>Exhibit Number</u>	<u>Description</u>
4.02*	Indenture among Central European Media Enterprises Ltd., Central European Media Enterprises N.V., CME Media Enterprises B.V., J.P. Morgan Chase Bank N.A., London Branch and J.P. Morgan Bank Luxembourg S.A., dated May 5, 2005 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2005).
4.03*	Indenture among Central European Media Enterprises Ltd. as Issuer, Central European Media Enterprises N.V. and CME Media Enterprises B.V. as Subsidiary Guarantors, BNY Corporate Trustee Services Limited as Trustee, The Bank of New York as Security Trustee, Principal Paying Agent and Transfer Agent and The Bank of New York (Luxembourg) S.A. as Registrar, Luxembourg Transfer Agent and Luxembourg Paying Agent, dated May 16, 2007 (incorporated by reference to Exhibit 10.65 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007).
4.04*	Registration Rights Agreement among Central European Media Enterprises Ltd., Lehman Brothers Inc., J.P. Morgan Securities Inc., Deutsche Bank Securities Inc., BNP Paribas and ING Bank N.V., London Branch, dated March 10, 2008 (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008).
4.05*	Indenture among Central European Media Enterprises Ltd., Central European Media Enterprises N.V., CME Media Enterprises B.V. and The Bank of New York, dated March 10, 2008 (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008).
4.06*	Indenture among Central European Media Enterprises Ltd. as Issuer, Central European Media Enterprises N.V. and CME Media Enterprises B.V. as Subsidiary Guarantors, The Bank of New York, acting through its London Branch, as Trustee, The Bank of New York, acting through its London Branch, as Principal Paying Agent and Transfer Agent, The Law Debenture Trust Corporation p.l.c. as Security Trustee and The Bank of New York (Luxembourg) S.A. as Registrar, Luxembourg Transfer Agent and Luxembourg Paying Agent, dated September 17, 2009 (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
4.07	Warrant to Purchase Common Stock issued to Metrodome B.V. (formerly, Media Pro B.V.), dated December 9, 2009.
4.08	Warrant to Purchase Common Stock issued to Media Pro Management S.A., dated December 9, 2009.
4.09*	Registration Rights Agreement between Central European Media Enterprises Ltd. and Igor Kolomoisky, dated as of August 24, 2007 (incorporated by reference to Exhibit 4.03 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007).
4.10*	Amended and Restated Registration Rights Agreement between Central European Media Enterprises Ltd. and Testora Ltd., dated May 11, 2007 (incorporated by reference to Exhibit 10.64 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007).

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<u>Exhibit Number</u>	<u>Description</u>
4.11	Registration Rights Agreement by and between the Company and Time Warner Media Holdings B.V., dated May 18, 2009.
10.01*+	Central European Media Enterprises Ltd. Amended and Restated Stock Incentive Plan, as amended on April 25, 2007 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.02*	Agreement between CME Media Enterprises B.V. and the Tax and Customs Administration of The Netherlands, dated March 24, 2004 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004).
10.03*	Pro TV S.A. put-option between CME Romania B.V., Adrian Sarbu and Rootland Trading Ltd. (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004).
10.04*	Media Pro International S.A. put-option between CME Romania B.V., Adrian Sarbu and Rootland Trading Ltd. (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004).
10.05*+	Employee Stock Option Form (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004).
10.06*	Framework Agreement among CME Media Enterprises B.V., Central European Media Enterprises Ltd. and PPF (Cyprus) Ltd., dated December 13, 2004 (incorporated by reference to the Company's Annual Report on Form 10-K for the period ended December 31, 2004).
10.07*	Agreement on Settlement of Disputes and Transfer of Ownership Interest between Mr. Peter Kršák and CME Media Enterprises B.V., dated February 24, 2005 (incorporated by reference to the Company's Annual Report on Form 10-K for the period ended December 31, 2004).
10.08*	Subscription Agreement between Central European Media Enterprises Ltd. and PPF (Cyprus) Ltd., dated May 2, 2005 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2005).
10.9*	Deed of Guarantee among PPF a.s., Central European Media Enterprises Ltd. and CME Media Enterprises B.V., dated May 2, 2005 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2005).
10.10*	PPF Group Guarantee among PPF Group N.V., Central European Media Enterprises Ltd. and CME Media Enterprises B.V., dated May 2, 2005 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2005).

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<u>Exhibit Number</u>	<u>Description</u>
10.12*	€7.5 million Facility Agreement, between Produkcija Plus Storitveno Podjetje d.o.o., ING Bank N.V., Nova Ljubljanska banka d.d. and Bank Austria Creditanstalt d.d., dated July 29, 2005 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005).
10.13*	Credit Line Agreement No. 2644105/LCD between Ceska Sportelna a.s. and CET 21 spol. s r.o., dated October 27, 2005 (incorporated by reference to the Company's Annual Report on Form 10-K for the period ended December 31, 2005).
10.14*	Loan Agreement between Central European Media Enterprises Ltd. and European Bank for Reconstruction and Development, dated July 21, 2006 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006).
10.15*	Pledge Agreement on Shares in Central European Media Enterprises N.V. among Central European Media Enterprises Ltd., European Bank for Reconstruction and Development and Central European Media Enterprises N.V., dated July 21, 2006 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006).
10.16*	Pledge of Shares in CME Media Enterprises B.V. among Central European Media Enterprises N.V., European Bank for Reconstruction and Development and CME Media Enterprises B.V., dated July 21, 2006 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006).
10.17*	Deed of Guarantee and Indemnity between Central European Media Enterprises N.V. and European Bank for Reconstruction and Development, dated July 21, 2006 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006).
10.18*	Deed of Guarantee and Indemnity between CME Media Enterprises B.V. and European Bank for Reconstruction and Development, dated July 21, 2006 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006).
10.19*	Contract Assignment between CME Media Enterprises B.V., Central European Media Enterprises Ltd. and European Bank for Reconstruction and Development, dated July 21, 2006 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006).
10.22*+	Amended and Restated Contract of Employment between Wallace Macmillan, Chief Financial Officer, and CME Development Corporation, dated October 6, 2006 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006).
10.23*	Subscription Agreement between Central European Media Enterprises Ltd. and Igor Kolomoisky, dated August 24, 2007 (incorporated by reference to Exhibit 4.02 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007).

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<u>Exhibit Number</u>	<u>Description</u>
10.24*	Supplemental Agreement Relating to the Loan Agreement dated July 21, 2006 (as amended by an amending Letter Agreement dated November 16, 2006) between Central European Media Enterprises Ltd. and European Bank for Reconstruction and Development, dated August 22, 2007 (incorporated by reference to Exhibit 10.68 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007).
10.25*	Loan Agreement between Central European Media Enterprises Ltd. and European Bank for Reconstruction and Development, dated August 22, 2007 (incorporated by reference to Exhibit 10.69 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007).
10.26*	Agreement on Transfer of Participation Interest in Media Invest, spol. s r.o. between Mr. Jan Kováčik and CME Slovak Holdings B.V., dated July 13, 2007 (incorporated by reference to Exhibit 10.70 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007).
10.27*	Agreement on Consideration between Mr. Jan Kováčik and CME Slovak Holdings B.V., dated July 13, 2007 (incorporated by reference to Exhibit 10.71 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007).
10.28*	Purchase Agreement among Central European Media Enterprises Ltd. as Issuer, Central European Media Enterprises N.V. and CME Media Enterprises B.V. as Guarantors and J.P. Morgan Securities Ltd., Lehman Brothers International (Europe) and ING Bank N.V., London Branch as the Initial Purchasers, dated May 9, 2007 (incorporated by reference to Exhibit 10.63 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007).
10.29*	Sale-Purchase Contract for Shares in Pro TV S.A. between Rootland Trading Ltd. and CME Romania B.V., dated June 1, 2007 (incorporated by reference to Exhibit 10.66 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007).
10.30*	Sale-Purchase Contract for Shares in Media Pro International S.A. between Rootland Trading Ltd. and CME Romania B.V., dated June 1, 2007 (incorporated by reference to Exhibit 10.67 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007).
10.31*	Framework Agreement among Aleksandr Rodnyansky, Boris Fuchsmann, International Teleservices Ltd., Central European Media Enterprises Ltd., CME Media Enterprises B.V., CME Ukraine Holding GmbH, CET 21 spol. s r.o., Ukrainian Media Services LLC, Studio 1+1 LLC, Foreign Enterprise Inter-Media, Innova Film GmbH, International Media Services Ltd. and TV Media Planet Ltd., dated January 31, 2008 (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007).
10.32*	Termination Agreement by and between Aleksandr Rodnyansky, Boris Fuchsmann, International Teleservices Ltd., Central European Media Enterprises Ltd., CME Media Enterprises B.V., CME Ukraine Holding GmbH, CET 21 spol. s r.o., Ukrainian Media Services LLC, Studio 1+1 LLC, Foreign Enterprise Inter-Media, Innova Film GmbH, International Media Services Ltd and TV Media Planet Ltd., dated January 31, 2008 (incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007).

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<u>Exhibit Number</u>	<u>Description</u>
10.33*	Assignment Agreement among Igor Kolomoisky, Manita Investments Limited, Global Media Group Ltd., Torcensta Holding Ltd., Central European Media Enterprises Ltd., CME Media Enterprises B.V., CME Ukraine Holding GmbH and Ukrainian Media Services LLC, dated January 31, 2008 (incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007).
10.34*	Agreement between Mr. Richard Anthony Sheldon and Nova TV d.d., dated November 26, 2007 (incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007).
10.35*	Agreement among Global Komunikacije d.o.o., Nova TV d.d. and Operativna Kompanija d.o.o., dated November 26, 2007 (incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007).
10.36*	Agreement among Narval A.M. d.o.o., Studio Millenium d.o.o. and Nova TV d.d., dated November 26, 2007 (incorporated by reference to Exhibit 10.44 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007).
10.37*	Purchase Agreement among Central European Media Enterprises Ltd., Lehman Brothers Inc., J.P. Morgan Securities Inc., Deutsche Bank Securities Inc., BNP Paribas and ING Bank N.V., London Branch, dated March 4, 2008 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008).
10.38*	Deed of Amendment to the Intercreditor Agreement dated July 21, 2006, as amended, among Central European Media Enterprises Ltd., Central European Media Enterprises N.V., CME Media Enterprises B.V., The Bank of New York, BNY Corporate Trustee Services Limited and European Bank for Reconstruction and Development, dated March 10, 2008 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008).
10.39*	Security Assignment between Central European Media Enterprises Ltd., CME Media Enterprises B.V. and The Bank of New York, dated March 10, 2008 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008).
10.40*	Pledge Agreement among Central European Media Enterprises Ltd., Central European Media Enterprises N.V. and The Bank of New York, dated March 10, 2008 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008).
10.41*	Deed of Pledge of Shares among Central European Media Enterprises N.V., CME Media Enterprises B.V. and The Bank of New York, dated March 10, 2008 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008).

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<u>Exhibit Number</u>	<u>Description</u>
10.42*	Agreement to Provide Advertising Services between Video International-Prioritet LLC and Broadcasting Company “Studio 1+1” LLC dated November 30, 2006 (incorporated by reference to Exhibit 10.25 to the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2007).
10.43*	Capped Call Transaction between Central European Media Enterprises Ltd., Deutsche Bank AG, London Branch and Deutsche Bank Securities Inc., dated March 4, 2008 (incorporated by reference to Exhibit 10.7 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008).
10.44*	Capped Call Transaction between Central European Media Enterprises Ltd. and BNP Paribas, dated March 4, 2008 (incorporated by reference to Exhibit 10.8 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008).
10.45*	Capped Call Transaction between the Company and Lehman Brothers OTC Derivatives Inc., dated March 4, 2008 (incorporated by reference to Exhibit 10.6 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008).
10.46*	Master Share Purchase Agreement between CME Media Enterprises B.V. and Top Tone Media Holdings Limited, dated July 28, 2008 (incorporated by reference to Exhibit 10.10 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008).
10.47*	TV2 Group Shareholders Agreement between CME Media Enterprises B.V., Top Tone Media Holdings Limited and Equip Limited dated July 28, 2008 (incorporated by reference to Exhibit 10.11 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008).
10.48*	Separation Agreement between CME Development Corporation and Michael Garin, dated December 14, 2008 (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on December 16, 2008).
10.49*	Subscription Agreement, by and between Central European Media Enterprises Ltd. and TW Media Holdings LLC, dated March 22, 2009 (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009).
10.50*	Indemnity Agreement, by and among Central European Media Enterprises Ltd., Ronald S. Lauder and RSL Savannah LLC, dated as of March 22, 2009 (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009).
10.51*+	Contract of Employment dated June 30, 2009 between CME Development Corporation and Charles Frank (incorporated by reference to Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009).
10.52*	First Amended and Restated Framework Agreement among Central European Media Enterprises Ltd., CME Ukraine Holding B.V., CME Cyprus Holding Limited, Alstrom Business Corp, Michalakis Tsitsekos, Igor Kolomoisky and Ihor Surkis, dated July 22, 2009 (incorporated by reference to Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).

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<u>Exhibit Number</u>	<u>Description</u>
10.53*	Framework Agreement among CME Production B.V., CME Romania B.V., Media Pro Management S.A., Metrodome B.V. (formerly, Media Pro B.V.) and Adrian Sarbu, dated July 27, 2009 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.54*+	Contract of Employment between CME Media Services Limited and Adrian Sarbu, dated July 27, 2009 (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.55*	Dealer Manager Agreement between Central European Media Enterprises Ltd. and Deutsche Bank AG, London Branch, dated September 7, 2009 (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.56*	Tender Agency Agreement between Central European Media Enterprises Ltd., Deutsche Bank AG, London Branch, as Principal Tender Agent, and certain other tender agents, dated September 7, 2009 (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.57*	Purchase Agreement among Central European Media Enterprises Ltd., Central European Media Enterprises N.V., CME Media Enterprises B.V., Deutsche Bank AG, London Branch, BNP Paribas London Branch, Merrill Lynch International, Erste Group Bank AG and J.P. Morgan Securities Ltd., dated September 10, 2009 (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.58*	Global Deed of Release among Central European Media Enterprises Ltd., CME Media Enterprises B.V., Central European Media Enterprises N.V. and European Bank for Reconstruction and Development, dated September 16, 2009 (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.59*	Contract Assignment between CME Media Enterprises B.V, Central European Media Enterprises Ltd., The Bank of New York Mellon, acting through its London Branch and The Law Debenture Trust Corporation p.l.c., dated September 17, 2009 (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.60*	Deed of Amendment to the Intercreditor Agreement dated July 21, 2006, as amended, among Central European Media Enterprises Ltd., Central European Media Enterprises N.V., CME Media Enterprises B.V., The Bank of New York Mellon (formerly JPMorgan Chase Bank, N.A., London Branch), BNY Corporate Trustee Services Limited, The Bank of New York Mellon (formerly The Bank of New York), The Bank of New York Mellon (formerly The Bank of New York), European Bank for Reconstruction and Development, The Bank of New York Mellon, acting through its London Branch and The Law Debenture Trust Corporation p.l.c., dated September 17, 2009 (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).

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<u>Exhibit Number</u>	<u>Description</u>
10.61*	Pledge Agreement among Central European Media Enterprises Ltd., Central European Media Enterprises N.V., The Bank of New York Mellon, acting through its London Branch and The Law Debenture Trust Corporation p.l.c., dated September 17, 2009 (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.62*	Deed of Pledge of Shares among Central European Media Enterprises N.V., CME Media Enterprises B.V., The Bank of New York Mellon, acting through its London Branch and The Law Debenture Trust Corporation p.l.c., dated September 17, 2009 (incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.63*	Purchase Agreement among Central European Media Enterprises Ltd., Central European Media Enterprises N.V., CME Media Enterprises B.V., Deutsche Bank AG, London Branch, BNP Paribas London Branch, Merrill Lynch International, Erste Group Bank AG, ING Bank N.V., London Branch and J.P. Morgan Securities Ltd., dated September 23, 2009 (incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.64*	Global Deed of Release among Central European Media Enterprises Ltd., CME Media Enterprises B.V., Central European Media Enterprises N.V. and The Bank of New York Mellon, acting through its London Branch (formerly JPMorgan Chase Bank, N.A., London Branch), dated September 29, 2009 (incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.65*	Deed of Amendment to the Intercreditor Agreement dated July 21, 2006, as amended, among Central European Media Enterprises Ltd., Central European Media Enterprises N.V., CME Media Enterprises B.V., The Bank of New York Mellon (formerly JPMorgan Chase Bank, N.A., London Branch), BNY Corporate Trustee Services Limited, The Bank of New York Mellon (formerly The Bank of New York), The Bank of New York Mellon (formerly The Bank of New York), The Bank of New York Mellon, acting through its London Branch and The Law Debenture Trust Corporation p.l.c., dated September 29, 2009 (incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).
10.66	Amendment to the Framework Agreement among CME Production B.V., CME Romania B.V., Media Pro Management S.A., Metrodome B.V. (formerly, Media Pro B.V.) and Adrian Sarbu, dated December 9, 2009.
10.67	Subscription Agreement among Central European Media Enterprises Ltd., Media Pro Management S.A. and Metrodome B.V. (formerly, Media Pro B.V.), dated December 9, 2009.
10.68	Share Purchase Agreement among Central European Media Enterprises Ltd., CME Cyprus Holding II Limited, Igor Kolomoisky and Harley Trading Limited, dated January 20, 2010.
10.69	Termination agreement among Central European Media Enterprises Ltd., CME Ukraine Holding B.V., CME Cyprus Holding Limited, Alstrom Business Corp, Michalakis Tsitsekkos, Igor Kolomoisky and Ihor Surkis, dated January 20, 2010.

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<u>Exhibit Number</u>	<u>Description</u>
10.70	Facility Agreement among CET 21 spol. s r.o., Erste Group Bank A.G. as arranger, Česká Spořitelna, a.s. (“CSAS”) as facility agent and security agent, CSAS, UniCredit Bank Czech Republic, a.s. and BNP Paribas as original lenders and the Company, CME Slovak Holdings B.V., CME Media Enterprises B.V., CME Romania B.V. and Markiza-Slovakia, spol. s r.o. as original guarantors, dated December 21, 2009.
10.71	Investor Rights Agreement among the Company, Ronald S. Lauder, RSL Savannah LLC, RSL Investment LLC, RSL Investments Corporation and Time Warner Media Holdings B.V., dated May 18, 2009.
10.72	Irrevocable Voting Deed and Corporate Representative Appointment among RSL Savannah LLC, Time Warner Media Holdings B.V. and the Company, dated May 18, 2009.
10.73+	Contract of Employment between CME Media Services Limited and Dave Sturgeon, dated June 19, 2009.
21.01	List of subsidiaries.
23.01	Consent of Deloitte LLP.
31.01	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished only).
*	Previously filed exhibits
+	Exhibit is a management contract or compensatory plan
b)	Exhibits: See (a)(3) above for a listing of the exhibits included as part of this report.
c)	Report of Independent Registered Public Accountants on Schedule II - Schedule of Valuation Allowances. (See page S-1 of this Annual Report on Form 10-K.)

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 24, 2010

/s/ Adrian Sarbu
Adrian Sarbu
President and Chief Executive Officer

INDEX TO SCHEDULES

Schedule II

Schedule of Valuation Allowances
(US\$ 000's)

	Bad debt and credit note provision	Deferred tax allowance
Balance at December 31, 2006	12,640	15,885
Charged to costs and expenses	1,852	9,803
Charged to other accounts (1)	(602)	2,000
Foreign exchange	691	1,208
Balance at December 31, 2007	14,581	28,896
Charged to costs and expenses	2,541	7,192
Charged to other accounts (1)	(2,021)	11,880
Foreign exchange	(385)	(576)
Balance at December 31, 2008	14,716	47,392
Charged to costs and expenses	10,419	(11,350)
Charged to other accounts (1)	(6,571)	29,762
Foreign exchange	(5)	(93)
Balance at December 31, 2009	18,559	65,711

(1) Charged to other accounts for the bad debt and credit note provision consist primarily of accounts receivable written off and opening balance of acquired companies.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON ITS EXERCISE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OTHER THAN PURSUANT TO SUCH REGISTRATION OR PURSUANT TO AN EXEMPTION FROM REGISTRATION SPECIFIED IN AN OPINION OF COUNSEL SATISFACTORY TO CENTRAL EUROPEAN MEDIA ENTERPRISES LTD. FURTHERMORE, THIS WARRANT AND THE SECURITIES ISSUABLE UPON ITS EXERCISE ARE SUBJECT TO THE RESTRICTIONS CONTAINED IN THE SUBSCRIPTION AGREEMENT BETWEEN THE COMPANY MEDIA PRO MANAGEMENT S.A. AND MEDIA PRO B.V. DATED AS OF DECEMBER 9, 2009. ANY TRANSFER OF THIS WARRANT OR THE SECURITIES ISSUABLE UPON ITS EXERCISE THAT CONTRAVENES SUCH RESTRICTIONS SHALL BE NULL AND VOID.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

WARRANT TO PURCHASE COMMON STOCK

Dated: December 9, 2009

FOR VALUE RECEIVED, Central European Media Enterprises Ltd., a Bermuda company (the "Company"), hereby certifies that, for value received, Media Pro B.V., Teleport Boulevard 140, 1043EJ, 1000 CV, Amsterdam, Netherlands, or its registered assigns (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company, at any time and from time to time, subject to three (3) Business Days notice, prior to 5:00 p.m. New York City time on the sixth anniversary of the date hereof (the "Issue Date" and such sixth anniversary of the Issue Date, the "Expiration Date") in whole or in part, an aggregate of up to two hundred fifty thousand (250,000) fully paid and non-assessable shares (the "Warrant Shares") of the Company's Class A Common Shares, par value \$0.08 per share (the "Class A Common Shares"), at an exercise price of \$21.75 per share (the "Exercise Price"). All references to "Warrant Shares," "Class A Common Shares," "Common Stock" and "Exercise Price" herein shall be deemed to include any such adjustment or series of adjustments as described in Section 3 hereof. This Warrant is herein called the "Warrant."

1. **EXERCISE OF WARRANT.** (a) The purchase rights evidenced by this Warrant shall be exercised by the Holder surrendering this Warrant, with the purchase form attached hereto duly executed by the Holder to the Company accompanied by proper payment either (at the option of the Holder) (i) in cash, by certified or official bank check or by wire transfer, (ii) by cancellation of a number of Warrant Shares, or (iii) a combination thereof, in each case, in an amount equal to the Exercise Price multiplied by the number of shares of Common Stock (as defined below) being purchased pursuant to such exercise of the Warrant. In no event may this Warrant be exercised at any time after the Expiration Date.

(b) This Warrant may be exercised for less than the full number of shares of Common Stock, in which case the number of shares receivable upon the exercise of this Warrant as a whole, and the sum payable upon the exercise of this Warrant as a whole, shall be proportionately reduced. Upon any such partial exercise, the Company at its expense will issue to the Holder a new Warrant or Warrants of like tenor calling for the number of shares of Common Stock as to which rights have not been exercised, such Warrant or Warrants to be issued in the name of the Holder (upon payment by the Holder of any applicable transfer taxes).

The term "Common Stock" includes (i) the Class A Common Shares, (ii) any other capital stock of any class or classes (however designated) of the Company, the holders of which shall have the right, without limitation as to amount, either to all or to a share of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference, and (iii) any other securities into which or for which any of the securities described in clauses (i) or (ii) above have been converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

2. DELIVERY OF STOCK CERTIFICATES ON EXERCISE. As soon as practicable after the exercise of this Warrant and payment of the Exercise Price, and in any event within ten (10) business days thereafter, the Company, at its expense, will cause to be issued in the name of and delivered to the Holder a certificate or certificates for the number of fully paid and non-assessable shares of Common Stock or other securities or property to which the Holder shall be entitled upon such exercise, plus, in lieu of any fractional share to which the Holder would otherwise be entitled, cash in an amount determined in accordance with Section 3.3 hereof. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered together with payment for such shares as aforesaid. Any certificates issued upon exercise of this Warrant and any warrant certificate issued in substitution for this Warrant pursuant to Section 11 hereof shall bear such legends as to applicable securities laws or other restrictions as the Company may deem appropriate.

3. ADJUSTMENTS. The Exercise Price shall be subject to adjustment from time to time in accordance with this Section 3. Upon each adjustment of the Exercise Price pursuant to this Section 3, the registered Holder of this Warrant shall thereafter be entitled to acquire upon exercise, at the Exercise Price resulting from such adjustment, the number of shares of Common Stock obtainable by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Common Stock acquirable immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment. Notwithstanding anything else in this Warrant, the Exercise Price per share shall never be lower than \$0.08 per share.

(a) Subdivisions and Combinations. In case the Company shall at any time (i) subdivide the outstanding Common Stock or (ii) issue a stock dividend on its outstanding Common Stock, the Exercise Price in effect immediately prior to such subdivision or dividend shall be proportionately reduced by the same ratio as the subdivision or dividend. In case the Company shall at any time combine its outstanding Common Stock, the Exercise Price in effect immediately prior to such combination shall be proportionately increased by the same ratio as the combination.

(b) Reorganization, Reclassification, Consolidation, Merger or Sale of Assets. If any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with or into another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, cash or other property with respect to or in exchange for Common Stock, then, prior to or simultaneous with such reorganization, reclassification, consolidation, merger or sale, lawful and adequate provision shall be made whereby the Holder shall have the right to acquire and receive, upon exercise of this Warrant, such shares of stock, securities, cash or other property issuable or payable (as part of the reorganization, reclassification, consolidation, merger or sale) with respect to or in exchange for such number of outstanding shares of Common Stock as would have been received upon exercise of this Warrant at the Exercise Price then in effect.

(c) Fractional Shares. The Company shall not issue fractions of shares of Common Stock upon exercise of this Warrant or scrip in lieu thereof. If any fraction of a share of Common Stock would, except for the provisions of this Section 3.3, be issuable upon exercise of this Warrant, the Company shall in lieu thereof, pay to the person entitled thereto an amount in cash equal to the current value of such fraction, calculated to the nearest one-hundredth (1/100) of a share, to be computed (i) if the Common Stock is listed on NASDAQ (or, if not listed on NASDAQ, any other United States national securities exchange, or, if not listed on any other United States national securities exchange, on such other foreign national securities exchange selected by the board of directors of the Company (the "Board of Directors") on which the Company's Common Stock shall then be listed), on the basis of the last sales price of the Common Stock on such exchange (or the quoted closing bid price if there shall have been no sales) on the date of exercise, or (ii) if the Common Stock shall not be listed on any securities exchange, on the basis of the fair market value per share of Common Stock as determined by the Board of Directors.

(d) Adjustment Notices to Holder. Whenever the Exercise Price shall be adjusted as provided in Section 3 hereof, the Company shall provide to the Holder a statement showing in reasonable detail the facts requiring such adjustment and the Exercise Price that will be effective after such adjustment.

4. **RESERVATION OF STOCK, ETC., ISSUABLE ON EXERCISE OF WARRANTS.** The Company shall at all times reserve and keep available out of its authorized but unissued Common Stock, solely for the issuance and delivery upon the exercise of this Warrant and other similar Warrants, such number of its duly authorized shares of Common Stock as from time to time shall be issuable upon the exercise of this Warrant and all other similar Warrants at the time outstanding.

5. **RESTRICTIONS ON TRANSFER.** The sale, transfer or assignment of the Warrant and the Warrant Shares issued upon exercise of the Warrant are subject to the restrictions set forth in Section 4 of the Subscription Agreement dated December 9, 2009 by and among the Company, Media Pro Management S.A. and Media Pro B.V. (the "Subscription Agreement"). In connection with any sale or other transfer or assignment of the Warrant or the Warrant Shares, the Company may require the Holder and any transferee of the Holder to make such representations, and may place such legends on this Warrant or on the certificates representing the Warrant Shares, as may be reasonably required in the opinion of counsel to the Company to permit such sale or transfer or assignment in accordance with applicable securities laws.

6. **REPLACEMENT OF WARRANT.** Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft or destruction) upon delivery of an indemnity agreement (with surety if reasonably required) in an amount reasonably satisfactory to it, or (in the case of mutilation) upon surrender and cancellation thereof, the Company will issue, in lieu thereof, a new Warrant of like tenor.

7. **NEGOTIABILITY, ETC.** This Warrant is issued upon the following terms, to all of which each taker or owner hereof consents and agrees:

(a) Until this Warrant is transferred on the books of the Company, the Company may treat the registered Holder as the absolute owner hereof for all purposes without being affected by any notice to the contrary.

(b) Prior to the exercise of this Warrant, the Holder shall not be entitled to any rights of a shareholder of the Company with respect to shares for which this Warrant shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of or attend any proceedings of the Company, except as provided herein.

(c) The Company shall not be required to pay any United States federal or state transfer tax or charge that may be payable in respect of any transfer involved in the transfer or delivery of this Warrant or the issuance or conversion or delivery of certificates for Common Stock in a name other than that of the registered Holder or to issue or deliver any certificates for Common Stock upon the exercise of this Warrant until any and all such taxes and charges shall have been paid by the Holder or until it has been established to the Company's satisfaction that no such tax or charge is due.

8. **CHANGE, WAIVER, ETC.** Neither this Warrant nor any term hereof may be changed, waived, discharged or terminated orally but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

9. **NOTICES.** Except as otherwise provided in this Warrant, all notices, requests and other communications to any Person provided for hereunder shall be in writing and shall be given to such Person (a) in the case of the Company, c/o CME Development Corporation, 52 Charles Street, London W1J 5EU, United Kingdom, facsimile: +44 0207 127 5801 to the attention of its General Counsel, or at such other address or facsimile number, or to the attention of such other officer, as the Company shall have furnished to Holder; and (b) in the case of the Holder to the address of the last Holder of this Warrant who shall have furnished an address to the Company in writing.

10. **DESCRIPTIVE HEADINGS.** The headings of the articles, sections and subsections of this Warrant are inserted for convenience of reference only and shall not be deemed to constitute a part hereof or affect the interpretation hereof.

11. **SEVERABILITY.** Every term and provision of this Warrant is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision will be enforced to the maximum extent permitted by law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this Warrant.

12. **APPLICABLE LAW.** THIS WARRANT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAWS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Warrant as of the Issue Date.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

By /s/ Charles Frank
Name: Charles Frank
Title: Chief Financial Officer

Attest:

/s/ Meredith Steinhaus

THIS WARRANT AND THE SECURITIES ISSUABLE UPON ITS EXERCISE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OTHER THAN PURSUANT TO SUCH REGISTRATION OR PURSUANT TO AN EXEMPTION FROM REGISTRATION SPECIFIED IN AN OPINION OF COUNSEL SATISFACTORY TO CENTRAL EUROPEAN MEDIA ENTERPRISES LTD. FURTHERMORE, THIS WARRANT AND THE SECURITIES ISSUABLE UPON ITS EXERCISE ARE SUBJECT TO THE RESTRICTIONS CONTAINED IN THE SUBSCRIPTION AGREEMENT BETWEEN THE COMPANY AND MEDIA PRO MANAGEMENT S.A. AND MEDIA PRO B.V. DATED AS OF DECEMBER 9, 2009. ANY TRANSFER OF THIS WARRANT OR THE SECURITIES ISSUABLE UPON ITS EXERCISE THAT CONTRAVENES SUCH RESTRICTIONS SHALL BE NULL AND VOID.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

WARRANT TO PURCHASE COMMON STOCK

Dated: December 9, 2009

FOR VALUE RECEIVED, Central European Media Enterprises Ltd., a Bermuda company (the "Company"), hereby certifies that, for value received, Media Pro Management S.A., 109 Pache Protopopescu Blv. 6th Floor, sector 2, Bucharest, Romania, or its registered assigns (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company, at any time and from time to time, subject to three (3) Business Days notice, prior to 5:00 p.m. New York City time on the sixth anniversary of the date hereof (the "Issue Date" and such sixth anniversary of the Issue Date, the "Expiration Date") in whole or in part, an aggregate of up to six hundred thousand (600,000) fully paid and non-assessable shares (the "Warrant Shares") of the Company's Class A Common Shares, par value \$0.08 per share (the "Class A Common Shares"), at an exercise price of \$21.75 per share (the "Exercise Price"). All references to "Warrant Shares," "Class A Common Shares," "Common Stock" and "Exercise Price" herein shall be deemed to include any such adjustment or series of adjustments as described in Section 3 hereof. This Warrant is herein called the "Warrant."

1. **EXERCISE OF WARRANT.** (a) The purchase rights evidenced by this Warrant shall be exercised by the Holder surrendering this Warrant, with the purchase form attached hereto duly executed by the Holder to the Company accompanied by proper payment either (at the option of the Holder) (i) in cash, by certified or official bank check or by wire transfer, (ii) by cancellation of a number of Warrant Shares, or (iii) a combination thereof, in each case, in an amount equal to the Exercise Price multiplied by the number of shares of Common Stock (as defined below) being purchased pursuant to such exercise of the Warrant. In no event may this Warrant be exercised at any time after the Expiration Date.

(b) This Warrant may be exercised for less than the full number of shares of Common Stock, in which case the number of shares receivable upon the exercise of this Warrant as a whole, and the sum payable upon the exercise of this Warrant as a whole, shall be proportionately reduced. Upon any such partial exercise, the Company at its expense will issue to the Holder a new Warrant or Warrants of like tenor calling for the number of shares of Common Stock as to which rights have not been exercised, such Warrant or Warrants to be issued in the name of the Holder (upon payment by the Holder of any applicable transfer taxes).

The term "Common Stock" includes (i) the Class A Common Shares, (ii) any other capital stock of any class or classes (however designated) of the Company, the holders of which shall have the right, without limitation as to amount, either to all or to a share of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference, and (iii) any other securities into which or for which any of the securities described in clauses (i) or (ii) above have been converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

2. **DELIVERY OF STOCK CERTIFICATES ON EXERCISE.** As soon as practicable after the exercise of this Warrant and payment of the Exercise Price, and in any event within ten (10) business days thereafter, the Company, at its expense, will cause to be issued in the name of and delivered to the Holder a certificate or certificates for the number of fully paid and non-assessable shares of Common Stock or other securities or property to which the Holder shall be entitled upon such exercise, plus, in lieu of any fractional share to which the Holder would otherwise be entitled, cash in an amount determined in accordance with Section 3.3 hereof. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered together with payment for such shares as aforesaid. Any certificates issued upon exercise of this Warrant and any warrant certificate issued in substitution for this Warrant pursuant to Section 11 hereof shall bear such legends as to applicable securities laws or other restrictions as the Company may deem appropriate.

3. **ADJUSTMENTS.** The Exercise Price shall be subject to adjustment from time to time in accordance with this Section 3. Upon each adjustment of the Exercise Price pursuant to this Section 3, the registered Holder of this Warrant shall thereafter be entitled to acquire upon exercise, at the Exercise Price resulting from such adjustment, the number of shares of Common Stock obtainable by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Common Stock acquirable immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment. Notwithstanding anything else in this Warrant, the Exercise Price per share shall never be lower than \$0.08 per share.

(a) **Subdivisions and Combinations.** In case the Company shall at any time (i) subdivide the outstanding Common Stock or (ii) issue a stock dividend on its outstanding Common Stock, the Exercise Price in effect immediately prior to such subdivision or dividend shall be proportionately reduced by the same ratio as the subdivision or dividend. In case the Company shall at any time combine its outstanding Common Stock, the Exercise Price in effect immediately prior to such combination shall be proportionately increased by the same ratio as the combination.

(b) Reorganization, Reclassification, Consolidation, Merger or Sale of Assets. If any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with or into another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, cash or other property with respect to or in exchange for Common Stock, then, prior to or simultaneous with such reorganization, reclassification, consolidation, merger or sale, lawful and adequate provision shall be made whereby the Holder shall have the right to acquire and receive, upon exercise of this Warrant, such shares of stock, securities, cash or other property issuable or payable (as part of the reorganization, reclassification, consolidation, merger or sale) with respect to or in exchange for such number of outstanding shares of Common Stock as would have been received upon exercise of this Warrant at the Exercise Price then in effect.

(c) Fractional Shares. The Company shall not issue fractions of shares of Common Stock upon exercise of this Warrant or scrip in lieu thereof. If any fraction of a share of Common Stock would, except for the provisions of this Section 3.3, be issuable upon exercise of this Warrant, the Company shall in lieu thereof, pay to the person entitled thereto an amount in cash equal to the current value of such fraction, calculated to the nearest one-hundredth (1/100) of a share, to be computed (i) if the Common Stock is listed on NASDAQ (or, if not listed on NASDAQ, any other United States national securities exchange, or, if not listed on any other United States national securities exchange, on such other foreign national securities exchange selected by the board of directors of the Company (the "Board of Directors") on which the Company's Common Stock shall then be listed), on the basis of the last sales price of the Common Stock on such exchange (or the quoted closing bid price if there shall have been no sales) on the date of exercise, or (ii) if the Common Stock shall not be listed on any securities exchange, on the basis of the fair market value per share of Common Stock as determined by the Board of Directors.

(d) Adjustment Notices to Holder. Whenever the Exercise Price shall be adjusted as provided in Section 3 hereof, the Company shall provide to the Holder a statement showing in reasonable detail the facts requiring such adjustment and the Exercise Price that will be effective after such adjustment.

4. **RESERVATION OF STOCK, ETC., ISSUABLE ON EXERCISE OF WARRANTS.** The Company shall at all times reserve and keep available out of its authorized but unissued Common Stock, solely for the issuance and delivery upon the exercise of this Warrant and other similar Warrants, such number of its duly authorized shares of Common Stock as from time to time shall be issuable upon the exercise of this Warrant and all other similar Warrants at the time outstanding.

5. **RESTRICTIONS ON TRANSFER.** The sale, transfer or assignment of the Warrant and the Warrant Shares issued upon exercise of the Warrant are subject to the restrictions set forth in Section 4 of the Subscription Agreement dated December 9, 2009 by and among the Company, Media Pro Management S.A. and Media Pro B.V. (the "Subscription Agreement"). In connection with any sale or other transfer or assignment of the Warrant or the Warrant Shares, the Company may require the Holder and any transferee of the Holder to make such representations, and may place such legends on this Warrant or on the certificates representing the Warrant Shares, as may be reasonably required in the opinion of counsel to the Company to permit such sale or transfer or assignment in accordance with applicable securities laws.

6. **REPLACEMENT OF WARRANT.** Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft or destruction) upon delivery of an indemnity agreement (with surety if reasonably required) in an amount reasonably satisfactory to it, or (in the case of mutilation) upon surrender and cancellation thereof, the Company will issue, in lieu thereof, a new Warrant of like tenor.

7. **NEGOTIABILITY, ETC.** This Warrant is issued upon the following terms, to all of which each taker or owner hereof consents and agrees:

(a) Until this Warrant is transferred on the books of the Company, the Company may treat the registered Holder as the absolute owner hereof for all purposes without being affected by any notice to the contrary.

(b) Prior to the exercise of this Warrant, the Holder shall not be entitled to any rights of a shareholder of the Company with respect to shares for which this Warrant shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of or attend any proceedings of the Company, except as provided herein.

(c) The Company shall not be required to pay any United States federal or state transfer tax or charge that may be payable in respect of any transfer involved in the transfer or delivery of this Warrant or the issuance or conversion or delivery of certificates for Common Stock in a name other than that of the registered Holder or to issue or deliver any certificates for Common Stock upon the exercise of this Warrant until any and all such taxes and charges shall have been paid by the Holder or until it has been established to the Company's satisfaction that no such tax or charge is due.

8. **CHANGE, WAIVER, ETC.** Neither this Warrant nor any term hereof may be changed, waived, discharged or terminated orally but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

9. **NOTICES.** Except as otherwise provided in this Warrant, all notices, requests and other communications to any Person provided for hereunder shall be in writing and shall be given to such Person (a) in the case of the Company, c/o CME Development Corporation, 52 Charles Street, London W1J 5EU, United Kingdom, facsimile: +44 0207 127 5801 to the attention of its General Counsel, or at such other address or facsimile number, or to the attention of such other officer, as the Company shall have furnished to Holder; and (b) in the case of the Holder to the address of the last Holder of this Warrant who shall have furnished an address to the Company in writing.

10. **DESCRIPTIVE HEADINGS.** The headings of the articles, sections and subsections of this Warrant are inserted for convenience of reference only and shall not be deemed to constitute a part hereof or affect the interpretation hereof.

11. **SEVERABILITY.** Every term and provision of this Warrant is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision will be enforced to the maximum extent permitted by law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this Warrant.

12. **APPLICABLE LAW.** THIS WARRANT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAWS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Warrant as of the Issue Date.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

By: /s/ Charles Frank
Name: Charles Frank
Title: Chief Financial Officer

Attest:

/s/ Meredith Steinhaus

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made as of May 18, 2009, by and between Central European Media Enterprises Ltd., a Bermuda company (the "Company") and Time Warner Media Holdings B.V., a *besloten vennootschap met beperkte aansprakelijkheid* organized under the laws of the Netherlands ("TW"). Certain capitalized terms used in this Agreement are defined in Section 2 hereof.

1. Recitals.

1.1 WHEREAS, the Company and TW Media Holdings LLC, a Delaware limited liability company ("TWMH"), are parties to that certain Subscription Agreement, dated as of March 22, 2009 (the "Subscription Agreement");

1.2 WHEREAS, TWMH has assigned its rights and obligations under the Subscription Agreement to TW, pursuant to the terms of that certain Assignment and Assumption Agreement, dated May 1, 2009, by and between TWMH and TW;

1.3 WHEREAS, as of the date hereof, the Company issued to TW (a) fourteen million five hundred thousand (14,500,000) newly issued Class A Common Shares (the "TW Class A Common Shares") and (b) four million five hundred thousand (4,500,000) newly issued Class B Common Shares (the "TW Class B Common Shares") and, together with the TW Class A Common Shares, the "TW Common Shares") in exchange for cash in the aggregate amount of US\$241,500,000, on the terms and conditions set forth in the Subscription Agreement;

1.4 WHEREAS, the Class B Common Shares are convertible into Class A Common Shares;

1.5 WHEREAS, each of Ronald S. Lauder, RSL Savannah LLC ("RSL Savannah"), TW and the Company is a party to that certain Irrevocable Voting Deed and Corporate Representative Appointment, dated as of the date hereof (the "TW Voting Agreement"); and

1.6 WHEREAS, the Company and TW desire to enter into this Agreement to provide for certain matters with respect to the registration of (a) the TW Class A Common Shares, (b) the Class A Common Shares into which the TW Class B Common Shares are convertible ((a) and (b) collectively, the "Shares") and certain other Class A Common Shares acquired by TW and its Affiliates after the date hereof.

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements set forth herein and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

2. Definitions.

As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

“Affiliate”: of any Person, means any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. As used in this definition, the term “control,” including the correlative terms “controlling,” “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise).

“Agreement”: As defined in the preamble hereto.

“Class A Common Shares”: means the shares of Class A Common Stock, par value \$0.08 per share, of the Company, having such rights associated with such Class A Common Shares as set forth in the governing documents of the Company, including the Company’s Bye-laws, and any Equity Securities issued or issuable in exchange for or with respect to such Class A Common Shares (i) by way of dividend, split or combination of shares or (ii) in connection with a reclassification, recapitalization, merger, consolidation, going private, tender offer, amalgamation, change of control, other reorganization or similar transaction.

“Class B Common Shares”: means the shares of Class B Common Stock, par value \$0.08 per share, of the Company, having such rights associated with such Class B Common Shares as set forth in the governing documents of the Company, including the Company’s Bye-laws, and any Equity Securities issued or issuable in exchange for or with respect to such Class B Common Shares (i) by way of dividend, split or combination of shares or (ii) in connection with a reclassification, recapitalization, merger, consolidation, going private, tender offer, amalgamation, change of control, other reorganization or similar transaction.

“Commission”: The Securities and Exchange Commission or any other Federal agency at the time administering the Securities Act.

“Company”: As defined in the preamble of this Agreement.

“Equity Securities”: means (i) shares or other equity interests (including the Class A Common Shares and the Class B Common Shares) of the Company and (ii) options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, shares or other equity interests of the Company.

“Exchange Act”: The Securities Exchange Act of 1934, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time. Reference to a particular Section of the Securities Exchange Act of 1934 shall include a reference to the comparable Section, if any, of any such similar Federal statute.

“Initiating Holders”: Any holder or holders of Registrable Securities initiating a request pursuant to [Section 3.1](#) for the registration of all or part of such holder’s or holders’ Registrable Securities; provided however, that to initiate a request for registration pursuant to [Section 3.1\(a\)](#), such holder(s) must hold more than fifty percent (50%) of all the outstanding Registrable Securities (as adjusted for splits, combination of shares, reclassification, recapitalization or like changes in capitalization) (for purposes of this calculation, the Class B Common Shares held by such holder that are convertible into Registrable Securities shall be taken into account). For the avoidance of doubt, an Initiating Holder shall only be TW, any TW Permitted Transferee (as defined in the Investor Rights Agreement), and any other transferees who, together with their Affiliates, acquire at least 25% of the Shares (as adjusted for splits, combination of shares, reclassification, recapitalization or like changes in capitalization) (such transferees, **“Other Permitted Transferees”**).

“Investor Rights Agreement”: As defined in [Section 12](#) of this Agreement.

“NASDAQ”: The automated screen-based quotation system operated by the Nasdaq Stock Market, Inc., a subsidiary of the National Association of Securities Dealers, Inc., or any successor thereto.

“Other Permitted Transferees”: As defined in the definition of “Initiating Holders” above.

“Person”: Any individual, corporation, partnership, limited liability company, association or trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Registrable Securities”: Any (i) TW Class A Common Shares, (ii) any Class A Common Shares acquired by TW or one of its Affiliates pursuant to the right of first offer in accordance with the Investor Rights Agreement, (iii) any Class A Common Shares issued upon conversion of the TW Class B Common Shares, (iv) any Class A Common Shares acquired by TW or one of its Affiliates after the date hereof, so long as in the written opinion of counsel reasonably satisfactory to the Company such shares when taken together with all other Registrable Securities beneficially owned by TW and its Affiliates may not be transferred in any three (3) month period without restriction or limitation pursuant to Rule 144 (without regard to permitted dispositions by non-affiliates of the Company) and Registrable Securities defined in clauses (i), (ii), (iii) and (v) of this definition of “Registrable Securities” are then outstanding and (v) any securities issued or issuable with respect to any Class A Common Shares referred to above by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise; provided that such Class A Common Shares or such securities issued or issuable with respect to any Class A Common Shares are held by either TW, TW Permitted Transferees (as defined in the Investor Rights Agreement) or Other Permitted Transferees. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (a) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (b) they shall have been distributed to the public pursuant to Rule 144 (or any successor provision) under the Securities Act, (c) they shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent disposition of them shall not require registration or qualification of them under the Securities Act or any similar state law then in force, (d) in the written opinion of counsel to the holder all Registrable Securities beneficially owned by such holder of Registrable Securities may be transferred in any three (3) month period without restriction or limitation pursuant to Rule 144 (without regard to permitted dispositions by non-affiliates of the Company) or (e) they shall have ceased to be outstanding. Notwithstanding anything herein to the contrary, the holders of Registrable Securities shall include, and the rights of holders of Registrable Securities pursuant to the terms of this Agreement shall be attributable to, any Person who has the right exercisable in its discretion to acquire Registrable Securities, whether pursuant to a conversion of Class B Common Shares or otherwise, without any requirement that such Person acquire (whether pursuant to such conversion, distribution or otherwise) such Registrable Securities prior to an offering of such securities.

“Registration Expenses”: All expenses incident to the Company’s performance of or compliance with Section 3, including, without limitation, all registration, filing and Financial Industry Regulatory Authority fees, all stock exchange listing fees, all fees and expenses of complying with securities or blue sky laws, all word processing, duplicating and printing expenses, messenger and delivery expenses, the reasonable fees and disbursements of counsel for the Company, one counsel for the selling shareholders and of the Company’s independent public accountants, including the expenses of any special audits or “cold comfort” letters required by or incident to such performance and compliance, any fees and disbursements of underwriters customarily paid by issuers of securities, but excluding underwriting discounts and commissions and transfer or other taxes, if any.

“Rule 144”: As defined in Section 16(a) of this Agreement.

“Securities Act”: The Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as of the same shall be in effect at the time. References to a particular Section of the Securities Act of 1933 shall include a reference to the comparable Section, if any, of any such similar federal statute.

“Shares”: As defined in the recitals of this Agreement.

“Shelf Registration”: As defined in Section 3.1(b) of this Agreement.

“Shelf Registration Statement”: As defined in Section 3.1(b) of this Agreement.

“Subscription Agreement”: As defined in the recitals of this Agreement.

“TW”: As defined in the preamble of this Agreement.

“TW Class A Common Shares”: As defined in the recitals of this Agreement.

“TW Class B Common Shares”: As defined in the recitals of this Agreement.

“TW Common Shares”: As defined in the recitals of this Agreement.

“TW Voting Agreement”: As defined in the recitals of this Agreement.

“TWMH”: As defined in the recitals of this Agreement.

3. Registration under Securities Act, etc.

3.1 Registration on Request.

(a) Request. At any time, upon the written request of one or more Initiating Holders requesting that the Company effect the registration under the Securities Act of all or part of such Initiating Holders’ Registrable Securities and specifying the intended method of disposition thereof, the Company will promptly give written notice of such requested registration to all registered holders of Registrable Securities, and thereupon the Company will, subject to the terms of this Agreement, use commercially reasonable efforts to effect the registration under the Securities Act of the Registrable Securities which the Company has been so requested to register by such Initiating Holders for disposition (not to exceed, in the case of an underwritten offering, the number of Registrable Securities that the managing underwriter shall advise the Company in writing (with a copy to each holder of Registrable Securities requesting registration) may be distributed, in its belief, without interfering with the successful marketing of such securities (such writing to state the basis of such belief)) in accordance with the intended method of disposition stated in such request to the extent necessary to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be registered. Notwithstanding the foregoing, the Company shall not be required to effect more than two registrations pursuant to this Section 3.1(a) in any period of twelve consecutive calendar months. The Company shall be entitled to elect to register securities for its own account in connection with the offering of Registrable Securities pursuant to this Section 3.1(a), subject to (i) the managing underwriter of such offering advising the Initiating Holder in writing that, in its opinion, the inclusion of such securities on behalf of the Company will not result in a number of securities being offered which exceeds the number of securities which the managing underwriter believes could be sold in the offering and (ii) the inclusion of such securities on behalf of the Company not entitling any other Person to include securities in such offering.

(b) Shelf Registration. So long as the Company is eligible to register securities on Form S-3 under the Securities Act (or any successor or similar form then in effect), the Company shall, at the request of the Initiating Holders, use its commercially reasonable efforts to promptly file and cause to be effective, if available, a registration statement on Form S-3 (a “Shelf Registration Statement”) for an offering of Registrable Securities to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act (a “Shelf Registration”) and shall use its commercially reasonable efforts to keep the Shelf Registration Statement effective and usable for the resale of Registrable Securities until the date on which all Registrable Securities so registered have been sold pursuant to the Shelf Registration Statement or until such securities cease to be Registrable Securities.

(c) Offering Requirements. The Company shall not be required to effect any registration of Registrable Securities pursuant to Section 3.1(a) or Section 3.1(b) unless the anticipated aggregate public offering price (before any underwriting discounts and commissions) of the Registrable Securities requested to be registered by the Initiating Holders is equal to or greater than \$25 million; provided that, in the case of an underwritten offering, the Company shall not be required to effect any such registration unless the anticipated aggregate public offering price (before any underwriting discounts and commissions) of the Registrable Securities requested to be registered by the Initiating Holders is equal to or greater than \$100 million. Notwithstanding the foregoing, the Company shall not be obligated to effect any such registration if within 20 days of receipt of a written request from any Initiating Holder or Initiating Holders pursuant to this Section 3.1, the Company gives notice to such Initiating Holder or Initiating Holders of the Company’s intention to make a public offering within 45 days from receipt of such written request from any Initiating Holder or Initiating Holders (other than on Form S-4 or S-8 or any successor or similar forms); provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and provided that the Company may only delay an offering pursuant to this provision for a period of not more than 45 days, if a filing of any other registration statement is not made within that period, and the Company may only exercise this right twice in any twelve (12)-month period.

(d) Registration Statement Form. Registrations under Section 3.1(a) shall be on such appropriate registration form of the Commission (i) as shall be selected by the Company and (ii) as shall permit the disposition of such Registrable Securities in accordance with the intended method or methods of disposition specified in their request for such registration.

(e) Expenses. The Company shall pay any Registration Expenses (excluding underwriting discounts and commissions and transfer or other taxes, if any) in connection with each registration requested under this Section 3.1; provided that the Company shall not be required to pay any Registration Expenses if the registration request is subsequently withdrawn at the request of the holders of a majority of the Registrable Securities to be registered (in which case all selling shareholders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration). Underwriting discounts and commissions and transfer or other taxes (if any) in connection with each such registration shall be allocated pro rata among all Persons on whose behalf securities of the Company are included in such registration, on the basis of the respective amounts of the securities then being registered on their behalf.

(f) Effective Registration Statement. A registration requested pursuant to this Section 3.1 shall not be deemed to have been effected (i) unless a registration statement with respect thereto has become effective, provided that a registration which does not become effective after the Company has filed a registration statement with respect thereto solely by reason of the refusal to proceed of the Initiating Holders shall be deemed to have been effected by the Company at the request of such Initiating Holders, (ii) if, after it has become effective, such registration becomes subject to, for longer than 60 days, any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason or (iii) the conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with such registration are not satisfied by reason of an act or omission by the Company. If a Shelf Registration is requested, the Company shall not be required to keep the registration statement effective during any period or periods (up to a total of 90 days in any 12-month period) if, based on the advice of counsel, the continued effectiveness of the registration statement would require the Company to disclose a material financing, acquisition, corporate development or other material information and the Company shall have determined that such disclosure would be detrimental to the Company; provided, further, that the requirement to use commercially reasonable efforts to keep the registration statement effective shall be extended one day for each day that the Company allows the effectiveness of the registration statement to lapse in reliance on the preceding proviso.

(g) Selection of Underwriters. If a registration pursuant to this Section 3.1 involves an underwritten offering, one or more underwriters of internationally recognized standing shall be selected by the Company as underwriters thereof, provided that if the holders of a majority of the Registrable Securities reasonably object to the qualifications of such underwriter or underwriters, the Company shall select one or more underwriters in addition to the underwriter or underwriters to which objection was so made.

3.2 Incidental Registration.

(a) Right to Include Registrable Securities. If the Company at any time proposes to register any of its securities under the Securities Act (other than on Form S-4 or S-8 or any successor or similar forms and other than pursuant to Section 3.1), whether or not for sale for its own account, it will each such time give prompt written notice to all holders of Registrable Securities of its intention to do so and of such holders' rights under this Section 3.2. Upon the written request of any such holder made within 10 business days after the receipt of any such notice (which request shall specify the Registrable Securities intended to be disposed of by such holder and the intended method of disposition thereof), the Company will, subject to the terms of this Agreement, use its commercially reasonable efforts to effect the registration under the Securities Act of all Registrable Securities which the Company has been so requested to register by the holders thereof, to the extent requisite to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be registered, by inclusion of such Registrable Securities in the registration statement which covers the securities which the Company proposes to register (whether or not for sale for its own account), provided that if, at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason either not to register or to delay registration of such securities, the Company may, at its election, give written notice of such determination to each holder of Registrable Securities and, thereupon, (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of any holder or holders of Registrable Securities entitled to do so to request that such registration be effected as a registration under Section 3.1, and (ii) in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities, for the same period as the delay in registering such other securities. No registration effected under this Section 3.2 shall relieve the Company of its obligation to effect any registration upon request under Section 3.1, nor shall any such registration hereunder be deemed to have been effected pursuant to Section 3.1. The Company will pay all Registration Expenses in connection with each registration of Registrable Securities requested pursuant to this Section 3.2. Underwriting discounts and commissions and transfer or other taxes (if any) in connection with each such registration shall be allocated pro rata among all Persons on whose behalf securities of the Company are included in such registration, on the basis of the respective amounts of the securities then being registered on their behalf.

(b) Priority in Incidental Registrations. If (i) a registration pursuant to this Section 3.2 involves an underwritten offering of the securities so being registered, whether or not for sale for the account of the Company, to be distributed (on a firm commitment basis) by or through one or more underwriters of recognized standing under underwriting terms appropriate for such a transaction and (ii) the managing underwriter of such underwritten offering shall inform the Company and holders of the Registrable Securities requesting such registration by letter of its belief that the distribution of all or a specified number of such Registrable Securities concurrently with the securities being distributed by such underwriters would interfere with the successful marketing of the securities being distributed by such underwriters (such writing to state the basis of such belief and the approximate number of such Registrable Securities which may be distributed without such effect), then the Company may, upon written notice to all holders of such Registrable Securities and to holders of such other securities so requested to be included, exclude from such underwritten offering (if and to the extent stated by such managing underwriter to be necessary to eliminate such effect) (i) first, the number of such Registrable Securities so requested to be included in the registration pro rata among such holders on the basis of the number of such securities requested to be included by such holders and (ii) second, shares of such other securities so requested to be included by the holders of such other securities, so that the resultant aggregate number of such Registrable Securities and of such other shares of securities so requested to be included which are included in such underwritten offering shall be equal to the approximate number of shares stated in such managing underwriter's letter.

3.3 Registration Procedures.

If and whenever the Company is required to use its commercially reasonable efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Sections 3.1 and 3.2, the Company shall, as expeditiously as possible:

(i) prepare and (in the case of a registration pursuant to Section 3.1, such filing to be made within 30 days after the initial request of one or more Initiating Holders of Registrable Securities) file with the Commission the requisite registration statement to effect such registration and thereafter use its commercially reasonable efforts to cause such registration statement to become and remain effective, provided, however, that the Company may postpone the filing or effectiveness of any registration statement otherwise required to be filed by the Company pursuant to this Agreement or suspend the use of any such registration statement for a period of time, not to exceed 90 days in any 12-month period, if, based on an opinion of counsel to the Company, the Company determines that the filing or continued use of such registration statement would require the Company to disclose a material financing, acquisition or other corporate development and the Company shall have determined that such disclosure would be detrimental to the Company; provided, further, that the Company may discontinue any registration of its securities which are not Registrable Securities (and, under the circumstances specified in Section 3.2(a), its securities which are Registrable Securities) at any time prior to the effective date of the registration statement relating thereto;

(ii) subject to Section 3.1(f), prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement until the earlier of (a) such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement or (b) such time as such securities cease to be Registrable Securities;

(iii) furnish or make available to each seller of Registrable Securities covered by such registration statement such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents, as such seller may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such seller; for the avoidance of doubt, the Company shall not be obligated to print any prospectuses other than in a public underwritten transaction;

(iv) use its commercially reasonable efforts to register or qualify all Registrable Securities and other securities covered by such registration statement under such other securities laws or blue sky laws of such jurisdictions as any seller thereof shall reasonably request, to keep such registrations or qualifications in effect for so long as such registration statement remains in effect, and take any other action which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such seller, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this subdivision (iv) be obligated to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(v) use its commercially reasonable efforts to cause all Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities;

- (vi) if an underwritten offering, enter into an underwriting agreement in customary and usual form with the underwriter(s) of such offering;
- (vii) notify the holders of Registrable Securities and the managing underwriter or underwriters, if any, promptly and confirm such advice in writing promptly thereafter:
 - (A) when the registration statement, the prospectus or any prospectus supplement related thereto or post-effective amendment to the registration statement has been filed, and, with respect to the registration statement or any post-effective amendment thereto, when the same has become effective;
 - (B) of any request by the Commission for amendments or supplements to the registration statement or the prospectus or for additional information;
 - (C) of the issuance by the Commission of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings by any Person for that purpose;
 - (D) if at any time the representations and warranties of the Company made in an underwriting agreement as contemplated by Section 3.4 below cease to be true and correct; and
 - (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or blue sky laws of any jurisdiction or the initiation or threat of any proceeding for such purpose;
- (viii) notify each seller of Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon the Company's discovery that, or upon the happening of any event as a result of which, the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of any such seller promptly prepare and furnish to such seller and each underwriter, if any, a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(ix) use its commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement;

(x) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter, all pertinent financial and other records, pertinent organizational documents and properties of the Company, and cause the Company's officers, directors, employees and independent accountants to supply all reasonably available information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(xi) permit one legal counsel to the sellers of Registrable Securities covered by such registration statement (which counsel shall be chosen by such sellers) to review and comment upon such registration statement filed pursuant to Section 3.1 and all amendments and supplements thereto at least three (3) days prior to their filing with the Commission, and not file any document in a form to which such legal counsel to such sellers reasonably objects;

(xii) reasonably cooperate with the sellers of Registrable Securities being offered to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to a registration statement and enable such certificates to be in such denominations or amounts, as the case may be, as such sellers may reasonably request and registered on such names as such sellers may request;

(xiii) provide each seller of Registrable Securities covered by such registration statement with contact information for the Company's transfer agent and registrar for all Registrable Securities registered pursuant to a registration statement hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration statement;

(xiv) in connection with any underwritten offering of Registrable Securities, furnish, on the date that such Registrable Securities are delivered to the underwriters for sale, (1) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to the underwriters, addressed to the underwriters and (2) a letter, dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to the underwriters, addressed to the underwriters;

(xv) cause all Registrable Securities to be qualified for inclusion in or listed on the Prague Stock Exchange, the NASDAQ or any domestic or foreign securities exchange on which securities of the same class issued by the Company are then so qualified or listed; and

(xvi) take such other action that may be requested by a seller of Registrable Securities that are customary and reasonably required in connection with the sale of Registrable Securities.

The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish the Company and the underwriter such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request.

No holder of Registrable Securities shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this [Section 3](#).

Each holder of Registrable Securities agrees by acquisition of such Registrable Securities that, upon receipt of any notice from the Company of the occurrence of any event of the kind described in clauses (B) through (E) of subdivision (vii) of this [Section 3.3](#), such holder will forthwith discontinue such holder's disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities until such holder's receipt of the copies of the supplemented or amended prospectus contemplated by subdivision (vii) of this [Section 3.3](#) and, if so directed by the Company, will deliver to the Company (at the Company's reasonable expense) all copies, other than permanent file copies, then in such holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice.

3.4 Underwritten Offerings.

(a) Requested Underwritten Offerings. If requested by the underwriters for any underwritten offering by holders of Registrable Securities pursuant to a registration requested under [Section 3.1](#), the Company will enter into an underwriting agreement with such underwriters as provided in [Section 3.3\(vi\)](#). The holders of the Registrable Securities will cooperate with the Company in the negotiation of the underwriting agreement and will give consideration to the reasonable suggestions of the Company regarding the form thereof. The holders of Registrable Securities to be distributed by such underwriters shall be parties to such underwriting agreement.

(b) Incidental Underwritten Offerings. If the Company at any time proposes to register any of its securities under the Securities Act as contemplated by [Section 3.2](#) and such securities are to be distributed by or through one or more underwriters, the Company will, if requested by any holder of Registrable Securities as provided in [Section 3.2](#) and subject to the provisions of [Section 3.2\(b\)](#), use its commercially reasonable efforts to arrange for such underwriters to include all the Registrable Securities to be offered and sold by such holder among the securities to be distributed by such underwriters. The holders of Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between the Company and the underwriters.

(c) Holdback Agreement. Each holder of Registrable Securities who participates in a registration agrees by acquisition of such Registrable Securities, if so required by the managing underwriter, not to sell, make any short sale of, loan, grant any option for the purchase of, effect any public sale or distribution of or otherwise dispose of any securities of the Company, in violation of Regulation M under the Securities Act or during the 90 days (or such longer time as reasonably requested by the managing underwriter up to 120 days) after any underwritten registration pursuant to Section 3.1 or 3.2 has become effective, except as part of such underwritten registration, whether or not such holder participates in such registration; provided that the restrictions contained in this sentence shall not apply to the holders of Registrable Securities in any registration following the closing date of the offering if such holders and their Affiliates collectively beneficially own (within the meaning of Rule 13d-3 under the Exchange Act) less than 5% of the outstanding Equity Securities. Each holder of Registrable Securities agrees that the Company may instruct its transfer agent to place stop transfer notations in its records to enforce this Section 3.4(c).

(d) Participation in Underwritten Offerings. No Person may participate in any underwritten offering hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved, subject to the terms and conditions hereof, by the Company and the holders of a majority of Registrable Securities to be included in such underwritten offering and (ii) completes and executes all questionnaires, indemnities, underwriting agreements and other documents (other than powers of attorney) required under the terms of such underwriting arrangements.

3.5 Indemnification.

(a) Indemnification by the Company. In the event of any registration of any securities of the Company under the Securities Act, the Company will, and hereby agrees to, indemnify and hold harmless the holder of any Registrable Securities covered by such registration statement, its directors and officers, each other Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls such holder or any such underwriter within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint and several, to which such holder or any such director or officer or underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto (including any related issuer free-writing prospectus) or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or any violation by the Company of the Securities Act or the Exchange Act applicable to the Company in connection with such registration, and the Company will reimburse such holder and each such director, officer, underwriter and controlling person for any legal or any other out-of-pocket expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding, provided that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement (including any issuer free-writing prospectus) in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by such holder specifically stating that it is for use in the preparation thereof (the foregoing shall not limit the obligations of the Company to any other holder that did not provide such written information), and provided, further, that the Company shall not be liable to any Person who participates as an underwriter in the offering or sale of Registrable Securities or to any other Person, if any, who controls such underwriter within the meaning of the Securities Act, in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of such Person's failure to send or give a copy of the final prospectus, as the same may be then supplemented or amended, within the time required by the Securities Act to the Person asserting the existence of an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Registrable Securities to such Person if such statement or omission was corrected in such final prospectus. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such holder or any such director, officer, underwriter or controlling person and shall survive the transfer of such securities by such holder.

(b) Indemnification by the Sellers. The Company may require, as a condition to including any Registrable Securities in any registration statement filed pursuant to Section 3.2, that the Company shall have received an undertaking satisfactory to it from the prospective seller of such Registrable Securities, to indemnify and hold harmless (in the same manner and to the same extent as set forth in subdivision (a) of this Section 3.5) the Company, each director of the Company, each officer of the Company, each other person, if any, who controls the Company within the meaning of the Securities Act, each other selling shareholder in the offering, each Person who controls such other selling shareholder, each other Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls such holder or any such underwriter within the meaning of the Securities Act, with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto (including any related issuer free-writing prospectus) if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by such seller specifically stating that it is for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement (or any related issuer free-writing prospectus). Any such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling person and shall survive the transfer of such securities by such seller. Notwithstanding the foregoing, the indemnity obligation of each seller of Registrable Securities pursuant to this Section 3.5(b) shall be limited to an amount equal to the total proceeds (before deducting underwriting discounts and commissions and expenses) received by such seller for the sale of shares by such seller in a registration hereunder.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding subdivisions of this Section 3.5, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action, provided that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subdivisions of this Section 3.5, except to the extent that the indemnifying party is actually materially prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified, to the extent that the indemnifying party may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement of any such action which is not solely a monetary settlement (which will be paid entirely by the indemnifying party) and does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability, or a covenant not to sue, in respect to such claim or litigation. No indemnified party shall consent to entry of any judgment or enter into any settlement of any such action the defense of which has been assumed by an indemnifying party without the consent of such indemnifying party.

(d) Other Indemnification. Indemnification similar to that specified in the preceding subdivisions of this Section 3.5 (with appropriate modifications) shall be given by the Company and each seller of Registrable Securities with respect to any required registration or other qualification of securities under any Federal or state law or regulation of any governmental authority, other than the Securities Act.

(e) Indemnification Payments. The indemnification of out-of-pocket expenses required by this Section 3.5 shall be made by periodic payments during the course of the investigation or defense, as and when bills are received or expense is incurred.

(f) Contribution. If the indemnification provided for in the preceding subdivisions of this Section 3.5 is unavailable to an indemnified party in respect of any expense, loss, claim, damage or liability referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such expense, loss, claim, damage or liability (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the holder or underwriter, as the case may be, on the other from the distribution of the Registrable Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the holder or underwriter, as the case may be, on the other in connection with the statements or omissions which resulted in such expense, loss, damage or liability, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the holder or underwriter, as the case may be, on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company, by the holder or by the underwriter and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission, provided that the foregoing contribution agreement shall not inure to the benefit of any indemnified party if indemnification would be unavailable to such indemnified party by reason of the provisions contained in the first sentence of subdivision (a) of this Section 3.5, and in no event shall the obligation of any indemnifying party to contribute under this subdivision (f) exceed the amount that such indemnifying party would have been obligated to pay by way of indemnification if the indemnification provided for under subdivisions (a) or (b) of this Section 3.5 had been available under the circumstances.

The Company and the holders of Registrable Securities agree that it would not be just and equitable if contribution pursuant to this subdivision (f) were determined by pro rata allocation (even if the holders and any underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth in the preceding sentence and subdivision (c) of this Section 3.5, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim.

Notwithstanding the provisions of this subdivision (f), no holder of Registrable Securities or underwriter shall be required to contribute any amount in excess of the amount by which (i) in the case of any such holder, the total proceeds (before deducting underwriting discounts and commissions and expenses) received by such holder from the sale of Registrable Securities or (ii) in the case of an underwriter, the total price at which the Registrable Securities purchased by it and distributed to the public were offered to the public exceeds, in any such case, the amount of any damages that such holder or underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

4. Securities Law Restrictions. To the extent required by the Subscription Agreement, the parties hereto acknowledge and agree that the Shares (and any Class A Common Shares issued upon conversion of the Class B Common Shares included therein) shall bear restrictive legends substantially in the forms set forth in the Subscription Agreement.

5. Amendments and Waivers. This Agreement may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the prior written consent to such amendment, action or omission to act, of the holder or holders of a majority of Shares (as adjusted for splits, combination of shares, reclassification, recapitalization or like changes in capitalization and whether such Shares are in the form of Class A Common Shares or Class B Common Shares). Each holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any consent authorized by this Section 5, whether or not such Registrable Securities shall have been marked to indicate such consent.

6. Notices. Except as otherwise provided in this Agreement, all notices, requests and other communications to any Person provided for hereunder shall be in writing and shall be given to such Person (a) in the case of TW, c/o Time Warner Inc., One Time Warner Center, New York, NY 10019, (i) facsimile: +1 212 484 7167 to the attention of its General Counsel and (ii) facsimile: +1 212 484 7299 to the attention of the Senior Vice President – Mergers & Acquisitions, or at such other address or facsimile number, or to the attention of such other officer, as TW shall have furnished to the Company, (b) in the case of any other holder of Registrable Securities, at the address or facsimile number that such holder shall have furnished to the Company in writing, or, until any such other holder so furnishes to the Company an address or facsimile number, then to and at the address or facsimile of the last holder of such Registrable Securities who has furnished an address or facsimile number to the Company, or (c) in the case of the Company, c/o CME Development Corporation, 52 Charles Street, London W1J 5EU, United Kingdom, facsimile: +44 871 911 6275 to the attention of its General Counsel, or at such other address or facsimile number, or to the attention of such other officer, as the Company shall have furnished to each holder of Registrable Securities at the time outstanding. Each such notice, request or other communication shall be effective upon personal delivery or one day after being sent by overnight courier service or on the date of transmission if sent by facsimile (so long as for notices or other communications sent by facsimile, the transmitting facsimile machine records electronic conformation of the due transmission of the notice) provided that any such notice, request or communication to any holder of Registrable Securities shall not be effective until received.

7. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. In addition, the provisions of this Agreement which are for the benefit of the parties hereto other than the Company shall also be for the benefit of and enforceable by any subsequent holder of any Registrable Securities who has agreed in a written instrument to be delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, subject to the provisions respecting the minimum numbers or percentages of shares of Registrable Securities required in order to be entitled to certain rights, or take certain actions, contained herein.

8. No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the parties hereto and their respective successors and permitted assigns and, with respect to Section 3.5, the other Persons referred to as indemnified parties therein.

9. Descriptive Headings. The headings of the articles, sections and subsections of this Agreement are inserted for convenience of reference only and shall not be deemed to constitute a part hereof or affect the interpretation hereof.

10. Applicable Law. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAWS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. This Agreement, once executed by a party, may be delivered to the other parties hereto by facsimile or electronic transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

12. Entire Agreement. This Agreement, together with the Subscription Agreement, the Investor Rights Agreement, dated as the date hereof, by and among the Company, TW, Ronald S. Lauder, RSL Investment LLC, RSL Investments Corporation and RSL Savannah (the "Investor Rights Agreement"), the TW Voting Agreement, that certain letter agreement by and between Ronald S. Lauder and TWMH dated as of March 22, 2009, and that certain letter agreement by and between the Company and TWMH, dated as of the date hereof, contain the entire agreement of the parties with respect to the subject matter hereof and supersede all other prior agreements, understandings, statements, representations and warranties, oral or written, express or implied, between the parties and their respective Affiliates, representatives and agents in respect of such subject matter.

13. SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT SHALL BE BROUGHT EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK LOCATED IN NEW YORK, NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND APPELLATE COURTS FROM ANY THEREOF. EACH PARTY HERETO HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF TO SUCH PARTY BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO SUCH PARTY AT ITS ADDRESS SPECIFIED IN SECTION 6. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE TRIAL BY JURY, AND EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

14. Severability. Every term and provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision will be enforced to the maximum extent permitted by law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

15. Specific Performance. The Parties agree that irreparable damage would occur in the event that any of the provisions this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to, in addition to the other remedies provided herein, specific performance of this Agreement and to enforce specifically the terms and provisions of this Agreement in any New York Court in addition to the other remedies to which such Parties are entitled.

16. Reporting Status and Public Information. With a view to making available the benefits of certain rules and regulations of the SEC with respect to the use of Form S-3 and the sale of restricted and control securities to the public without registration, the Company agrees, so long as any of TW, a TW Permitted Transferee (as defined in the Investor Rights Agreement) or an Other Permitted Transferee owns any Shares or Registrable Securities, to:

- (a) make and keep public information available as those terms are understood and defined in Rule 144 under the Securities Act (“Rule 144”), at all times;
- (b) use its commercially reasonable best efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and
- (c) furnish to such holder upon request, a written statement as to its compliance with the reporting requirements of Rule 144.

17. TW Voting Agreement. In the event of any inconsistency or conflict between this Agreement and the TW Voting Agreement with respect to the voting of the TW Common Shares, each party hereto agrees that the TW Voting Agreement shall prevail to the extent of such inconsistency or conflict.

18. Duration of Agreement. This Agreement shall terminate and become void and of no further force and effect upon the earlier to occur of (i) the mutual agreement of the Parties and (ii) the date on which TW, TW Permitted Transferees (as defined in the Investor Rights Agreement) and Other Permitted Transferees cease to own any Registrable Securities; provided that Sections 3.5 and 4 through 18 shall survive any termination of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers hereunto duly authorized as of the date first above written.

CENTRAL EUROPEAN MEDIA
ENTERPRISES LTD.

By: /s/ Wallace Macmillan
Name: Wallace Macmillan
Title: Chief Financial Officer

Signature page to Registration Rights Agreement

TIME WARNER MEDIA HOLDINGS B.V.

By: /s/ Stephen N. Kapner
Name: Stephen N. Kapner
Title: Director

Signature page to Registration Rights Agreement

9 December 2009

CME PRODUCTION B.V.

and

CME ROMANIA B.V.

and

MEDIA PRO MANAGEMENT S.A.

and

MEDIAPRO B.V.

and

ADRIAN SARBU

DEED OF AMENDMENT TO A
FRAMEWORK AGREEMENT,
DATED 27 JULY 2009

THIS DEED OF AMENDMENT is made on 9 December 2009

BETWEEN:

- (1) **CME PRODUCTION B.V.**, a company organized under the laws of the Netherlands, registered under number 34349555 with the Trade Register and having its registered office at Dam 5B, Amsterdam JS 1012, the Netherlands (the "**Purchaser**");
- (2) **CME ROMANIA B.V.**, a company organized under the laws of the Netherlands, registered under number 33289326 with the Trade Register and having its registered office at Dam 5B, Amsterdam JS 1012, the Netherlands ("**CME Romania**");
- (3) **MEDIA PRO MANAGEMENT S.A.**, a Romanian legal person, registered under the number J40/4177/2001 with the Register of Commerce from Bucharest, CUI 13848658 and having its registered office at 109 Pache Protopopescu Blv., 6th Floor, sector 2, Bucharest, Romania ("**Media Pro Management**");
- (4) **MEDIAPRO B.V.**, a company organized under the laws of Netherlands, with registered number 33288103 and having its registered office at Teleport Boulevard 140, 1043EJ, 1000 CV, Amsterdam, Netherlands ("**MP BV**"); and
- (5) **ADRIAN SARBU**, of 4A Modrogan Street, Sc. A, Et. 5, Apt. 15, Section 1, Bucharest, Romania, as guarantor (the "**Guarantor**"),

Media Pro Management and MP BV are hereby referred to as the "**Sellers**" and each a "**Seller**", as the context requires.

WHEREAS:

- (A) The Parties referred to above entered into a Framework Agreement, dated 27 July 2009.
- (B) Media Pro Management and MP BV own, *inter alia*, interests in a number of entities more particularly described in Recitals (C) and (D) below that comprise the entertainment division of the Media Pro Group.
- (C) As of the date of this Deed, following the recapitalization of certain Shareholder Loans after the Execution Date of the Framework Agreement, Media Pro Management owns:
 - (i) 7,052,569 registered shares of Media Pro Pictures S.A. (which represents a 70.1651% Ownership Interest), which in turn owns:
 - (a) 50 shares of Media Pro Distribution S.R.L. (which represents a 1.0625% Ownership Interest);
 - (b) 11,832,361 shares of Studiourile Media Pro S.A. (which represents a 81.4715% Ownership Interest); and

- (c) 1,020 shares of Domino Production S.R.L. (which represents a 51% Ownership Interest);
 - (ii) 4,656 registered shares of Media Pro Distribution S.R.L. (which represents a 98.9375% Ownership Interest);
 - (iii) a 100% Ownership Interest in Media Pro Pictures s.r.o. (which corresponds to the investment contribution to the registered capital of Media Pro Pictures s.r.o. in the amount of CZK 79,938,000), which in turn owns:
 - (a) a 51% Ownership Interest in Zmena s.r.o. (which corresponds to the investment contribution of CZK 102,000 to the registered capital of CZK 200,000);
 - (b) a 51% Ownership Interest in Takova normalni rodinka s.r.o. (which corresponds to the investment contribution of CZK 102,000 to the registered capital of CZK 200,000);
 - (iv) 508,387 registered shares of Pro Video S.R.L. (which represents a 99.9843% Ownership Interest), which in turn owns:
 - (a) 400 shares of Hollywood Multiplex Operation S.R.L. (which represents a 100% Ownership Interest); and
 - (b) 8 shares of Media Pro Music and Entertainment S.R.L. (which represents a 40% Ownership Interest); and
 - (v) 12 registered shares of Media Pro Music and Entertainment S.R.L. (which represents a 60% Ownership Interest).
- (D) As of the date of this Deed, following the recapitalization of certain Shareholder Loans after the Execution Date of the Framework Agreement, MP BV owns:
- (i) 2,998,818 shares of Media Pro Pictures S.A. (which represents a 29.8349% Ownership Interest); and
 - (ii) 80 shares of Pro Video S.R.L. (which represents a 0.0157% Ownership Interest).
- (E) With effect from and including 9 December 2009, the Parties wish to amend the Framework Agreement as set out in this Deed.
- (F) Accordingly, the Parties now wish to enter this Deed.

NOW THIS DEED WITNESSETH as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 The following definitions apply in this Agreement:

"Framework Agreement" means a framework agreement between CME Production B.V.; CME Romania B.V.; Media Pro Management S.A.; Media Pro B.V.; and Adrian Sarbu, dated 27 July 2009.

- 1.2 In construing this Agreement, unless otherwise specified:
- 1.2.1 references to Clauses are to Clauses of, this Deed;
 - 1.2.2 references to a **"person"** shall be construed so as to include any physical or legal person, firm, company or other body corporate, government, state or agency of a Governmental Authority or any joint venture, association or partnership (whether or not having separate legal personality);
 - 1.2.3 words in the singular include the plural and in the plural include the singular, and a reference to one gender includes a reference to the other gender;
 - 1.2.4 a reference to any law, regulation, statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;
 - 1.2.5 any reference to a **"day"** (including within the phrase **"Business Day"**) shall mean a period of 24 hours running from midnight to midnight (except for the days of time change lasting 25 or 23 hours which days shall be 25 or 23 hours respectively);
 - 1.2.6 references to time are to Greenwich Mean Time;
 - 1.2.7 a reference to any other document referred to in this Deed is a reference to that other document as amended, varied, novated or supplemented (other than in breach of the provisions of this Deed) from time to time;
 - 1.2.8 headings, sub-headings, recitals and titles are for convenience only and do not affect the interpretation of this Deed;
 - 1.2.9 references to documents being in writing shall not include e-mail;
 - 1.2.10 general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
 - 1.2.11 the words **"include"**, **"includes"**, **"including"** and **"in particular"** shall be deemed in each case to be followed by the words **"without limitation"**;
 - 1.2.12 all obligations and liabilities on the part of the Sellers are joint and several and shall be construed accordingly; and

1.2.13 references to a "**Party**" or the "**Parties**" shall be construed as to include each of its permitted successors and permitted assignees.

1.3 Capitalised terms used in this Deed but not defined herein shall have the meanings ascribed thereto in the Framework Agreement.

2. AMENDMENTS

2.1 The following shall be inserted into Clause 1.1 of the Framework Agreement:

"**Dutch Shares**" shall have the meaning set out in Clause 2.2.4;

"**Dutch and Romanian Shares**" shall have the meaning set out in Clause 2.2.5;

"**Romanian Shares**" Shall have the meaning set out in Clause 2.2.5;

2.2 Clause 2.1 of the Framework Agreement shall be replaced with the following:

"2.1 Subject to the terms and conditions herein, including the satisfaction of the Conditions Precedent, the Sellers agree to sell, and the Purchaser (relying on, amongst other things, the Warranties and undertakings in this Agreement) agrees to purchase, the Sale Securities with full title guarantee and the Intellectual Property in each case free from all Encumbrances and together with all rights and entitlements now or hereafter attaching thereto. In addition, also subject to the terms and conditions herein, including the satisfaction of the Conditions Precedent, CME Romania hereby sells, and the Purchaser hereby, subject to the same terms and conditions, purchases the Dutch Shares together with all rights and entitlements now or hereafter attaching thereto"

2.3 Clause 2.2 of the Framework Agreement shall be replaced with the following:

2.2 The consideration for the purchase by the Purchaser of the Sale Securities and the Dutch Shares, as adjusted in accordance with Clause 2.3 (as so adjusted, the "**Purchase Consideration**") shall be apportioned as follows:

2.2.1 the payment of ten million US Dollars (US\$10,000,000) in cash (the "**Cash Consideration**");

2.2.2 the issuance to the Sellers of two million two hundred thousand (2,200,000) Class A Common Shares in CME (the "**Consideration Shares**");

2.2.3 the issuance to the Sellers of the Warrant; and

2.2.4 the procurement of the transfer by CME Romania to the Guarantor (as designee of the Purchaser, which designation the Guarantor hereby accepts) of CME Romania's 10% Ownership Interest in MP BV (the "**Dutch Shares**");

2.2.5 the procurement of the transfer by CME Romania to the Guarantor of CME Romania's 8.7% Ownership Interest in Media Pro Management (the "**Romanian Shares**", and together with the Dutch Shares, the "**Dutch and Romanian Shares**").

2.4 Clause 4.6 of the Framework Agreement shall be replaced with the following:

"4.6 On the Closing Date, the Sellers shall deliver or shall procure the delivery to the Purchaser of:

- 4.6.1 (i) all necessary instruments of transfer for each Target Company in respect of the Sale Securities, including without limitation, the MPP Czech Transfer Agreement and the MPE Romanian Transfer Agreements (governed by the law of the relevant jurisdiction applicable to such transfer), duly executed and completed by the corresponding Seller in favour of the Purchaser (or in favour of any Affiliate of the Purchaser as the Purchaser shall direct in writing to the applicable Seller in respect of some or all of the Sale Securities), together with the applicable resolutions adopted pursuant to Clause 4.7;
- (ii) any and all duly executed powers of attorney or other authorities under which any of the instruments of transfer have been executed; and
- (iii) further to Clauses 3.1.2 and 3.1.3, certified copies of all other necessary authorizations, waivers and consents in respect of the sale of the MPM Securities and MP BV Securities and the execution of the instruments of transfer in respect of them;
- 4.6.2 a closing certificate in the form attached hereto in Schedule 2 and, if reasonably requested by the Purchaser, other confirmations or evidence of the satisfaction of the Conditions Precedent;
- 4.6.3 a certified copy of the updated registers of Ownership Interests of each of:
- (i) MPP evidencing its 10% Ownership Interest in MPD;
- (ii) MPP evidencing its 81.47% Ownership Interest in MPS;
- (iii) MPP evidencing its 51% Ownership Interest in Domino;
- (iv) Pro Video evidencing its 40% Ownership Interest in MPME;

- (v) Pro Video evidencing its 100% Ownership Interest in HMO;
- (vi) MPP Czech evidencing its 51% Ownership Interest in Rodinka;
- (vii) MPP Czech evidencing its 51% Ownership Interest in Zmena,

subject to the Ownership Interests set out in this Clause 4.6.3 being amended pursuant to the capitalization of the Converted Shareholder Loans as contemplated in Clause 3.1.14 of this Agreement;

- 4.6.4 one (1) counterpart of each of the Trademark Assignments signed by the Guarantor and Media Pro Music & Events SRL (as applicable);
- 4.6.5 one (1) counterpart of the Business Name Assignment signed by the Sellers and the Guarantor;
- 4.6.6 one (1) counterpart of the Subscription Agreement duly executed by the Sellers;
- 4.6.7 the Supplementary Disclosure Schedule, if any;
- 4.6.8 written resignations of each of the directors and statutory executives of any Target Company designated by the Purchaser to the Sellers at least five (5) days before the Closing Date to take effect on the Closing Date, in a form satisfactory to the Purchaser;
- 4.6.9 signed notices of termination from each of Media Pro Management and MP BV with regard to any contracts, agreements or arrangements for the provision of management, consulting or similar services by Media Pro Management or MP BV to any of the Target Companies, effective as of the Closing Date, except: (i) in relation to the Permitted Contracts; or (ii) where the terms of any extension of such agreements or arrangements are approved by the Board of Directors of CME prior to entry into such extension; and
- 4.6.10 a copy of the signed transfer instruments illustrating the transfer by:
 - (i) MPS of all its Ownership Interests in Eurofilm Art SRL to a third party;
 - (ii) Media Pro Pictures SA of all its Ownership Interests in General Prod SRL to a third party; and
 - (iii) Media Pro Pictures SA of all its Ownership Interests in Domino Film SRL to a third party."

2.5 Clause 4.9.1 shall be replaced with the following:

"4.9.1 all necessary instruments of transfer (governed by the law of the relevant jurisdiction applicable to such transfer) in respect of the transfer of its 8.7% Ownership Interest in Media Pro Management, duly executed and completed by CME Romania in favour of the Guarantor or a party designated by it, and any and all duly executed powers of attorney and all other necessary authorizations, waivers and consents in respect of the transfer by CME Romania in favour of the Guarantor of its 10% Ownership Interest in MP BV."

2.6 Clause 5.1.4 of the Framework Agreement shall be replaced with the following:

"5.1.4 not dispose of or grant any option or right of pre-emption in respect of any part of their assets, including, without limitation, the Ownership Interests in the Media Pro Entertainment Business; *provided, however, that* the Purchaser acknowledges that the Sellers may in their absolute discretion cause MPP and MPS to transfer the Ownership Interests the Sellers have in the companies set out in Clause 4.6.10 prior to the Closing Date. For the avoidance of doubt, such transfer shall not constitute a breach of this Agreement, nor shall such transfers affect in any way the other rights or obligations the Sellers have under this Agreement;"

2.7 Clause 5.3 shall be replaced with the following:

"5.3 CME Romania shall not, from and including the Execution Date up to and including the Closing Date, dispose of or grant any option or right of pre-emption or any other Encumbrance in respect of any of the Dutch and Romanian Shares, provided that, as soon as all Conditions Precedent and other conditions to Closing, other than the payment of the consideration referred to in Clause 2.2.4, have been satisfied or waived, CME Romania, the Guarantor and MP BV shall effect the transfer of the Dutch Shares by CME Romania to the Guarantor by execution the required notarial deed of transfer to that effect."

2.8 Clause 7.3 shall be replaced with the following:

"7.3 The Sellers covenant with the Purchaser that they shall not, and procure that their Affiliates shall not, for a period of three (3) years from the date of this Agreement and without the prior written consent of the Purchaser:

(i) within any territory in which CME or its Affiliates is operating or intends to operate during such period:

(a) compete directly or indirectly with the Media Pro Entertainment Business;

(b) enter directly or indirectly into negotiations, or enter into any contractual or other business arrangement with any third party to offer services that may compete with the Media Pro Entertainment Business;

- (c) directly or indirectly own, manage, operate, participate in, consult with or work for any business which is engaged in the same business as the Media Pro Entertainment Business;
 - (d) attempt to induce, entice or solicit any current consignors, suppliers, contractors, consultants or customers away, in whole or part, from the Purchaser; or interfere or attempt to interfere with relations between the Purchaser and such consignors, suppliers, contractors, consultants or customers; and
 - (e) do or say anything which is harmful to the goodwill of the Media Pro Entertainment Business which may lead a person who has dealt with any of the Target Companies at any time during the twenty-four (24) months prior to the date of this Agreement to cease to deal with the Target Companies on substantially equivalent terms to those previously offered or at all; and
- (ii) hire, make an offer, solicit, recruit or otherwise endeavour to entice away from the Purchaser, its Affiliates or any of the Target Companies or their Affiliates any person who is a director, officer or employee of the Purchaser, its Affiliates or any of the Target Companies or their Affiliates, whether or not such person would commit a breach of contract by reason of leaving service,

and the Sellers further covenant with the Purchaser that they shall not, and procure that their Affiliates shall not, assist any other person to do any of the foregoing acts."

2.10 Paragraph 5.12 of Part B of Schedule 3 shall be replaced with the following:

"5.12 except for the contracts set forth in paragraph 5.12 of Schedule 4, no Target Company has granted any participation rights owned by any Target Company to any third party;"

2.11 The following new paragraph 11.6 of Part B of Schedule 3 shall be inserted:

"11.6 all loans described in Schedule 7 have been converted into equity."

3. **GENERAL**

Clauses 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26 and 27 of the Framework Agreement shall also apply to this Deed.

[Signature page follows]

IN WITNESS whereof this Deed has been duly EXECUTED and DELIVERED as a deed the day and year first above written.

EXECUTED as a DEED)
by CME PRODUCTION B.V.)
acting by)
)
who, in accordance with the laws)
of the territory in which)
CME Production B.V. is)
incorporated, is acting under the)
authority of CME Production B.V.)

/s/ Gerben van den Berg
Pan-Invest B.V., represented by Authorised signatory
Gerben van den Berg

/s/ A.N.G.V. Spaendonck
Authorised signatory

EXECUTED as a DEED)
by CME ROMANIA B.V.)
acting by)
)
who, in accordance with the laws)
of the territory in which)
CME Romania B.V. is)
incorporated, is acting under the)
authority of CME Romania B.V.)

/s/ Gerben van den Berg
Pan-Invest B.V., represented by Authorised signatory
Gerben van den Berg

EXECUTED as a DEED)
by MEDIA PRO)
MANAGEMENT S.A.)
acting by)
)
who, in accordance with the laws)
of the territory in which)
Media Pro Management S.A. is)
incorporated, is acting under the)
authority of Media Pro)
Management S.A.)

/s/ Gheorghe Liviu
Authorised signatory

EXECUTED as a DEED)
by **MEDIA PRO B.V.**)
acting by)
)
who, in accordance with the laws)
of the territory in which)
Media Pro B.V. is)
incorporated, is acting under the)
authority of Media Pro B.V.)

/s/ Liliana Seastrom

Authorised signatory

EXECUTED as a DEED)
by **ADRIAN SARBU**)
in the presence of)
)

/s/ Adrian Sarbu

/s/ Meredith Steinhaus

Witness' signature

Meredith Steinhaus

Witness' name

Witness' address

Witness' occupation

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT, dated as of December 9, 2009 (this "Agreement"), is entered into by and among CENTRAL EUROPEAN MEDIA ENTERPRISES LTD., a Bermuda company (the "Company"), MEDIA PRO MANAGEMENT S.A., a joint stock company organized under the laws of Romania ("Media Pro Management"), and MEDIA PRO B.V., a company organized under the laws of the Netherlands ("MP BV," and together with Media Pro Management, the "Subscribers"). The Company, Media Pro Management and MP BV are referred to collectively herein as the "Parties." Each capitalized term used but not otherwise defined in this Agreement shall have the meaning ascribed to such term in the Framework Agreement, dated July 27, 2009 among Media Pro Management, MP BV, CME Romania B.V., a company organized under the laws of the Netherlands ("CME Romania"), CME Production B.V., a company organized under the laws of the Netherlands ("CME Production"), and Adrian Sarbu.

RECITALS:

WHEREAS, CME Romania, CME Production, Adrian Sarbu and the Subscribers have entered into the Framework Agreement pursuant to which CME Production has agreed to purchase, and the Subscribers have agreed to sell, subject to the terms and conditions therein, the Sale Securities for consideration consisting of (i) the Cash Consideration; (ii) the Consideration Shares; (iii) the Warrant; and (iv) the Dutch and Romanian Shares (each as such term is defined in the Framework Agreement); and

WHEREAS, the Company and the Subscribers are executing and delivering this Agreement in reliance upon the exemptions from registration provided by Regulation D promulgated by the Securities and Exchange Commission (the "SEC") under the U.S. Securities Act of 1933, as amended (the "Securities Act") or Section 4(2) of the Securities Act.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENTS:

1. CONSIDERATION SHARES AND WARRANT ISSUANCE; CLOSING

Subject to the terms and conditions set forth herein and in the Framework Agreement, the Company hereby agrees to issue to the Subscribers the Consideration Shares and the Warrant in partial consideration for the Sale Securities, with 1,600,000 shares of Class A common stock of the Company and a Warrant to purchase 600,000 shares of Class A common stock of the Company to be issued to Media Pro Management and 600,000 shares of Class A common stock of the Company and a Warrant to purchase 250,000 shares of Class A common stock of the Company to be issued to MP BV. The closing of the issuance of the Consideration Shares and the Warrants will take place on the date and at the place set forth in the Framework Agreement. Delivery of the Consideration Shares and the Warrants by the Company pursuant to this Agreement shall constitute full performance by CME Romania of its obligations to cause the delivery of the Consideration Shares and the Warrants.

2. REPRESENTATIONS AND WARRANTIES OF THE SUBSCRIBERS; ACCESS TO INFORMATION; INDEPENDENT INVESTIGATION

The Subscribers hereby jointly and severally represent and warrant to the Company that:

a) Accredited Investor.

The Subscribers: (i) are experienced, knowledgeable and skillful in evaluating and in making investments of the kind contemplated by this Agreement; (ii) are able, by reason of business and financial experience, to protect their own interests in connection with the transactions contemplated by this Agreement; (iii) are able to afford the entire loss of their investment in the Consideration Shares and the Warrants and have adequate means for providing for their current needs and contingencies; (iv) have no need for liquidity with respect to the Consideration Shares and the Warrants; (v) are "accredited investors" as that term is defined in Rule 501(a) of Regulation D under the Securities Act; and (vi) are not broker-dealers or affiliates of broker-dealers registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934, as amended.

b) No Public Distribution.

The Subscribers are acquiring the Consideration Shares and the Warrants for their own account, for investment purposes only, and not with a view to, or for resale in connection with, the public sale or distribution thereof. The Subscribers have not been organized for the purpose of investing in securities of the Company, although such investment is consistent with their purposes.

c) No Registration; Restriction on Shares.

The Subscribers understand that they may not sell, offer for sale, assign or otherwise transfer the Consideration Shares or the Warrants other than pursuant to an effective registration statement under the Securities Act or in accordance with the restrictions imposed on the transfer of the Consideration Shares and the Warrants, including, without limitation, the restrictions contained herein.

d) Accuracy of Subscribers' Representations and Warranties.

The Subscribers understand that the Consideration Shares and the Warrants are being offered and sold to them in reliance upon exemptions from the registration requirements of the United States federal securities laws, and that the Company is relying upon the truth and accuracy of the Subscribers' representations and warranties contained herein and in the Framework Agreement and the Warrants and any ancillary documents thereto, as applicable, and the Subscribers' compliance therewith and any ancillary documents thereto, in order to determine the availability of such exemptions and the eligibility of the Subscribers to acquire the Consideration Shares and the Warrants.

e) Financial Information.

The Subscribers: (i) have been provided with and have reviewed all requested information concerning the business of the Company, including, without limitation, the Company's audited financial statements for the fiscal year ended December 31, 2008, the Company's unaudited financial statements for the six months ended June 30, 2009, and any periodic report filed by the Company with the SEC since June 30, 2009 and (ii) have been given the opportunity to conduct a due diligence review of the Company concerning the terms and conditions of all matters pertaining to an investment in the Consideration Shares and the Warrants and have had all requested access to the management of the Company and the opportunity to ask questions of the management of the Company.

f) Capacity and Authority.

The Subscribers have the requisite capacity and authority to execute, deliver and perform this Agreement, the Framework Agreement, the Warrants and any and all ancillary documents thereto and to consummate the transactions contemplated thereby.

g) Due Execution.

This Agreement, when executed and delivered by each of the Parties will be a valid and binding agreement of the Subscribers, enforceable against each Subscriber in accordance with its terms, except to the extent that enforcement of this Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws now or hereafter in effect relating to creditors' rights generally and to general principles of equity.

h) Brokers.

The Subscribers have not employed, engaged or retained, or otherwise incurred any liability to, any person as a broker, finder, agent or other intermediary in connection with the transactions contemplated herein.

i) No General Solicitation.

The Subscribers have not learned of the investment in the Consideration Shares and the Warrants as a result of any public advertising or general solicitation.

j) Residency.

The Subscribers have their principal places of business in the jurisdictions set forth below each Subscriber's name on the signature page hereto.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Subscribers that:

a) Organization and Good Standing.

The Company is a company duly organized, validly existing and in good standing under the laws of Bermuda.

b) Due Execution.

This Agreement, when executed and delivered by each of the Parties will be a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except to the extent that enforcement of this Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws now or hereafter in effect relating to creditors' rights generally and to general principles of equity.

c) Issuance of the Consideration Shares and the Warrants.

The Consideration Shares have been duly and validly authorized and, when issued and delivered against payment thereof as provided herein, will be duly and validly issued, fully paid and non-assessable. Each Warrant has been duly authorized by the Company and, when executed and delivered by the Company will constitute a legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

d) Limitations on Representations and Warranties.

EXCEPT AS SET FORTH IN THIS SECTION 3, (A) NONE OF THE COMPANY, ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES MAKES OR HAS MADE ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, TO THE SUBSCRIBERS, THEIR AFFILIATES, THEIR REPRESENTATIVES OR ANY OTHER PERSON, IN RESPECT OF THE COMPANY OR THE CONSIDERATION SHARES OR THE WARRANTS AND (B) THE COMPANY HEREBY EXPRESSLY DISCLAIMS ALL LIABILITIES AND RESPONSIBILITY FOR ANY REPRESENTATION OR WARRANTY NOT INCLUDED IN THIS SECTION 3, AS WELL AS FOR ANY STATEMENT OR INFORMATION THAT WAS MADE, COMMUNICATED OR FURNISHED (ORALLY OR IN WRITING) TO THE SUBSCRIBERS OR ANY OF THEIR AFFILIATES OR REPRESENTATIVES (INCLUDING ANY OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN OR MAY BE PROVIDED TO THE SUBSCRIBERS BY ANY DIRECTOR, OFFICER, EMPLOYEE, AGENT, CONSULTANT OR REPRESENTATIVE OF THE COMPANY OR AN AFFILIATE THEREOF), AND NONE OF THE COMPANY, ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES WILL HAVE OR BE SUBJECT TO ANY LIABILITY OR INDEMNIFICATION OBLIGATION IN CONNECTION THEREWITH.

4. CERTAIN COVENANTS AND ACKNOWLEDGMENTS

a) Transfer Restrictions.

Except as provided in this Section 4, the Subscribers acknowledge that none of the Consideration Shares or the Warrants or the shares of Common Stock issuable upon exercise of the Warrant ("Warrant Shares") has been, or is being, registered under the Securities Act, and such Consideration Shares, Warrants and Warrant Shares may not be sold, transferred or assigned (but may be pledged pursuant to a bona-fide non-transferable pledge to an unaffiliated third-party that is notified to the Company in advance) unless subsequently registered thereunder or pursuant to an exemption from registration specified in an opinion of counsel satisfactory to the Company; provided that the Subscribers may transfer the Consideration Shares, the Warrants and the Warrant Shares to an affiliate (as such term is defined under the Securities Act) with the prior written consent of the Company. More specifically, the Subscribers agree for a period of twelve (12) months from the Closing Date not to avail themselves of any exemption from registration under the Securities Act in connection with any sale, transfer or assignment of the Consideration Shares, the Warrants or the Warrant Shares. Thereafter Subscribers may only sell, transfer or assign Common Stock in an aggregate amount not to exceed (i) 1,050,000 shares of Common Stock beginning on the first anniversary of the Closing Date; (ii) 2,050,000 shares of Common Stock beginning on the second anniversary of the Closing Date; and (iii) 3,050,000 shares of Common Stock beginning on the third anniversary of the Closing Date; provided, further, that Subscribers shall not sell, transfer or assign more than an aggregate amount of 500,000 shares of Common Stock during any calendar quarter. All sales, transfers and assignments of Common Stock shall be made in accordance with the Company's then current Insider Trading Policy and applicable trading windows as if such Subscriber were a Company employee. The provisions of Sections 4(a) and 4(b) hereof, together with the rights and obligations of the Subscribers under the Warrants, shall be binding upon any transferees of the Consideration Shares, the Warrants and the Warrant Shares pursuant to any sale, transfer, assignment or pledge hereunder not previously registered under the Securities Act or sold in accordance with this Section 4(a).

b) Restrictive Legend.

The Subscribers acknowledge and agree that, until such time as the Consideration Shares, the Warrants and the Warrant Shares shall have been registered under the Securities Act or sold in accordance with Section 4(a), the Consideration Shares, the Warrants and the Warrant Shares shall bear a restrictive legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OTHER THAN PURSUANT TO SUCH REGISTRATION OR PURSUANT TO AN EXEMPTION FROM REGISTRATION SPECIFIED IN AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY. FURTHERMORE, THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE RESTRICTIONS CONTAINED IN THE SUBSCRIPTION AGREEMENT BETWEEN THE COMPANY, MEDIA PRO MANAGEMENT S.A. AND MEDIA PRO B.V. DATED AS OF DECEMBER 9, 2009. ANY TRANSFER OR PLEDGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE THAT CONTRAVENES SUCH RESTRICTIONS SHALL BE NULL AND VOID.

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of any Consideration Share or any Warrant Share upon which it is stamped, and a warrant without such legend to the holder of any Warrant upon which it is stamped, if such Consideration Share, Warrant or Warrant Share is registered for sale under an effective registration statement filed under the Securities Act or if such Consideration Share, Warrant or Warrant Share is proposed to be sold pursuant to an exemption from registration as provided in this Agreement and the Company receives an opinion of counsel with respect to compliance with such exemption. The Subscribers agree to sell all Consideration Shares, Warrants and all Warrant Shares, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any.

c) Eligibility to Use Form S-3.

The Company currently meets, and will take commercially reasonable steps to continue to meet, the “registrant eligibility” requirements set forth in the general instructions to Form S-3 applicable to both “primary” and “resale” registrations on Form S-3.

d) Listing.

The Company shall, to the extent required by the NASDAQ Global Select Market, promptly secure the listing of the Consideration Shares and the Warrant Shares upon the NASDAQ Global Select Market, and each other national securities exchange or automated quotation system, if any, upon which shares of Common Stock are then listed (subject to official notice of issuance).

5. CONDITIONS TO THE COMPANY'S OBLIGATION TO ISSUE THE CONSIDERATION SHARES AND THE WARRANT

The Subscribers understand that the Company's obligation to issue the Consideration Shares and the Warrants to the Subscribers pursuant to this Agreement is conditioned upon the satisfaction by Subscribers or the waiver by the Company of each of the following conditions:

(i) The accuracy of the representations and warranties of the Subscribers contained in this Agreement, the Warrants and the Framework Agreement and the performance by the Subscribers of all covenants and agreements of the Subscribers contained in this Agreement, the Warrants and the Framework Agreement required to be performed on or before the Closing Date.

(ii) The absence or inapplicability of any and all laws, rules or regulations prohibiting or restricting the transactions contemplated hereby, or requiring any consent or approval which shall not have been obtained.

(iii) The Subscribers shall have executed each of this Agreement, the Warrants and the Framework Agreement and any and all ancillary documents thereto and delivered the same to the Company.

(iv) The Company shall have received from the Subscribers such other certificates and documents as it or its representatives, if applicable, shall reasonably request, and all proceedings taken by the Subscribers in connection with this Agreement, the Warrants and the Framework Agreement and all documents and papers relating thereto shall be reasonably satisfactory to the Company.

(v) All conditions to the closing of the Framework Agreement shall have been satisfied and the Subscribers shall have obtained in writing or made all consents, waivers, approvals, orders, permits, licenses and authorizations of, any registrations, declarations, notices to and filings and applications with, any governmental authority or any other person or entity (including, without limitation, securityholders and creditors of the Subscribers) required to be obtained or made in order to enable the Subscribers to observe and comply with all their obligations under the Framework Agreement, this Agreement and the Warrants and to consummate the transactions contemplated hereby.

6. INDEMNIFICATION

a) Indemnification of Subscribers by the Company.

The Company hereby agrees to indemnify and hold harmless the Subscribers, their affiliates and their respective officers, directors, partners and members (collectively, the "Subscribers' Indemnitees"), from and against any and all losses, claims, damages, judgments, penalties, liabilities and deficiencies (collectively, "Losses"), and agrees to reimburse the Subscribers' Indemnitees for all out-of-pocket expenses (including the reasonable fees and expenses of legal counsel), to the extent arising out of or in connection with any misrepresentation, omission of fact or breach of any of the Company's representations, warranties or covenants contained in this Agreement and any failure by the Company to perform any of its covenants, agreements, undertakings or obligations set forth in this Agreement.

b) Indemnification of the Company by Subscribers.

The Subscribers hereby, jointly and severally, agree to indemnify and hold harmless the Company, its affiliates and their respective officers, directors, partners and members (collectively, the "Company Indemnitees"), from and against any and all Losses, and agrees to reimburse the Company Indemnitees for all out-of-pocket expenses (including the reasonable fees and expenses of legal counsel), to the extent arising out of or in connection with any misrepresentation, omission of fact or breach of any of the Subscribers' representations, warranties or covenants contained in this Agreement and any failure by the Subscribers to perform any of their covenants, agreements, undertakings or obligations set forth in this Agreement.

c) Third Party Claims.

Promptly after receipt by either party hereto seeking indemnification pursuant to this Section 6 (an "Indemnified Party") of written notice of any investigation, claim, proceeding or other action in respect of which indemnification is being sought (each, a "Claim"), the Indemnified Party shall notify the party against whom indemnification pursuant to this Section 6 is being sought (the "Indemnifying Party") of the commencement thereof; but the omission to so notify the Indemnifying Party shall not relieve it from any liability that it otherwise may have to the Indemnified Party, except to the extent that the Indemnifying Party is materially prejudiced and forfeits substantive rights and defenses by reason of such failure. In connection with any Claim as to which both the Indemnifying Party and the Indemnified Party are parties, the Indemnifying Party shall be entitled to assume the defense thereof. Notwithstanding the assumption of the defense of any Claim by the Indemnifying Party, the Indemnified Party shall have the right to employ separate legal counsel and to participate in the defense of such Claim, and the Indemnifying Party shall bear the reasonable fees, out-of-pocket costs and expenses of such separate legal counsel to the Indemnified Party if (and only if): (x) the Indemnifying Party shall have agreed to pay such fees, out-of-pocket costs and expenses, (y) the Indemnified Party and the Indemnifying Party reasonably shall have concluded that representation of the Indemnified Party and the Indemnifying Party by the same legal counsel would not be appropriate due to actual, or, as reasonably determined by legal counsel to the Indemnified Party, potentially, differing interests between such parties in the conduct of the defense of such Claim, or if there may be legal defenses available to the Indemnified Party that are in addition to or disparate from those available to the Indemnifying Party, or (z) the Indemnifying Party shall have failed to employ legal counsel reasonably satisfactory to the Indemnified Party within a reasonable period of time after notice of the commencement of such Claim. If the Indemnified Party employs separate legal counsel in circumstances other than as described in clauses (x), (y) or (z) above, the fees, costs and expenses of such legal counsel shall be borne exclusively by the Indemnified Party. Except as provided above, the Indemnifying Party shall not, in connection with any Claim in the same jurisdiction, be liable for the fees and expenses of more than one firm of legal counsel for the Indemnified Party (together with appropriate local counsel). The Indemnifying Party shall not, without the prior written consent of the Indemnified Party (which consent shall not unreasonably be withheld) settle or compromise any Claim or consent to the entry of any judgment that does not include an unconditional release of the Indemnified Party from all liabilities with respect to such Claim or judgment.

d) Damages.

Notwithstanding any other provision of this Agreement, the liability for indemnification of any Indemnifying Party under this Agreement shall not include consequential, indirect, punitive or exemplary damages.

7. EXPENSES

Each of the parties hereto agree that they shall each be responsible for and pay their own expenses and fees, including all legal, accounting and other professional fees, associated with the transactions contemplated by Consideration Shares and the Warrants. Notwithstanding, all stamp, documentary or similar taxes or fees imposed by taxing authority in respect of the issuance of the Consideration Shares or the Warrants shall be borne entirely by Subscribers.

8. SURVIVAL

The representations and warranties of the Company and the Subscribers shall survive the Closing until twelve (12) months following the Closing Date.

9. AMENDMENTS AND WAIVERS.

This Agreement may be amended, modified or supplemented only by a written instrument executed by each of the Parties.

10. NOTICES.

Except as otherwise provided in this Agreement, all notices, requests and other communications to any Person provided for hereunder shall be in writing and shall be given to such Person (a) in the case of the Company, c/o CME Development Corporation, 52 Charles Street, London W1J 5EU, United Kingdom, facsimile: +44 0207 127 5801 to the attention of its General Counsel, or at such other address or facsimile number, or to the attention of such other officer, as the Company shall have furnished to each holder of Consideration Shares and, if applicable, Warrant Shares, at the time outstanding; (b) in the case of Media Pro Management, 109 Pache Protopopescu Boulevard, 6th floor, sector 2, Bucharest, Romania, facsimile: +40 31 825 6510 to the attention of Liviu Gheorghe and Seastrom Liliana, or at such other address or facsimile number; and (c) in the case of MP BV, 140 Teleport Boulevard, 1043EJ, 1000 CV, Amsterdam, the Netherlands, facsimile: +31 20 644 7011 to the attention of Frederike Sips-Brons. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be effective upon personal delivery, via facsimile (upon receipt of confirmation of error-free transmission) or two business days following deposit of such notice with an internationally recognized courier service, with postage prepaid and addressed to each of the other parties thereunto entitled at the addresses listed in this Section, or at such other addresses as a party may designate by five days advance written notice to each of the other parties hereto.

11. ASSIGNMENT.

Except as expressly provided herein, none of the rights of the Parties under this Agreement may be assigned or transferred without the prior written consent of the other Parties.

12. NO THIRD PARTY BENEFICIARIES.

This Agreement shall not confer any rights or remedies upon any Person other than the parties hereto and their respective successors and permitted assigns and, with respect to Section 6, the other Persons referred to as indemnified parties therein.

13. DESCRIPTIVE HEADINGS.

The headings of the articles, sections and subsections of this Agreement are inserted for convenience of reference only and shall not be deemed to constitute a part hereof or affect the interpretation hereof.

14. APPLICABLE LAW.

THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAWS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

15. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. This Agreement, once executed by a party, may be delivered to the other parties hereto by facsimile or electronic transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

16. ENTIRE AGREEMENT.

This Agreement and the Warrant contain the entire agreement of the parties with respect to the subject matter hereof and supersede all other prior agreements, understandings, statements, representations and warranties, oral or written, express or implied, between the parties and their respective affiliates, representatives and agents in respect of such subject matter.

17. SUBMISSION TO JURISDICTION.

ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT SHALL BE BROUGHT EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK LOCATED IN NEW YORK, NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND APPELLATE COURTS FROM ANY THEREOF. EACH PARTY HERETO HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF TO SUCH PARTY BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO SUCH PARTY AT ITS ADDRESS SPECIFIED IN SECTION 10. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE TRIAL BY JURY, AND EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS. Media Pro Management and MP BV hereby irrevocably appoint CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, NY 10011 ("Process Agent") as their agent to receive on their behalf service of copies of summons, complaints and any other process which may be served in all such actions and proceedings. Such service may be made by delivering a copy of such process to Media Pro Management of MP BV in care of the Process Agent at the Process Agent's address, and each Media Pro Management and MP BV hereby irrevocably authorizes and directs the Process Agent to accept such service on behalf of Media Pro Management and MP BV.

18. SEVERABILITY.

Every term and provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision will be enforced to the maximum extent permitted by law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

19. SPECIFIC PERFORMANCE.

The Parties agree that irreparable damage would occur in the event that any of the provisions this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to, in addition to the other remedies provided herein, specific performance of this Agreement and to enforce specifically the terms and provisions of this Agreement in any New York Court in addition to the other remedies to which such Parties are entitled.

20. DURATION OF AGREEMENT.

This Agreement shall terminate and become void and of no further force and effect upon the earlier to occur of (i) the mutual agreement of the Parties and (ii) the date on which the Subscribers and transferees of the Subscribers cease to own any Consideration Shares, the Warrant or any Warrant Shares; provided that Sections 4 and 6 through 20 shall survive any termination of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been duly executed by each of the undersigned.

COMPANY:

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

By: /s/ Charles Frank
Name: Charles Frank
Title: Chief Financial Officer

SUBSCRIBERS:

MEDIA PRO MANAGEMENT S.A.

By: /s/ Gheorghe Liviu
Name: Gheorghe Liviu
Title: Managing Director

MEDIA PRO B.V.

By: /s/ Liliana Seastrom
Name: Liliana Seastrom
Title:

20 January 2010

HARLEY TRADING LIMITED

IGOR VALERYEVICH KOLOMOISKY

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

CME CYPRUS HOLDING II LIMITED

SHARE PURCHASE AGREEMENT

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-

THIS SHARE PURCHASE AGREEMENT (this "**Agreement**") is made this 20th day of January, 2010 by and among:

1. **Harley Trading Limited**, a company organized and existing under the Laws of Belize, with its registered address at 35 Barrack Road, Belize City, Belize, registration number 57,747 ("**Buyer**");
2. **Igor Valeryevich Kolomoisky**, a citizen of Israel residing at St. Galey Thelet 48, Herzeliya, Israel, 46640, passport No. 10905729, issued on 2 October 2005 ("**Kolomoisky**", and together with Buyer, the "**Buyer Parties**");
3. **Central European Media Enterprises Ltd.**, a company organized under the Laws of Bermuda with its registered address at Mintflower Place, 4th Floor, 8 Par-La-Ville Road, Hamilton, Bermuda ("**Seller**"); and
4. **CME Cyprus Holding II Limited**, a wholly-owned subsidiary of Seller and a limited liability company organized and existing under the Laws of Cyprus, identification code 256396, located at Arch. Makariou III, 195, Neocleous House, P.C. 3030, Limassol, the Republic of Cyprus (the "**Company**", and together with Seller, the "**Seller Parties**"), (individually a "**Party**" and together the "**Parties**").

WHEREAS:

- (A) Seller is the sole Beneficial Owner of 100% of the issued share capital of the Company and is the indirect owner of the Studio 1+1 and Kino Group (as defined below).
- (B) The Company is the direct or indirect owner of 100% of the ownership interests of each of (i) Studio 1+1 LLC, a limited liability company organized and existing under the Laws of Ukraine identification code 23729809 ("**Studio 1+1**"), (ii) Gravis-Kino LLC, a limited liability company organized and existing under the Laws of Ukraine identification code 36257228 ("**Gravis**"), (iii) TOR LLC, a limited liability company organized and existing under the Laws of Ukraine identification code 19384641 ("**TOR**"), (iv) ZHYSA LLC, a limited liability company organized and existing under the Laws of Ukraine identification code 20727448 ("**ZHYSA**"), (v) TV Stimul identification code 30462482 ("**Stimul**"), a limited liability company organized and existing under the Laws of Ukraine, (vi) Ukrpromtorg-2003 LLC identification code 32426708 ("**Ukrpromtorg**"), a limited liability company organized and existing under the Laws of Ukraine, (vii) Ukrainian Media Services LLC, a limited liability company organized and existing under the Laws of Ukraine identification code 33600071 ("**UMS**"), (viii) 1+1 Production LLC, a limited liability company organized and existing under the Laws of Ukraine identification code 23389360 ("**1+1 Production**"), (ix) TV Media Planet Limited, a limited liability company organized and existing under the Laws of Cyprus identification code 155804 ("**TV Media Planet**"), (x) International Media Services Ltd., a company limited by shares organized and existing under the Laws of Bermuda identification code EC22571 ("**IMS**"), (xi) Innova Film GmbH, a limited liability company organized and existing under the Laws of Germany identification code HRB 27705 ("**Innova Film**"), (xii) Grintwood Investments Limited, a limited liability company organized and existing under the Laws of Cyprus identification code 226117 ("**Grintwood**"), and (xiii) Grizard Investments Limited, a limited liability company organized and existing under the Laws of Cyprus identification code 226142 ("**Grizard**"), (xiv) CME Ukraine Holding II B.V., a limited liability company organized and existing under the Laws of the Netherlands identification code 34362824 ("**Ukraine Holding II**"), (xv) CME Cyprus Holding Limited, a limited liability company organized and existing under the Laws of Cyprus identification code 155308 ("**CME Cyprus**"), and together with Studio 1+1, Gravis, TOR, ZHYSA, Stimul, Ukrpromtorg, UMS, 1+1 Production, TV Media Planet, IMS, Innova Film, Grintwood, Grizard and Ukraine Holding II, the "**Studio 1+1 and Kino Group**"), which companies conduct television, broadcasting, media production and advertising business in Ukraine. The Studio 1+1 and Kino Group corporate structure is set out in Schedule 6.

- (C) Kolomoisky is the sole Beneficial Owner (as defined below) of 100% of the issued share capital of Buyer.
- (D) Kolomoisky and Seller, *inter alios*, entered into the Framework Agreement, dated 2 July 2009 and the First Amended and Restated Framework Agreement, dated 22 July 2009 (the "**Amended Framework Agreement**"), with the intention to form a joint venture to conduct television business in Ukraine on the basis of the Company and its Subsidiaries (as defined below).
- (E) Immediately preceding entry into this Agreement, all of the parties to the Amended Framework Agreement, including, *inter alios*, Seller and Kolomoisky, entered into an agreement terminating the Amended Framework Agreement in accordance with its terms and without any effect for any of the parties thereto.
- (F) Seller now desires to sell to Buyer, and Buyer desires to purchase from Seller, all of the Closing Date Inter-Company Debt and the Shares (as defined below) on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual representations, covenants, warranties and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions.

For the purposes of this Agreement, and unless the context requires otherwise, the following terms have the meanings given to them below:

"**1+1 Production**" has the meaning set forth in the Recitals;

"**Adjusted Aggregate Consideration**" means the Aggregate Consideration *plus* the Pre-Closing Approved Investment Debt *minus* the Balance Amount (if any);

"**Affiliate**" means, with respect to a specified Person, any Person that directly or indirectly Controls, is Controlled by or is under common Control with the specified Person. For the purposes of this Agreement, Kolomoisky is an Affiliate of Buyer;

"**Aggregate Consideration**" means US\$300,000,000.00;

"**Agreement**" has the meaning set forth in the preamble;

"**Amended Framework Agreement**" has the meaning set forth in the Recitals;

"**Anticipated Closing Date**" has the meaning set forth in Clause 2.3;

"**Anti-Money Laundering Laws**" has the meaning set forth in Section 1.8 of Part B of Schedule 1;

"**Applicable Laws**" has the meaning set forth in Section 1.5 of Part B of Schedule 1;

"**Articles**" means the articles of association of the Company as amended from time to time in accordance with this Agreement and any other Transaction Documents;

"**Assets**" means any of the assets (real and personal, tangible and intangible, including all Intellectual Property (including the trade marks and registered brands of Studio 1+1, Gravis and other marks of any of the Studio 1+1 and Kino Group Entities other than any Seller Marks) that are used or held for use in connection with the business of any Studio 1+1 and Kino Group Entity or the Company, as applicable;

"**Assignment Agreement**" means any assignment agreement(s) pursuant to which Seller and its Affiliates will assign all of the Closing Date Inter-Company Debt to the Buyer on the Closing Date, each such agreement substantially in the form set out in Exhibit A hereto (with such amendments required to ensure the operation of such assignment agreement(s) in accordance with Dutch Law);

"**Balance Amount**" means the excess, if any of Current Liabilities over Current Assets, provided that (i) Inter-Company Debt and (ii) all Tax assets and Tax liabilities of the Company and the Studio 1+1 and Kino Group shall be excluded from Current Liabilities or Current Assets, as applicable, for purposes of the calculation of such amount; for the avoidance of doubt, if Current Assets exceed Current liabilities the Balance Amount is zero;

"**Beneficial Owner**" means, in respect of any Person, the Person(s) with ultimate effective Control over the first Person;

"**Budget**" means the budget of the Company and the Studio 1+1 and Kino Group as attached hereto as Schedule 2;

"**Business Day**" means a day, not being a Saturday or Sunday, when banks are open in Nicosia (Cyprus), London (England) and Kyiv (Ukraine) for commercial business;

"**Buyer**" has the meaning set forth in the preamble;

"**Buyer Indemnitee**" has the meaning set forth in Clause 6.1;

"**Buyer Parties**" has the meaning set forth in the preamble;

"**Buyer Parties' Deliverables**" means those Closing deliverables set out in Schedule 4;

"**Buyer Warranty**" means each representation and warranty given by Buyer pursuant to Clause 3.1 and 3.2 hereof in relation to each statement applicable to it contained in Part A of Schedule 1 and each statement contained in Section 1 of Part B of Schedule 1, and "**Buyer Warranties**" means all of those representations and warranties;

"**Cap**" has the meaning set forth in Clause 7.2(a);

"**Closing**" has the meaning set forth in Clause 2.3;

"**Closing Date**" has the meaning set forth in Clause 2.3;

"**Closing Date Documents**" means the Buyer Parties' Deliverables, the Seller Parties' Deliverables, the Assignment Agreements and any other Transaction Documents that Buyer, Seller and the Company may agree are to be exchanged at Closing;

"**Closing Date Payment**" has the meaning set forth in Clause 2.4(a);

"**Closing Date Inter-Company Debt**" means the aggregate of all (i) Existing Inter-Company Debt, together with accrued interest thereon, and (ii) the Pre-Closing Investment Debt existing as at the Closing Date as set forth on the Pre-Closing Accounting Notice;

"**Closing Memorandum**" has the meaning set forth in Clause 2.3(a);

"**CME Cyprus**" has the meaning set forth in the preamble;

"**Company**" has the meaning set forth in the preamble;

"**Company Warranty**" means each representation and warranty given by the Company pursuant to Clause 3.1 hereof in relation to each statement applicable to it contained in Part A of Schedule 1, and "**Company Warranties**" means all of those representations and warranties;

"**Constitutional Documents**" means, in respect of any legal Person, the charter, memorandum and articles of association and/or other organizational documents of such Person, as applicable;

"**Control**" means the power to direct or cause the direction of the management or policy of any Person, directly or indirectly, through family or other relationship (if a natural person), the holding of securities or other participation interests, by virtue of an agreement or on other grounds, and "**Controlling**" and "**Controlled**" have the correlative meanings proceeding from this term;

"**Current Assets**" means the consolidated current assets of the Company and the Studio 1+1 and Kino Group determined in U.S. dollars in accordance with U.S. GAAP as consistently applied as set forth in the financial statements as at 31 March 2010;

"**Current Liabilities**" means the consolidated current liabilities of the Company and the Studio 1+1 and Kino Group determined in U.S. dollars in accordance with U.S. GAAP as consistently applied as set forth in the financial statements as at 31 March 2010;

"**Designated Account**" has the meaning set forth in Clause 2.4(b);

"**Earned Interest**" means interest actually earned on the Pre-Closing Payment from the Pre-Closing Payment Date to the earlier of (i) the date that this Agreement is terminated pursuant to Clause 5.1 and (ii) the Business Day immediately preceding the Closing Date;

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended;

"**Existing Dispute**" has the meaning set forth in Clause 11.2(c);

"**Existing Inter-Company Debt**" means the Inter-Company Debt existing as at the date hereof, the principal amount of which and the accrued interest thereon as of the date hereof is as set out in Schedule 7;

"**Extra-budgetary Expenditure**" has the meaning set forth in Clause 4.2(a);

"**FSMA**" means the Financial Services and Markets Act 2000;

"**Fundamental Studio 1+1 and Kino Group Warranty**" means each representation and warranty given by Seller and the Company pursuant to Clause 3.3 hereof in relation to each statement contained in Section 1 (*Capacity and Authority*), 2 (*The Company*), 3 (*Studio 1+1 and Kino Group Entities' Shares*) and 14 (*Tax Matters*) of Part C of Schedule 1, and "**Fundamental Studio 1+1 and Kino Group Warranties**" means all those representations and warranties;

"**Fundamental Warranties**" means any of the Seller Warranties, Company Warranties, Buyer Warranties, Kolomoisky Warranties or the Fundamental Studio 1+1 and Kino Group Warranties;

"**Governmental Authority**" means any state or any political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions on behalf of the state or its political subdivision, including any government authority, ministry, agency, department, board, commission or instrumentality and subdivisions thereof; any court, tribunal or arbitrator; and any self-regulatory organization acting on behalf of the state or itself pursuant to the rights granted thereto by applicable Law;

"**Gravis**" has the meaning set forth in the Recitals;

"**Grintwood**" has the meaning set forth in the Recitals;

"**Grizard**" has the meaning set forth in the Recitals;

"**IMS**" has the meaning set forth in the Recitals;

"**Indemnified Party**" has the meaning set forth in Clause 6.3(a);

"**Indemnifying Party**" has the meaning set forth in Clause 6.3(a);

"**Indemnitee**" has the meaning set forth in Clause 6.2;

"**Indemnity Claim**" has the meaning set forth in Clause 6.3(a);

"**Innova Film**" has the meaning set forth in the Recitals;

"**Inquiring Party**" has the meaning set forth in Clause 4.1(c);

"**Intellectual Property**" means all trademarks, service marks, trade names, trade dress, including all goodwill associated with the foregoing, domain names, copyrights, software, Internet sites, mask works and other semiconductor chip rights, and similar rights, and registrations and applications to register or renew the registration of any of the foregoing, patents and patent applications, trade secrets and all similar intellectual property rights;

"**Inter-Company Debt**" means, in respect of the Company and each Studio 1+1 and Kino Group Entity, the principal amount and any accrued interest thereon together with existing penalties (if any) thereon of any obligations of such Person for borrowed money, or with respect to deposits or advances of any kind, owed to Seller or any Non-Company Affiliate;

"**Inter-Company Debt Purchase Price**" has the meaning set forth in Clause 2.1(b);

"**Kino Entities**" means Gravis, Ukrpromptorg, TOR, ZHYSA and Stimul;

"**Kolomoisky**" has the meaning set forth in the preamble;

"**Kolomoisky Warranty**" means each representation and warranty given by Kolomoisky pursuant to Clause 3.1 hereof in relation to each statement applicable to Kolomoisky contained in Part A of Schedule 1, and "**Kolomoisky Warranties**" means all of those representations and warranties;

"**Law**" means all applicable (i) provisions of all constitutions, treaties, statutes, laws, customs, codes, rules, regulations, ordinances, orders and official opinions and interpretations of any Governmental Authority having the force of law, (ii) approvals of any Governmental Authority, and (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority;

"**LCIA Rules**" has the meaning set forth in Clause 11.2(a);

"**Lien**" means any mortgage, pledge, deed of trust, hypothecation, right of third Persons, claim, security interest, title defect, title retention agreement, lease, sublease, license agreement, occupancy agreement, easement, covenant, condition, encroachment, voting trust agreement, interest, option, right of first offer, proxy, lien, charge or other restrictions or limitations of any nature whatsoever;

"**Litigation**" means any action, cease and desist letter, demand, suit, arbitration proceeding, administrative or regulatory proceeding, citation, summons or subpoena of any nature, civil, criminal, regulatory or otherwise, in law or in equity;

"**Loan Facility Agreement**" means the loan facility agreement(s) substantially in the form set out in Exhibit C hereto to be entered into by Seller or any Non-Company Affiliate, as lender, and CME Cyprus, as borrower, evidencing any Pre-Closing Expenses paid or funded by Seller or any Non-Company Affiliate, which loan facility agreement shall provide for repayment not earlier than six months from the date of such agreement;

"**Long Stop Date**" means 23 April 2010;

"**Losses**" has the meaning set forth in Clause 6.1;

"**Material Adverse Effect**" means a material adverse effect on or material adverse change to the business, results of operations, condition (financial or otherwise), prospects, Assets or liabilities of the Studio 1+1 and Kino Group or the Company (as applicable) taken as a whole;

"**Material Contract**" has the meaning set forth in Section 8.2 of Part C of Schedule 1;

"**Non-Company Affiliate**" means any Affiliate of Seller other than the Company and its Subsidiaries;

"**Obligations**" has the meaning set forth in Clause 7.2(a);

"**Owned Intellectual Property**" has the meaning set forth in Section 11.1 of Part C of Schedule 1;

"**Party**" has the meaning set forth in the preamble;

"**Person**" or "**Persons**" means any physical person, corporation, general partnership, simple partnership, limited partnership, limited liability partnership, limited liability company, proprietorship, other business organization, trust, union, association or Governmental Authority, whether incorporated or unincorporated;

"**Pre-Closing Accounting Date**" has the meaning set forth in Clause 4.3(d);

"**Pre-Closing Accounting Notice**" has the meaning set forth in Clause 4.3(d);

"**Pre-Closing Approved Expense**" means any amount paid or funded after the date of this Agreement by Seller or any Non-Company Affiliate to or on behalf of the Company or any Studio 1+1 and Kino Group Entity in respect of (i) any cash expenditure made in accordance with the Budget or (ii) any expenditure made in accordance with Clause 4.2(a), in each case provided that any such amount paid or funded by Seller or any Non-Company Affiliate shall be evidenced by a Loan Facility Agreement or drawing thereunder;

"**Pre-Closing Approved Investment Debt**" means the aggregate amount of all principal and interest outstanding in respect of all Pre-Closing Approved Expenses;

"**Pre-Closing Expenses**" means (i) Pre-Closing Approved Expenses or (ii) any amount paid or funded after the date of this Agreement by Seller or any Non-Company Affiliate to or on behalf of the Company or any Studio 1+1 and Kino Group Entity in respect of any expenditure made in accordance with Clause 4.2(b), provided that any such amount paid or funded by Seller or any Non-Company Affiliate shall be evidenced by a Loan Facility Agreement or drawing thereunder;

"**Pre-Closing Payment**" has the meaning set forth in Clause 2.4(a);

"**Pre-Closing Payment Date**" has the meaning set forth in Clause 2.4(b);

"**Pre-Closing Investment Debt**" means the aggregate amount of all principal and interest outstanding in respect of all Pre-Closing Expenses;

"**Related Dispute**" has the meaning set forth in Clause 11.2(c);

"**Relevant Reference Date**" means, with respect to each Studio 1+1 and Kino Group Warranty given in respect of (i) the Studio 1+1 Entities, 1 January 2000, and (ii) the Kino Entities, 1 January 2006;

"**Replacement Buyer**" has the meaning set forth in Clause 2.7(a);

"**Responding Party**" has the meaning set forth in Clause 4.1(c);

"**SEC Filed Ukrainian Information**" has the meaning set forth in Section 6 of Part C of Schedule 1;

"**Securities Act**" means the U.S. Securities Act of 1933, as amended;

"**Seller**" has the meaning set forth in the preamble;

"**Seller Disclosure Letter**" means (i) in respect of Warranties given at signing, the Signing Date Seller Disclosure Letter and (ii) in respect of Warranties given at Closing, the Signing Date Seller Disclosure Letter and, if any, the Updated Seller Disclosure Letter;

"**Seller Indemnitee**" has the meaning set forth in Clause 6.2;

"**Seller Marks**" means any trademarks, service marks, brand names or trade, corporate or business names of Seller or any Non-Company Affiliate;

"**Seller Parties**" has the meaning set forth in the preamble;

"**Seller Parties' Deliverables**" means those Closing deliverables set out in Schedule 5;

"**Seller Restructuring**" means the restructuring undertaken by Seller to alter the holding structure of the Studio 1+1 and Kino Group in connection with the transaction contemplated by the Amended and Restated Framework Agreement;

"**Seller Warranty**" means each representation and warranty given by Seller pursuant to Clause 3.1 hereof in relation to each statement applicable to it contained in Part A of Schedule 1, and "**Seller Warranties**" means all of those representations and warranties;

"**Share Purchase Price**" means the Adjusted Aggregate Consideration *minus* the amount of the Inter-Company Debt Purchase Price;

"**Shares**" means all of the issued ordinary shares (being 2,601 shares) of nominal value of one (1) EURO each in the capital of the Company issued by the Company from time to time; "**Share**" means any and each of the Shares;

"**Signing Date Seller Disclosure Letter**" has the meaning set forth in Clause 4.4;

"**Stimul**" has the meaning set forth in the Recitals;

"**Studio 1+1**" has the meaning set forth in the Recitals;

"**Studio 1+1 and Kino Group**" has the meaning set forth in the Recitals;

"**Studio 1+1 and Kino Group Entities**" means the members of the Studio 1+1 and Kino Group and their Subsidiaries;

"**Studio 1+1 and Kino Group Licenses**" has the meaning set forth Section 4.2 of Part C of Schedule 1;

"**Studio 1+1 and Kino Group Warranty**" means each representation and warranty given by Seller and the Company pursuant to Clause 3.3 hereof in relation to each statement contained in Part C of Schedule 1, and "**Studio 1+1 and Kino Group Warranties**" means all those representations and warranties;

"**Studio 1+1 and Kino Group Tax Warranty**" means each representation and warranty given by Seller and the Company pursuant to Clause 3.3 hereof in relation to each statement contained in Section 14 of Part C of Schedule 1, and "**Studio 1+1 and Kino Group Tax Warranties**" means all those representations and warranties;

"**Studio 1+1 Entities**" means Studio 1+1, 1+1 Production, UMS, Innova Film, TV Media Planet, IMS, Grintwood, Grizard, CME Cyprus and Ukraine Holding II;

"**Subsidiary**" means with respect to any Person, at the time in question, any other Person who, directly or indirectly through one or more intermediaries, is Controlled by such first Person;

"**Tax**" means any federal, national, state, local or foreign income, alternative, minimum, accumulated earnings, personal holding company, franchise, capital stock, profits, windfall profits, gross receipts, sales, use, value added, transfer, registration, stamp, premium, excise, customs duties, severance, environmental, real property, personal property, ad valorem, occupancy, license, occupation, employment, payroll, social security, disability, unemployment, workers' compensation, withholding, estimated or other similar tax, duty, fee, assessment or other governmental charge or deficiencies thereof (including all interest and penalties, surcharges and fines thereon and additions thereto);

"**Tax Returns**" means any federal, national, state, local or foreign tax return, declaration, statement, report, schedule, form or information return or any amendment to any of the foregoing relating to Taxes;

"**Termination Amount**" has the meaning set forth in Clause 5.2(a);

"**Third Party Claim**" has the meaning set forth in Clause 6.3(b);

"**Third Party Financial Debt**" means (i) the aggregate principal amount of (x) any obligations of the Company and the Studio 1+1 and Kino Group, other than Existing Inter-Company Debt and Pre-Closing Investment Debt, for borrowed money and (y) all other obligations of the Company and the Studio 1+1 and Kino Group, other than Existing Inter-Company Debt and Pre-Closing Investment Debt, evidenced by bonds, debentures, notes or similar instruments, and (ii) any accrued interest thereon together with existing penalties (if any) thereon; for both (i) and (ii) determined in U.S. dollars on consolidated basis for the Company and the Studio 1+1 and Kino Group in accordance with U.S. GAAP as consistently applied (for the avoidance of doubt, any amounts outstanding between any members of the Studio 1+1 and Kino Group shall be excluded in the determination of "**Third Party Financial Debt**");

"**TOR**" has the meaning set forth in the Recitals;

"**Transaction Documents**" means this Agreement, the Assignment Agreement and any other document or agreement which the Parties execute to implement the transactions contemplated hereby and designate as such;

"**Transfer**" means, in respect of any Person, to sell, transfer, pledge, loan, encumber, create a usufruct or other interest for the benefit of any third party in, or otherwise dispose of any share, or of any interest in or option over any shares, of such Person;

"**TV Media Planet**" has the meaning set forth in the Recitals;

"**Ukraine Holding II**" has the meaning set forth in the preamble;

"**Ukrpromptorg**" has the meaning set forth in the Recitals;

"**UMS**" has the meaning set forth in the Recitals;

"**Updated Seller Disclosure Letter**" means the disclosure letter of Seller and the Company (if any), substantially in the form set forth in Exhibit B, which may be delivered to and agreed and accepted (but only if agreed and accepted) by Buyer in accordance with Clause 4.4;

"**U.S. GAAP**" means generally accepted accounting principles in the United States;

"**VI Arbitration**" has the meaning set forth in Clause 4.5(e);

"**VI Request**" has the meaning set forth in 4.5(e)(i)(1);

"**Warranty**" means any of the Seller Warranties, Company Warranties, Buyer Warranties, Kolomoisky Warranties or Studio 1+1 and Kino Group Warranties; and

"**ZHYSA**" has the meaning set forth in the Recitals.

1.2 Interpretation and Rules of Construction.

In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

- (a) when a reference is made in this Agreement to a Clause, Exhibit or Schedule, such reference is to a Clause of, or an Exhibit or Schedule to, this Agreement, unless otherwise indicated;

- (b) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;
- (c) whenever the words "include," "includes," or "including" are used in this Agreement, they are deemed to be followed by the words "without limitation";
- (d) a reference to "US Dollar" or "US \$" means the lawful currency of the United States of America;
- (e) a reference to "EURO" or "EUR" means the lawful currency of the European Union;
- (f) the words "hereof," "herein," and "hereunder" and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;
- (g) all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;
- (h) references in the singular shall include references in the plural and vice versa, words denoting any gender shall include any other gender and words denoting natural persons shall include any other Persons;
- (i) references to a Person are also to its successors and permitted assigns;
- (j) references to this Agreement and/or any other agreement are deemed to be references to such agreement, as amended, modified or supplemented from time to time;
- (k) references to "shares" shall be deemed to include any type of ownership interest applicable to a Person under the Laws of the jurisdiction of incorporation of such Person; and
- (l) the use of "or" is not intended to be exclusive unless expressly indicated otherwise.

2. SALE AND PURCHASE

2.1 Sale and Purchase.

Subject to the terms and conditions hereof, at the Closing:

- (a) Seller shall sell, and Buyer shall purchase, the Shares for the Share Purchase Price;
- (b) Seller and certain Non-Company Affiliates shall assign to Buyer the Closing Date Inter-Company Debt for an aggregate price equal to the aggregate amount of the Closing Date Inter-Company Debt (the "**Inter-Company Debt Purchase Price**"); and
- (c) Buyer and Seller agree that the Adjusted Aggregate Consideration in respect of the aggregate amount of the Inter-Company Debt Purchase Price and the Share Purchase Price shall be payable in accordance with Clauses 2.4 and 2.3(b) hereof.

2.2 Conditions Precedent.

Completion of the sale and purchase contemplated by Clause 2.1 shall be subject to the fulfillment and satisfaction (or waiver in writing by the relevant Party or Parties) of each of the following conditions precedent:

- (a) General conditions precedent to the performance by the Parties of their respective obligations on the Closing Date:
- (i) Buyer shall have received all required antimonopoly or merger control approvals or consents so required on or prior to the Closing Date, in accordance with all applicable Laws, and no such approvals or consents shall have been revoked;
 - (ii) all of the material broadcasting licenses of the Studio 1+1 and Kino Group Entities shall remain in full force and effect and shall not have been revoked;
 - (iii) no Governmental Authority shall have notified any Party of its intention to commence, or recommend the commencement of, Litigation and no Law shall have been enacted, entered, enforced, promulgated or issued with respect to or deemed applicable, which in any case seeks or purports to challenge, prohibit, materially interfere with, materially limit, delay, restrain, impose damages or other material obligations in connection with the consummation of the transactions contemplated by this Agreement and the other Transaction Documents; and
 - (iv) consummation of the transactions contemplated hereby and by the other Transaction Documents shall not have been restrained, enjoined or otherwise prohibited or made illegal by any applicable Law, including any court order, and no such Law or order that would have such an effect shall have been promulgated, entered, issued or determined by any court or other Governmental Authority to be applicable to this Agreement or any other Transaction Document.
- (b) Conditions precedent to the performance by the Company and Seller of their respective obligations on the Closing Date:
- (i) there shall have been no material breach of any Buyer Warranty or Kolomoisky Warranty, in each case at and as of the date when first given and at and as of the Closing Date with the same effect as though made at and as of the Closing Date, it being understood that, for purposes of determining the accuracy of any such Warranty, all monetary thresholds and other materiality qualifications set forth in such Warranty shall be disregarded. Each of Kolomoisky and Buyer shall have in all material respects duly performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it at or prior to Closing. Buyer shall have delivered to each of Seller and the Company a certificate, dated the Closing Date and signed by a duly authorized officer to the effect set forth above in this Clause 2.2(b)(i);
 - (ii) Seller shall have received the full amount of the Pre-Closing Payment from Buyer in the Designated Account in accordance with Clause 2.4(b), and such receipt shall not have been challenged or enjoined by any legal, judicial, regulatory or governmental process; and
 - (iii) each of Kolomoisky and Buyer shall have executed all of the Closing Date Documents to which it is a party and such Closing Date Documents shall be ready for exchange at Closing.
- (c) Conditions precedent to the performance by Buyer of its obligations on the Closing Date:

- (i) there shall have been no material breach of any Seller Warranty, Company Warranty or Fundamental Studio 1+1 and Kino Group Warranty and no material breach of any other Studio 1+1 and Kino Group Warranty, in each case at and as of the date when first given and at and as of the Closing Date with the same effect as though made at and as of the Closing Date, it being understood that, for purposes of determining the accuracy of any such Warranty, all monetary thresholds and other materiality qualifications set forth in such Warranty shall be disregarded. Each of Seller and the Company shall have in all material respects duly performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it at or prior to Closing. Each of Seller and the Company shall have delivered to Buyer a certificate, dated the Closing Date and signed by a duly authorized officer to the effect set forth above in this Clause 2.2(c)(i);
- (ii) Seller shall have delivered to Buyer the Pre-Closing Accounting Notice in accordance with Clause 4.3(d);
- (iii) no event, occurrence, fact, condition, change, development or effect shall exist or have occurred or come to exist or been threatened in respect of any of the Company or any Studio 1+1 and Kino Group Entity since the date of this Agreement that, individually or in the aggregate, has resulted in or would reasonably be expected to result in a Material Adverse Effect; and
- (iv) each of Seller and the Company shall have executed all of the Closing Date Documents to which it is a party and such Closing Date Documents shall be ready for exchange at the Closing.

2.3 Closing Date.

Subject to the satisfaction or waiver of the conditions of Clause 2.2, the Parties intend that the closing of the sale and purchase of the Shares and the Closing Date Inter-Company Debt (the "**Closing**") shall take place at 9:00 a.m. (Cyprus time) at the offices of the Company's counsel in Limassol, Cyprus on 20 April 2010, unless another time, date or place is agreed in writing by the Parties (the "**Anticipated Closing Date**"). The date on which the Closing actually occurs is referred to hereinafter as the "**Closing Date**". At the Closing the following actions shall take place:

- (a) each of Buyer, Seller, and the Company shall execute a letter agreement (the "**Closing Memorandum**") confirming that:
 - (i) all of the conditions precedent applicable to it set forth in Clause 2.2 are satisfied or waived;
 - (ii) the Pre-Closing Accounting Notice has been duly delivered by Seller and is accepted by Buyer in accordance with Clause 4.3(d); and
 - (iii) it is satisfied with the Buyer Parties' Deliverables or Seller Parties' Deliverables (as the case may be) delivered to it;
- (b) following execution of the Closing Memorandum pursuant to Clause 2.3(a), Buyer shall deliver to Seller, by wire transfer of immediately available funds to the Designated Account, the Closing Date Payment calculated in accordance with Clause 2.4(a) on the basis of the amounts set forth in the Pre-Closing Accounting Notice; and

- (c) following transfer of the funds pursuant to Clause 2.3(b), the following shall occur:
- (i) each of Seller and Buyer shall execute, or if applicable shall cause any of their respective Affiliates to execute, all relevant Assignment Agreements in respect of the Closing Date Inter-Company Debt, and Seller shall deliver to Buyer any instruments and documents representing or evidencing all of their respective rights in the Closing Date Inter-Company Debt. Physical delivery of such instruments and documents shall take place at the offices of the Company.
 - (ii) Seller shall deliver to Buyer, free and clear of any Liens, one or more certificates representing all of the Shares, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank, and bearing or accompanied by all requisite stock transfer stamps;
 - (iii) the Buyer Parties shall deliver to the Seller Parties the Buyer Parties' Deliverables; and
 - (iv) the Seller Parties shall deliver to the Buyer Parties the Seller Parties' Deliverables.

2.4 Payments.

- (a) Buyer shall pay the Adjusted Aggregate Consideration in two (2) payments. The first payment shall be made in the amount of US\$30,000,000 (the "**Pre-Closing Payment**") on the Pre-Closing Payment Date, and the second payment shall be made on the Closing Date in an amount calculated in accordance with this Clause 2.4(a) (the "**Closing Date Payment**"), in all cases in accordance with Clause 2.4(b) below. The amount of the Closing Date Payment shall equal the Adjusted Aggregate Consideration *minus* the amount of the Pre-Closing Payment received in the Designated Account *minus* the amount of any Earned Interest. For the avoidance of doubt, Seller shall retain the amount of all Earned Interest after Closing.
- (b) The Pre-Closing Payment shall be made by wire transfer of immediately available funds on 1 February 2010 (the "**Pre-Closing Payment Date**") and the Closing Date Payment shall be made by wire transfer of immediately available funds on the Closing Date, in each case into an account of Seller designated for such purpose by Seller (the "**Designated Account**"), provided that Seller shall have no obligation to transfer any interest in or Control of the Company or the Shares to Buyer until the Adjusted Aggregate Consideration has been paid in full in accordance with this Agreement.
- (c) Seller shall make available for Buyer's review copies of the documents listed in Schedule 5 at least three (3) Business Days prior to the Closing Date other than those documents which will not be produced until the Closing Date (e.g., item (s)).
- (d) Seller hereby covenants not to withdraw any funds in respect of the Pre-Closing Payment from the Designated Account until the Closing Date other than to pay or fund any Pre-Closing Expenses made in accordance with this Agreement.

2.5 Withholding. Notwithstanding any other provision of this Agreement, Buyer shall make all payments under this Agreement free and clear of all deductions and withholdings in respect of non U.S. Taxes and, if any such deduction or withholding with respect to a payment is required by Law, Buyer shall increase the amount of such payment by an amount necessary such that Seller receives the amount it would have received had no such deduction or withholding been required, and Buyer shall promptly furnish Seller with official receipts (or copies thereof) evidencing the payment of such Taxes.

2.6 Anticipated Closing Date and Long Stop Date.

- (a) The Parties intend that Closing Date shall be the Anticipated Closing Date. Each of the Parties shall use its reasonable best efforts to ensure that all of the conditions set out in Clause 2.2 are satisfied on or prior to such date.
- (b) In the event that any of the conditions set out in Clause 2.2 have not been fulfilled by the Long Stop Date, any Party shall be entitled to terminate this Agreement by written notice to the other Parties, provided that such non-fulfillment of any condition was not the direct result of any breach by the Party seeking to terminate or any of its Affiliates.

2.7 Buyer and Replacement Buyer.

- (a) At any time prior to the date that is fifteen (15) Business Days prior to the Anticipated Closing Date, Kolomoisky shall have the right to substitute another Person to perform the obligations of Buyer under this Agreement in the place of Harley Trading Limited (a "**Replacement Buyer**") by written notice to Seller, provided that
 - (i) any Replacement Buyer shall only be either (i) Kolomoisky or (ii) a Person Controlled by Kolomoisky;
 - (ii) Kolomoisky shall have provided and certified all such information as Seller reasonably determines to be necessary or appropriate to comply with the anti-money laundering Laws, rules and regulations of any applicable jurisdiction (including the Anti-Money Laundering Laws), to respond to requests for information concerning the identity of the proposed Replacement Buyer's shareholders from any Governmental Authority, self-regulatory organization or financial institution in connection with its anti-money laundering compliance procedures, or to update such information; and
 - (iii) in the event of the substitution of a Replacement Buyer pursuant to this Clause 2.7(a), Kolomoisky shall procure that, and such substitution shall not be effective until, (i) such Replacement Buyer shall promptly adhere to the terms of this Agreement as if it were a party hereto pursuant to a deed of adherence, and (ii) Harley Trading Limited shall (subject to its replacement by the Replacement Buyer pursuant to this Clause 2.7(a)) promptly unconditionally and irrevocably release the Parties hereto from any liability incurred prior to the date of such substitution pursuant to a release agreement, in the case of both (i) and (ii) in a form acceptable to the Seller Parties. For the avoidance of doubt, the Replacement Buyer shall have the same rights and liabilities incurred by or accrued to Harley Trading Limited pursuant to this Agreement prior to such substitution.
- (b) For the avoidance of doubt, subject to Clause 2.7(a), after the execution of the agreements referred to in Clause 2.7(a)(iii), any references to Buyer in this Agreement shall apply to Replacement Buyer.

3. WARRANTIES

3.1 General Warranties.

Each of the Parties represents and warrants to the other Parties that each statement applicable to it contained in Part A of Schedule 1 is true and accurate in every respect and not misleading as at the date of this Agreement and on the Closing Date.

3.2 Buyer Warranties.

Without limitation to the foregoing Clause 3.1, Buyer represents and warrants to the other Parties that each statement contained in Section 1 of Part B of Schedule 1 is true and accurate in every respect and not misleading as at the date of this Agreement and on the Closing Date.

3.3 Studio 1+1 and Kino Group Warranties.

The Company and Seller, jointly and severally, warrant to Buyer that, save to the extent fairly disclosed in the corresponding Section of (i) on the date of this Agreement, the Signing Date Seller Disclosure Letter, and (ii) on the Closing Date, the Updated Seller Disclosure Letter, in each case with sufficient detail so as to enable a reasonable Buyer to understand the facts, matters or information being disclosed and to make an accurate assessment of the impact on the Studio 1+1 and Kino Group Entities of the matter being disclosed, each statement contained in Part C of Schedule 1 shall be true and accurate in every respect and not misleading as at the date of this Agreement and on the Closing Date, with the exception of Sections 2 and 3 of Part C of Schedule 1, which shall be true and accurate in every respect and not misleading on the Closing Date only.

3.4 Independent Warranties.

Each Warranty shall be construed independently and (except where this Agreement provides otherwise) is not limited by a provision of this Agreement or another Warranty. Each of the Parties acknowledges that the other Parties are entering into this Agreement in reliance on each Warranty.

3.5 Knowledge.

- (a) Where any Warranty is qualified by the expression "so far as Seller or the Company is aware" or "to the knowledge of Seller or the Company" or any similar expression, that statement or reference shall mean so far as is within the actual knowledge of any of Adrian Sarbu, Oliver Meister, Mr. Tkachenko and the general directors, finance directors and chief legal officers of any Studio 1+1 and Kino Group Entity, in each case having made all reasonable enquiries.
- (b) Neither Seller nor the Company shall be liable in respect of any claim for breach of Warranty where or to the extent that Kolomoisky had knowledge (actual, constructive or imputed) of the facts, matters or circumstances giving rise to such Warranty claim in his capacity as a member of the board of directors of Seller and a member of the supervisory boards of Studio 1+1 and 1+1 Production.

4. CERTAIN COVENANTS

4.1 Pre-Closing Conduct.

- (a) From the date of this Agreement (or, if different, from the date the relevant Warranty is given hereunder) until Closing, Kolomoisky and Buyer agree to:

- (i) ensure that no action is taken by Buyer the effect of which would, to the knowledge of Buyer, cause a Buyer Warranty or Kolomoisky Warranty to be untrue, inaccurate or misleading in any material respect if given in respect of the facts or circumstances as at Closing;
 - (ii) notify Seller promptly if it becomes aware of a fact or circumstance which constitutes or which would or would reasonably be expected to constitute a breach of any Buyer Warranty or Kolomoisky Warranty or Clause 4.1(a)(i), or which would or might reasonably be expected to cause a Buyer Warranty or Kolomoisky Warranty to be untrue, inaccurate or misleading in any material respect in relation to the facts or circumstances as at Closing; and
 - (iii) without limitation to the generality of Clause 2.2(b) and any remedies available to Seller or the Company as a result of violation of any Warranty, take any and all action necessary in order to cure violation of any Buyer Warranty or Kolomoisky Warranty so as to ensure that by the Closing Date all Buyer Warranties or Kolomoisky Warranties are true and correct in all material respects.
- (b) From the date of this Agreement (or, if different, from the date the relevant Warranty is given hereunder) until Closing, the Company and Seller agree to:
- (i) comply with, and ensure that each Studio 1+1 and Kino Group Entity and the Company complies with, Schedule 3 and ensure that no action is taken by the Company, Seller or any Studio 1+1 and Kino Group Entity the effect of which would, to the knowledge of Seller or the Company, cause a Studio 1+1 or Kino Group Warranty, Seller Warranty or Company Warranty to be untrue, inaccurate or misleading in any material respect if given in respect of the facts or circumstances at Closing;
 - (ii) not Transfer or assign, and ensure that no Non-Company Affiliate Transfers or assigns, any Existing Inter-Company Debt or Pre-Closing Investment Debt held by such Person to any third party;
 - (iii) notify, and ensure that each Studio 1+1 and Kino Group Entity notifies, Buyer promptly if it becomes aware of a fact or circumstance which constitutes or which would or would reasonably be expected to cause any Studio 1+1 and Kino Group Warranty, Seller Warranty or Company Warranty to be untrue, inaccurate or misleading in any material respect if given in respect of the facts or circumstances at Closing or a breach of Clause 4.1(b)(i) or 4.1(b)(ii); and
 - (iv) without limitation to the generality of Clause 2.2(c) and any remedies available to Buyer or Kolomoisky as a result of violation of any Warranty, take any and all action necessary in order to cure violation of any Studio 1+1 and Kino Group Warranty, Seller Warranty or Company Warranty so as to ensure that by the Closing Date all Studio 1+1 and Kino Group Warranties, Seller Warranties and Company Warranties are true and correct in all material respects. Each of the Company or Seller shall take all actions reasonably necessary in order to rectify any material problems and violations that may have a detrimental effect on the Studio 1+1 and Kino Group Entities.
- (c) If, in the period prior to Closing, any Party (acting reasonably) considers that there may have been a breach of any Warranty (an "**Inquiring Party**") by any other Party (the "**Responding Party**"), the Inquiring Party may by written notice given to the Responding Party prior to Closing require the Responding Party to provide to such Inquiring Party, and/or procure the provision to such Inquiring Party of all information as such Inquiring Party may reasonably require in order to ascertain whether such a breach has occurred. The Responding Party shall as soon as reasonably practicable provide or procure the provision of all such information.

4.2 Actions Pending Closing: Budget.

- (a) From the date of this Agreement until Closing, Buyer, the Company and Seller agree that the operations of the Company shall be conducted in accordance with Schedule 2. Subject to Clause 4.2(b) below, Buyer, the Company and Seller agree that the Company and the Studio 1+1 and Kino Group Entities shall not make any dispositions of funds not provided in the Budget in excess of 110% of the corresponding amount in the Budget (an "**Extra-budgetary Expenditure**") without the prior written consent of Buyer and Seller, not to be unreasonably withheld or delayed. Any of the Company, Seller or Buyer may, by written notice to the other Parties, request that the Company make an Extra-budgetary Expenditure. Any Extra-budgetary Expenditure shall be made as soon as reasonably practicable after receipt by the Company of the written notice requesting such Extra-budgetary Expenditure.
- (b) In the event that Buyer is not required to consent to an Extra-budgetary Expenditure, then such Extra-budgetary Expenditure may nonetheless be incurred, provided that it shall not be considered a Pre-Closing Approved Expense, and accordingly shall not be included in the calculation of the Adjusted Aggregate Consideration.
- (c) Seller or any Non-Company Affiliate may pay or fund any expense of the Company or any Studio 1+1 and Kino Group Entity contemplated by Clause 4.2(a) or 4.2(b) above by providing loans under a Loan Facility Agreement.
- (d) Seller estimates that the aggregate amount of all Pre-Closing Approved Expenses incurred from the date of this Agreement to the Anticipated Closing Date shall be US\$19,000,000.
- (e) Promptly following a drawing under a Loan Facility Agreement, Seller shall provide to Buyer details of the same, including the date and amount of such payment, a copy of the relevant request from CME Cyprus, if any, and a copy of the bank statement of CME Cyprus showing the receipt of the relevant funds.

4.3 Satisfaction of Conditions: Anti-Monopoly Clearance: Board Appointments: Pre-Closing Accounting.

- (a) From the date of this Agreement until Closing, each Party shall use its reasonable best efforts to take or cause to be taken all actions, and to do or cause to be done all other things necessary, proper or advisable in order for such Party to fulfill and perform its obligations in respect of this Agreement (including its obligations pursuant to this Clause 4) and the other Transaction Documents to which it is a party, to cause the conditions to its obligations set forth in Clause 2.1 to be fulfilled and otherwise to consummate and make effective the transactions contemplated hereby and thereby.
- (b) The Buyer Parties shall submit all required antimonopoly or merger control applications or notifications required by the transactions contemplated hereby to occur at Closing to the relevant Governmental Authorities on or prior to 15 February 2010.
- (c) Buyer shall as soon as practicable and no later than ten (10) Business Days prior to the Anticipated Closing Date provide written notice to Seller with a complete list of the names of Buyer's nominees to be named directors, members of the supervisory board or any equivalent (and, where applicable, secretaries and bank account signatories) of the Company and any Studio 1+1 and Kino Group Entity.

- (d) On the date that is ten (10) Business Days prior to the Anticipated Closing Date (the "**Pre-Closing Accounting Date**"), Seller shall deliver to Buyer a notice containing (i) the Balance Amount and calculation thereof; (ii) the amount of any Third Party Financial Debt; (iii) the exact amount of any Pre-Closing Approved Expenses and any other Pre-Closing Expenses together with copies of the Loan Facility Agreements and drawdown notices thereunder and copy extracts of the bank statements of CME Cyprus evidencing such Pre-Closing Expenses; (iv) the amount of Earned Interest; (v) a calculation of the Aggregate Adjusted Consideration; and (vi) a calculation of the Closing Date Payment (the "**Pre-Closing Accounting Notice**"). The Parties agree that the accounting principles set forth on Schedule 8 shall apply in respect of the calculation of the Balance Amount. Buyer shall have five (5) Business Days from the date of receipt of the Pre-Closing Accounting Notice to make inquiries to Seller in respect of any amounts of any items set forth therein. Buyer shall confirm acceptance of the Pre-Closing Accounting Notice (subject to any amendments thereto as may be mutually agreed by the Seller and Buyer, each acting reasonably) in the Closing Memorandum.

4.4 Seller Disclosure Letter.

- (a) Seller shall deliver on the date hereof a disclosure letter substantially in the form attached as Exhibit B (the "**Signing Date Seller Disclosure Letter**") disclosing those matters that would, without such disclosure, cause any Seller Warranty, Company Warranty or Studio 1+1 and Kino Group Warranty to be untrue, inaccurate or misleading in any material respect in relation to the facts or circumstances as at the date of this Agreement.
- (b) Seller and the Company may, at any time prior to the date that is ten (10) Business Days prior to the Anticipated Closing Date, deliver to Buyer a draft Updated Seller Disclosure Letter for the purpose of disclosing those matters that:
- (i) in respect of each Warranty in Sections 2 and 3 and (to the extent relating to matters above US\$225,000) the Warranty in Section 5(h) of Part C of Schedule 1, have occurred at any time prior to the date of the Updated Seller Disclosure Letter; and
- (ii) in respect of any other Warranties of Part C of Schedule 1 have occurred since the date of this Agreement and were not known by Seller or the Company as of such date,

and which, in the case of each of (i) and (ii) would, without such disclosure, result in the failure of the condition set forth in Clause 2.2(c)(i) being fulfilled. The Parties acknowledge that Buyer shall be entitled to accept or reject the draft Updated Seller Disclosure Letter and that the draft Updated Seller Disclosure Letter may raise issues that Buyer believes should be addressed by way of amendment of this Agreement or the other Transaction Documents. For the avoidance of doubt but without limiting any rights in respect of prior breach or Warranty or covenant, if a draft Updated Seller Disclosure Letter is proposed, the Parties shall not be required to consummate the transactions to be consummated at Closing unless such draft Updated Seller Disclosure Letter is agreed.

4.5 Certain Post-Closing Covenants.

- (a) Except as otherwise provided in Clause 4.5(e), from and after the Closing, Seller, on the one hand, and Buyer, on the other hand, shall in respect of all other matters, promptly afford such other Party and its respective agents reasonable access to their respective books and records, information, employees and auditors (and, in the case of Buyer, including those books and records, information, employees and auditors of the Company and each of the Studio 1+1 and Kino Group Entities) to the extent necessary or useful for the party requesting such access in connection with any audit, investigation, dispute or Litigation, provided that the party requesting such access agrees to reimburse the other party promptly for all reasonable and documented out-of-pocket costs and expenses incurred in connection with any such request.
- (b) Except as otherwise provided in Clause 4.5(e), and notwithstanding anything to the contrary in Clause 4.5(a), (i) the access rights set forth in Clause 4.5(a) shall be exercised in such manner as not to interfere unreasonably with the conduct of the business of the Party granting such access, (ii) the Party granting access may withhold any document (or portions thereof) or information (A) that is subject to the terms of a non-disclosure agreement with a third party, (B) that may constitute privileged attorney-client communications or attorney work product and the transfer of which, or the provision of access to which, as reasonably determined by such Party's counsel, constitutes a waiver of any such privilege or (C) if the provision of access to such document (or portion thereof) or information, as determined by such party's counsel, would reasonably be expected to conflict with applicable Laws and (iii) neither Seller nor any of its Affiliates or representatives shall have any obligation to provide Buyer or its representatives (A) access to any Tax Return filed by Seller or any of its Affiliates, or any related materials, in each case not relating exclusively to the Company and its Subsidiaries or (B) access to any individual personnel or payroll records, in each case not relating exclusively to the Company and its Subsidiaries.
- (c) Except as otherwise provided in Clause 4.5(e), from and after the Closing: (i) Seller, on the one hand, and each of the Buyer Parties, on the other hand, shall, and shall cause their respective Affiliates and representatives to, maintain in confidence this Agreement and the Transaction Documents and any written, oral or other information related to the negotiation hereof and thereof, (ii) Seller shall, and shall cause its respective Affiliates and representatives to, maintain in confidence any written, oral or other information relating to the Company and its Subsidiaries obtained by virtue of Seller's ownership of the Company and its Subsidiaries prior to the Closing and (iii) each of the Buyer Parties shall, and shall cause its Affiliates and representatives to, maintain in confidence any written, oral or other information of or relating to Seller (other than information relating to the Company and its Subsidiaries) obtained by virtue of Buyer's ownership of the Company and its Subsidiaries from and after the Closing, except, in each case, to the extent that the applicable Party is required to disclose such information by judicial or administrative process or pursuant to applicable Law or such information can be shown to have been in the public domain through no fault of the applicable party. Notwithstanding the foregoing, after the Closing, each of the Buyer Parties shall, and shall cause its Affiliates and representatives to, use commercially reasonable efforts to promptly (and in any event within thirty days after the Closing) remove, erase, delete or otherwise destroy all information of or relating to Seller (other than information relating to the Company and its Subsidiaries) (whether in print, electronic or other forms) in the possession of any employee of the Company or its Subsidiaries.
- (d) Except as otherwise provided in Clause 4.5(e), and subject to Clause 4.5(c), Seller and its Affiliates shall have the right to retain copies of all books, data, files, information and records in any media (including, for the avoidance of doubt, Tax Returns and other information and documents relating to tax matters) of the Company and its Subsidiaries relating to periods ending on or prior to the Closing Date (i) relating to information (including employment and medical records) regarding the Company employees, (ii) as may be required by any Governmental Authority, including pursuant to any applicable Law or regulatory request or (iii) as may be necessary for Seller or its Affiliates to perform their respective obligations pursuant to this Agreement or any of the Transaction Documents, in each case subject to compliance with all applicable privacy Laws. Each of the Buyer Parties agrees that, with respect to all original books, data, files, information and records of the Company and its Subsidiaries existing as of the Closing Date, it will (x) comply in all material respects with all applicable Laws relating to the preservation and retention of records, (y) apply preservation and retention policies that are no less stringent than those generally applied by Buyer to its own books and records and (z) for at least three (3) years after the Closing Date, preserve and retain all such original books, data, files, information and records, and will use reasonable best efforts to preserve and retain all such original books, data, files, information and records for an additional four (4) years thereafter, and thereafter dispose of such original books, data, files, information and records only after it shall have given Seller ninety days' prior written notice of such disposition and the opportunity (at Seller's expense) to remove and retain such information.

- (e) Buyer hereby acknowledges that CME Media Enterprises B.V., a Non-Company Affiliate of Seller, is on the date hereof currently engaged in an on-going arbitration with CJSC Video International Company Group relating to the termination of an agreement between CME Media Enterprises B.V. and CJSC Video International Company Group (the "**VI Arbitration**"). Notwithstanding anything to the contrary in Clauses 4.5(a), 4.5(b), 4.5(c) and 4.5(d) or Clause 8 hereof, from and after Closing:
- (i) Buyer shall, and shall cause the Company and each of the Studio 1+1 and Kino Group Entities to, promptly:
- (1) afford Seller and its agents access to all books and records, information (including electronic information and e-mails), accounts, employees and auditors of the Company and its Subsidiaries that Seller requests to advance Seller's legitimate interests in the VI Arbitration (a "**VI Request**"), provided that Seller agrees to (x) notify Buyer in writing that a particular request for access is a VI Request only and (y) give Buyer reasonable prior notice of any access required hereunder; and
- (2) (x) waive any rights any of the Company or any Studio 1+1 and Kino Group Entity may have in respect of any document (or portions thereof) obtained as a result of or in connection with a VI Request that may constitute privileged attorney-client communications or attorney work product, provided that the document (or portion thereof) that is subject to such waiver originates from a date prior to the Closing Date, or (y) permit employees of any Studio 1+1 and Kino Group Entity on reasonable prior notice to provide evidence in the VI Arbitration, in each case if requested and to the extent required by Seller to advance Seller's legitimate interests in the VI Arbitration,
- provided that Seller agrees to reimburse Buyer promptly for all reasonable and documented out-of-pocket costs and out-of-pocket expenses incurred in connection with any VI Request or pursuant to Clause 4.5(e)(i)(2).

(ii) Seller and its Affiliates shall have the right to retain, use and disclose, as applicable, (i) the existence of this Agreement and the Transaction Documents, (ii) any written, oral or other information (including electronic information and e-mails) relating to the Company and its Subsidiaries obtained as a result of or in connection with any VI Request and (iii) any copies of written, oral or other information relating to the Company and its Subsidiaries obtained by virtue of Seller's ownership of the Company and its Subsidiaries prior to the Closing, provided that (x) the same is retained, used or disclosed in connection with the VI Arbitration and (y) Seller shall provide Buyer prior notice of use or disclosure.

(f) Corporate Names.

Within one month following the Closing, Buyer shall cause the Company, its Subsidiaries and any other Person in which the Company has a direct or indirect interest to change its corporate name so that it does not contain any of "CME", "Central European Media Enterprises" or any derivation thereof.

5. TERMINATION; TERMINATION AMOUNT

5.1 Termination.

This Agreement may be terminated:

- (a) at any time by mutual written consent of all of the Parties; or
- (b) at any time after the Pre-Closing Payment Date by Seller in the event that the Pre-Closing Payment is not paid in accordance with Clause 2.4(b); or
- (c) by any of the Parties pursuant to Clause 2.6(b).

5.2 Termination Amount.

- (a) If this Agreement is terminated pursuant to Clause 5.1(a), then within five (5) Business Days after the receipt of notice of such termination, Seller shall transfer the full amount of the Termination Amount (as defined below) to an account designated by Buyer.
- (b) If this Agreement is terminated pursuant to Clause 5.1(b), Buyer shall pay to Seller, or Seller shall be entitled to retain from any Pre-Closing Payment if such payment is made prior to the date of such termination the aggregate amount of the Pre-Closing Payment *plus* any Earned Interest (the "**Termination Amount**").
- (c) If this Agreement is terminated by any Party pursuant to Clause 5.1(c):
 - (i) as a consequence of a failure by Seller or any of its Affiliates to fulfill any of the conditions set forth in Clauses 2.2(c)(i), 2.2(c)(ii) 2.2(c)(iii) (except where such Material Adverse Effect arises due to the failure to fulfill any of the conditions set forth in Clause 2.2(a)(ii), 2.2(a)(iii) or 2.2(a)(iv)) and 2.2(c)(iv), or a breach by Seller of any of its material obligations on the Closing Date pursuant to Clause 2.3, then within five (5) Business Days after the receipt of notice of such termination, Seller shall transfer the full amount of the Termination Amount to an account designated by Buyer;

- (ii) as a consequence of a failure by Buyer or any of its Affiliates to fulfill any of the conditions set forth in Clause 2.2(b), or a breach by Buyer of any of its material obligations on the Closing Date pursuant to Clause 2.3, then Seller shall be entitled to retain the full amount of the Termination Amount;
 - (iii) as a consequence of a failure of the condition set forth in Clause 2.2(a)(i), then (x) Seller shall be entitled to retain from the Termination Amount the full amount of all Pre-Closing Approved Expenses and, if applicable, (y) within five (5) Business Days after receipt of notice of such termination, Seller shall transfer to an account designated by Buyer the amount equal to the difference of the Termination Amount *minus* the Pre-Closing Approved Expenses;
 - (iv) as a consequence of a failure of the conditions set forth in Clause 2.2(a)(ii), 2.2(a)(iii) or 2.2(a)(iv), then (x) Seller shall be entitled to retain from the Termination Amount the amount equal to one-half (1/2) of all Pre-Closing Approved Expenses and, if applicable, (y) within five (5) Business Days after receipt of notice of such termination, Seller shall transfer to an account designated by Buyer the amount equal to the difference of the Termination Amount *minus* the amount equal to one-half (1/2) of all Pre-Closing Approved Expenses;
- (d) The Pre-Closing Payment is a deposit paid in consideration of Seller's entry into this Agreement and is not refundable in whole or in part except as expressly provided pursuant to this Clause 5.2. The Buyer Parties acknowledge and agree that the agreements contained in this Clause 5.2 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Seller would not enter into this Agreement. Each of the Parties hereto further acknowledges that the payment or retention (as applicable) of the Termination Amount is not a penalty and is without prejudice to any other rights Seller or Buyer may have at the time of any termination.

5.3 Survival.

Any termination or expiry of this Agreement shall be without prejudice to any rights accruing prior to such termination. Clauses 1, 6, 7, 8, 9, 10 and 11 shall survive termination of this Agreement.

6. **INDEMNITIES AND LIABILITIES**

6.1 Seller Indemnity.

Seller agrees that, from and after the date of this Agreement, it shall defend, indemnify and hold harmless Buyer, its respective Affiliates, and its Affiliates' representatives, officers, directors, shareholders and Controlling Persons (the "**Buyer Indemnitees**") from and against, and pay or reimburse the Buyer Indemnitees for, any bona fide claims (by any Person that is not an Affiliate of Buyer or Kolomoisky), obligations, debts, damages (including any damages arising from or related to business interruption or loss of profits, consequential, indirect, speculative or punitive damages), liquidated damages, liabilities, costs, expenses and reasonable legal fees, whether or not involving a third party claim (collectively, "**Losses**") whatsoever resulting from (a) any material inaccuracy in or material breach of any representation or warranty when made or deemed made by Seller in or pursuant to this Agreement or (b) any material breach or default in performance by Seller of any of its covenants or agreements (including those covenants and agreements that relate to the Company) set forth in this Agreement.

6.2 Buyer Indemnity.

Buyer agrees that, from and after the date of this Agreement, it shall defend, indemnify and hold harmless Seller, its Non-Company Affiliates, and its and their respective representatives, officers, directors, shareholders and Controlling Persons (the "**Seller Indemnitees**", and together with the Buyer Indemnitees, each, an "**Indemnitee**") from and against, and pay or reimburse the Seller Indemnitees for, any Losses (for these purposes a bona fide claim means a claim by any Person that is not an Affiliate of any of the Seller Parties) whatsoever resulting from (a) any material inaccuracy in or material breach of any representation or warranty when made or deemed made by Buyer or Kolomoisky in or pursuant to this Agreement or (b) any material breach or default in performance by Buyer or Kolomoisky of any of their covenants or agreements set forth in this Agreement.

6.3 Indemnification Procedure.

- (a) A claim (which shall include any claim in respect of a breach of any Warranty) hereunder (an "**Indemnity Claim**") shall be asserted by written notice from the Party asserting such Indemnity Claim (the "**Indemnified Party**") to the Party from whom indemnification is sought (the "**Indemnifying Party**"). Such notice shall include information regarding the nature and basis for the Indemnity Claim and an estimate of the amount of Losses demanded (including, to the extent practicable, a calculation of the alleged Losses).
- (b) If the Indemnity Claim relates to any claim by a third party (a "**Third Party Claim**"), the Indemnified Party shall state in the notice to the Indemnifying Party the nature and basis of the Third Party Claim and the amount thereof, to the extent known or estimable. The Indemnifying Party shall be entitled at its own expense to assume the defense of the Third Party Claim, using legal advisers reasonably approved by the Indemnified Party. The Indemnified Party shall provide the Indemnifying Party and its advisers with such information and assistance as the Indemnifying Party shall reasonably request at the cost of the Indemnifying Party. If the Indemnifying Party does not promptly assume the defense of such Third Party Claim following notice thereof, the Indemnified Party shall be entitled to assume and control such defense. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party (which shall not be unreasonably withheld), consent to a settlement, compromise or discharge of, or the entry of any judgment arising from, any Third Party Claim, unless such settlement, compromise or discharge does not involve any finding or admission of any violation of Law or admission of any wrongdoing by the Indemnified Party and the Indemnifying Party shall (i) pay or cause to be paid all amounts arising out of such settlement or judgment concurrently with the effectiveness of such settlement, (ii) not encumber any of the assets of any Indemnified Party or agree to any restriction or condition that would apply to or adversely affect any Indemnified Party and (iii) obtain, as a condition of any settlement or other resolution, a complete and unconditional release of each Indemnified Party from any and all liability in respect of such Third Party Claim.
- (c) The obligation of an Indemnifying Party shall not extend to any liability arising from the settlement or compromise of any action or claims brought against the Indemnified Party, or the admission by the Indemnified Party of any claim or the taking by the Indemnified Party of any action (unless required by Law or applicable process), which might reasonably be expected to prejudice the successful defense of the action or claim without, in any such case, the prior written consent of the Indemnifying Party.

6.4 Obligation to Mitigate.

Each of the Parties agrees that each Indemnified Party shall take all commercially reasonable steps to mitigate any Losses upon and after becoming aware of any event or condition that would reasonably be expected to give rise to any indemnification rights hereunder in order for any other Indemnifying Party to have a corresponding obligation to indemnify for such Losses pursuant to Clause 6.1 or 6.2.

6.5 Time Limits.

- (a) The Studio 1+1 and Kino Group Warranties (other than the Fundamental Studio 1+1 and Kino Group Warranties) shall survive the Closing until the second anniversary of the Closing Date. The Studio 1+1 and Kino Group Tax Warranties shall survive until sixty (60) days following the expiration of the relevant statute of limitations.
- (b) Any Indemnity Claim notified under this Clause 6 is principal and continuing and accordingly shall remain in full force and effect regardless of the legality, validity or enforceability of any other provisions of this Agreement and notwithstanding the winding-up, liquidation or dissolution of any Party or any of its Affiliates or other incapacity or limitation of any Party or any of its Affiliates or any change in the status, control or ownership thereof.

6.6 Financial Limits.

- (a) Except in the case of fraud or any Termination Amount payable under Clause 5.2, the maximum aggregate liability of the Seller Parties, on the one hand, and the Buyer Parties, on the other hand, for any and all Indemnity Claims or other claims arising in respect of this Agreement and made prior to Closing shall not exceed US\$500,000. For the avoidance of doubt, this limitation shall be inapplicable for all such claims if the Closing occurs.
- (b) A Party shall be liable in respect of an Indemnity Claim made after Closing in respect of a Warranty only if the amount payable (but for this Clause 6.6(b)) in respect of such Indemnity Claim:
 - (i) exceeds US\$500,000; and
 - (ii) when taken with every other Indemnity Claim for which the liability of the relevant Party or its Affiliates individually exceeds the relevant threshold for such Indemnity Claim in Clause 6.6(b)(i) and 6.6(c)(i), and all Indemnity Claims also exceed in aggregate US\$4,000,000, in which case the Party shall be liable for the whole amount of all such Indemnity Claims and not only for the excess,

provided that the foregoing limitations shall not apply (1) in respect of any Indemnity Claim related to any Fundamental Warranty or (2) in respect of any Indemnity Claim made prior to Closing.
- (c) A Party shall be liable in respect of an Indemnity Claim made after Closing in respect of any Fundamental Warranty only if the amount payable (but for this Clause 6.6(c)) in respect of such Indemnity Claim:
 - (i) exceeds US\$100,000; and

- (ii) when taken with every other Indemnity Claim in respect of any Fundamental Warranty for which the liability of the relevant Party or its Affiliates individually exceeds US\$100,000, also exceeds in aggregate US\$2,000,000, in which case the Party shall be liable for the whole amount of all such Indemnity Claims and not only for the excess,

provided that any amount(s) payable in respect of any Indemnity Claim made pursuant to this Clause 6.6(c) shall be included in the aggregate total for the purposes of Clause 6.6(b)(ii), and provided further that none of the foregoing limitations shall apply in respect of any Indemnity Claim made prior to Closing.

- (d) For the purpose of Clauses 6.6(b) and 6.6(c) above two or more Indemnity Claims arising from the same set of facts, matters or circumstances or a series of related facts, matters or circumstances shall be treated as a single Indemnity Claim.
- (e) Except for Indemnity Claims in respect of Fundamental Warranties and except in the case of fraud, the maximum aggregate liability of any Party for any and all Indemnity Claims shall not exceed US\$100,000,000.
- (f) The maximum aggregate liability of any Party for any and all Indemnity Claims arising out of or in connection with any breach of Warranty shall not exceed US\$300,000,000, except in the case of fraud, in which case no limits shall apply.
- (g) For purposes of the calculation of Losses pursuant to this Clause 6, any materiality or similar qualification (including any monetary threshold) referred to in the relevant Warranty which is the subject of an Indemnity Claim shall be ignored.

7. CONTROLLING PARTIES; GUARANTEE

7.1 Controlling Parties.

The Parties hereby acknowledge and agree that Kolomoisky shall cause each of Buyer and any of Kolomoisky's Affiliates, as applicable, to perform under this Agreement and any other Transaction Documents, and Seller shall or shall cause the Company and any of Seller's Affiliates, as applicable, to perform under this Agreement and any other Transaction Documents.

7.2 Guarantee.

- (a) Kolomoisky hereby absolutely, unconditionally and irrevocably undertakes to Seller as follows:
 - (i) on the Pre-Closing Payment Date and on the Closing Date, as applicable, Buyer will have sufficient funds to pay the Pre-Closing Payment and the Closing Date Payment, as applicable;
 - (ii) Buyer will pay the Adjusted Aggregate Consideration in accordance with Clause 2.4(a)(Clauses 7.2(a)(i) and 7.2(a)(ii), collectively, the "**Obligations**")

provided that in no event shall Kolomoisky's liability under this Clause 7.2(a) exceed US\$30,000,000 (the "Cap"). In furtherance of the foregoing, Kolomoisky acknowledges that his liability hereunder shall extend to the full amount of the Obligations, and that Seller may, in its sole discretion, bring and prosecute a separate action or actions against Kolomoisky for the full amount of any Obligations, subject in each case to the Cap, regardless of whether action is brought against Buyer or any other Person liable with respect to the Obligations or whether Buyer or any other such Person is joined in any such action or actions. Seller shall not be obligated to seek any payment of the Obligations from Buyer or file any claim relating to any Obligation in the event that Buyer becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of Seller to seek such payment or to file shall not affect Kolomoisky's obligations hereunder. If any discharge, release or arrangement (whether in respect of the obligations of Buyer or any other person or any security for those obligations or otherwise) is made by the Seller in whole or in part on the faith of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration, bankruptcy or otherwise, without limitation, then the liability of Kolomoisky under this Clause 7.2(a) will continue or be reinstated as if the discharge, release or arrangement had not occurred. This is an unconditional guarantee of payment and not of collectibility. Kolomoisky agrees that the obligations of Kolomoisky hereunder shall not be released or discharged, in whole or in part, or otherwise affected by (i) the failure of Seller to assert any claim or demand or to enforce any right or remedy against Buyer or any other Person liable with respect to any Obligation or interested in the transactions contemplated by this Agreement; (ii) any change in the time, place or manner of payment of any Obligation or any rescission, waiver, compromise, consolidation or other amendment or modification of any of the terms or provisions of this Clause 7.2(a) or any other agreement evidencing, securing or otherwise executed in connection with any Obligation; (iii) the addition, substitution or release of any Person for the Obligation; (iv) any change in the corporate existence, structure or ownership of Buyer or any other Person liable with respect to any Obligation; (v) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Buyer or any other Person liable with respect to any Obligation; (vi) any lack of validity or enforceability of this Agreement or any agreement or instrument relating thereto; (vii) the existence of any claim, set-off or other right that the Kolomoisky may have at any time against Buyer or Seller or any of its Affiliates, whether in connection with any Obligation or otherwise; (viii) the adequacy of any other means Seller may have of obtaining payment of any Obligation; (ix) any other act or omission that might in any manner or to any extent vary the risk of Kolomoisky or otherwise operate as a release or discharge of Kolomoisky; or (x) any other event or circumstance, whether similar or dissimilar to the foregoing (other than final payment in full of an Obligation). To the fullest extent permitted by law, Kolomoisky hereby expressly waives any and all rights or defenses arising by reason of any law which would otherwise require any election of remedies by Seller. Kolomoisky acknowledges that he will receive substantial direct and indirect benefits from the transactions contemplated by this Agreement and that the waivers set forth in this Clause 7.2(a) are knowingly made in contemplation of such benefits. Kolomoisky hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against Buyer or any other Person liable with respect to any Obligations that arise from the existence, payment, performance or enforcement of Kolomoisky's obligation under or in respect of this Clause 7.2(a) or any other agreement in connection therewith, including without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of Seller against Buyer or such other Person, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including without limitation, the right to take or receive from Buyer or such other Person, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless all amounts payable under this Clause 7.2(a) shall have been paid in full in cash (or the Obligations have been discharged). If any amount shall be paid to Kolomoisky in violation of the immediately preceding sentence at any time prior to the payment in full in cash of all amounts payable under this Clause 7.2(a), such amount shall be received and held in trust for the benefit of Seller, shall be segregated from other property and funds of Kolomoisky and shall forthwith be paid or delivered to Seller in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the amounts payable under this Clause 7.2(a), in accordance with the terms of this Agreement, whether matured or unmatured, or to be held as collateral for amounts payable under this Clause 7.2(a) thereafter arising. Neither Kolomoisky nor Seller may assign its rights, interests or obligations under this Clause 7.2(a) to any other person (except by operation of law) without the prior written consent of Seller (in the case of an assignment by Kolomoisky) or Kolomoisky (in the case of an assignment by Seller); provided that Seller may assign its rights, interests or obligations under this Clause 7.2(a) to any Affiliate of Seller.

- (b) For the avoidance of doubt, notwithstanding any other provision of this Agreement, the maximum aggregate liability of Kolomoisky for any and all liabilities, costs, obligations, damages and expenses arising under or in respect of this Agreement and any other Transaction Document shall not exceed US\$30,000,000.

8. CONFIDENTIALITY

8.1 Obligation.

The Parties acknowledge and agree that they (whether acting by themselves or through their respective legal advisers, directors, officers, servants or agents or any of them or through any company or howsoever) shall keep confidential and shall not provide a copy of any Transaction Document or disclose, disseminate and/or publicize, or cause or permit to be disclosed, disseminated and/or publicized, any of the terms and conditions of any Transaction Document, and/or the existence of any and all of the circumstances leading to this Agreement, to any individual and/or entity not a Party to this Agreement, except to the extent described below:

- (a) in response to an order of a court of competent jurisdiction, or in response to an appropriate subpoena or discovery request issued in the course of Litigation;
- (b) in response to (i) an inquiry to which by Law a response must be given or, on advice of counsel, to which a response is advisable or (ii) any order issued by a Governmental Authority or supra-governmental agency of competent jurisdiction;
- (c) to the extent necessary to report income to appropriate taxing authorities and/or to contest the imposition of any Tax by appropriate taxing authorities;
- (d) to such Party's respective accountants and legal advisers and to any broker or insurer or relevant reinsurer or retrocessionaire in all cases (other than disclosure to legal advisers) as may be required by contract and/or by Law;
- (e) in connection with any Litigation or arbitration proceedings between the Parties relating to this Agreement or any other Transaction Document; and
- (f) to the extent required or (on advice of counsel) appropriate in order to comply with applicable Law or stock exchange rules.

In the event disclosure is necessary pursuant to any of the Clauses above, the disclosing Party shall (to the extent permitted by applicable Law) apprise the third party to whom such disclosure is made of the confidential nature of the information and said disclosing Party shall use its reasonable and good faith efforts to secure the confidentiality of the information provided to any third party.

8.2 Public Domain.

The requirements of Clause 8.1 shall not apply to any information or data to the extent such information has already entered the public domain (provided always that it has not entered the public domain by reason of the disclosing Party's breach of this Agreement, including any action by such Party's Subsidiary).

9. **ASSIGNMENT**

Except as expressly provided herein, none of the rights of the Parties under this Agreement may be assigned or transferred without the prior written consent of the other Parties.

10. **MISCELLANEOUS**

10.1 Further Assurances.

The Parties agree that, from and after the date hereof, each of them shall, and shall cause their respective Subsidiaries to, execute and deliver such further instruments of conveyance and transfer and take such other action as may be reasonably requested by any Party to carry out the purposes and intents hereof. The provisions of this Clause 10.1 shall survive the Closing Date.

10.2 Modification; Waiver; Severability.

Except as specifically provided herein, this Agreement may be modified only by a written instrument executed by all of the Parties. If any provision of this Agreement is held to be unenforceable for any reason, the Parties shall, acting in good faith and using best efforts, seek to agree adjustments to such provision, so that such provision is not avoided and in order to achieve the intent of the Parties to the extent possible. In any event, the invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability of this Agreement, including that provision, in any other competent jurisdiction. If any provision of this Agreement is or becomes invalid or unenforceable, in whole or in part, this shall not affect the validity of the remaining provisions hereof.

10.3 Third Party Rights.

No term of this Agreement shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by any Person who is not a Party, except that the Buyer Indemnitees and the Seller Indemnitees shall be entitled to enforce the provisions of Clause 6 pursuant to such act as if they were a party hereto.

10.4 Entire Agreement.

This Agreement, together with the other Transaction Documents and the documents herein referred to, constitute the entire agreement among the Parties and supersedes and replaces any prior agreement, understanding, undertaking or arrangement with respect to the subject matter hereof, including for the avoidance of doubt the Amended Framework Agreement, provided that this Clause 10.4 shall in no event have the effect to exclude liability for fraud.

10.5 Preparation.

Each Party acknowledges and confirms that the preparation of this Agreement has been a joint effort of all Parties and counsel for all Parties and that it shall not be construed for or against any individual Party on the basis solely that this Agreement or any part thereof was drafted by or on behalf of that Party.

10.6 Specific Performance.

The Parties acknowledge and agree that a breach by any Party of any of the terms of this Agreement is likely to result in irreparable and continuing damage to the other Parties for which there may or will be no adequate remedy at law and/or for which damages will not be an adequate remedy, and that in the event of such breach, any of the Parties shall be entitled to apply for injunctive relief and/or a decree for specific performance and such other or further relief as may be appropriate. Notwithstanding the foregoing, the sole remedy for any breach hereof prior to Closing shall be to seek monetary damages, which shall be subject to the limitation set forth in Clause 6.6(a).

10.7 Costs.

Each Party shall bear its own costs, including lawyers' fees, notarial fees, filing and registration costs in relation to the preparation and negotiation of this Agreement and any other Transaction Document, except that Buyer shall be responsible for all Taxes arising out of or in connection with this Agreement other than Taxes which Seller is required by law to pay or Taxes which are levied on or relate to any date prior to the Closing Date (for which Seller only shall be responsible).

10.8 Notices.

All notices and other communications made in connection with this Agreement shall be in writing. Any notice or other communication in connection herewith shall be deemed duly delivered and given to any other Party one (1) Business Day after it is sent by fax, confirmed by letter sent by a reputable express courier service, in each case, to the regular mail addresses and fax numbers set forth below or to such other regular mail address and/or fax number as may be specified in writing to the other Parties:

if to Buyer:

Stadiou, 37A
Aglantzia
P.C. 2103
Nicosia
Cyprus
Attn: Michalakis Tsitsekos

Fax: ++357 22 336 464

if to Kolomoisky:

Igor Valeryevich Kolomoisky
office 602
32, Naberezhnaya Pobedy, 49094
Dnipropetrovsk, Ukraine
Attn: Timur Novikov

Tel.: +380 567161551
Fax: +380 567161551

with a copy to Buyer.

if to Seller:

c/o CME Development Corporation
52 Charles Street
London W1J 5EU
Attn: General Counsel

Tel: +44 20 7127 5834
Fax: +44 20 7127 5801

if to the Company:

CME Cyprus Holdings II Limited
Arch. Makariou III, 195
Neocleous House
P.C. 3030, Limassol, Republic of Cyprus

Tel.: +357 2536 2818
Fax: +357 2535 9262

with a copy to Seller prior to the Closing Date and to Buyer from the Closing Date.

Any Party may give any notice or other communication in connection herewith using any other means (including personal delivery, messenger service, facsimile, telex or regular mail), but no such notice or other communication shall be deemed to have been duly delivered and given unless and until it is actually received by the individual for whom it is intended.

10.9 Counterparts.

This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall together constitute one and the same agreement.

11. GOVERNING LAW AND ARBITRATION

11.1 Governing Law.

This Agreement is governed by and shall be construed in accordance with English Law.

11.2 Arbitration.

- (a) General. Any dispute, controversy or claim arising out of or relating to this Agreement, including any question regarding its existence, validity, interpretation, performance or termination, shall be finally resolved by arbitration in accordance with the then existing Rules of Arbitration of the London Court of International Arbitration (the "**LCIA Rules**"), which are deemed to be incorporated by reference into this Clause 11.2, except to the extent modified by this Clause 11.2. The tribunal shall consist of three arbitrators. Subject to the provisions of Clause 11.2(c) the parties to any such arbitration shall each be entitled to nominate one arbitrator and the third arbitrator shall be appointed by the two party-nominated arbitrators. In a multi-dispute the tribunal shall be appointed by the LCIA Court, unless the parties to such arbitration agree in writing that, for the purpose of Article 8.1 of the LCIA Rules, the disputant parties represent two separate sides for the formation of the tribunal as claimant and respondent respectively. The parties expressly agree that leave to appeal under section 69(1) or an application for the determination of a preliminary point of law under section 45 of the Arbitration Act 1996 may not be sought with respect to any question of law arising out of an award or in the course of the proceedings.
- (b) Seat and Language. The seat of the arbitration shall be London, England. The language of the arbitration shall be English except that any party to the arbitration may submit testimony or documentary evidence in Ukrainian or Russian and shall furnish a translation or interpretation of any such evidence into English.
- (c) Related Disputes. If any dispute arising out of or relating to this Agreement (hereinafter referred to as a "**Related Dispute**") raises issues which are substantially the same as or connected with issues raised in another dispute which has already been referred to arbitration under this Agreement or any other Transaction Document (an "**Existing Dispute**"), the tribunal appointed or to be appointed in respect of any such Existing Disputes shall also be appointed as the tribunal in respect of any such Related Dispute. Where, pursuant to the foregoing provisions, the same tribunal has been appointed in relation to two or more disputes, the tribunal may, with the agreement of all the parties concerned or upon the application of one of the parties, being a party to each of the disputes, order that the whole or part of the matters at issue shall be heard together upon such terms or conditions as the tribunal thinks fit. The tribunal shall have power to make such directions and any interim or partial award as it considers just and desirable.

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties and on the date first written above.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

By: /s/ Adrian Sarbu

Name: Adrian Sarbu
Title: President and Chief Executive Officer

HARLEY TRADING LIMITED

By: /s/ Agathoulla Constantinou

Name: Agathoulla Constantinou
Title: Director

IGOR VALERYEVICH KOLOMOISKY

/s/ Igor Kolomoisky

CME CYPRUS HOLDING II LIMITED

By: /s/ David Sturgeon

Name: David Sturgeon
Title: Director

Warranties

Part A

Natural Person Warranties¹

1. CAPACITY AND AUTHORITY

1.1 He has the necessary power and authority (including full legal and dispositive capacity) to enter into, deliver, and perform his obligations under this Agreement and each of the other Transaction Documents to which he is party.

2. GENERAL REPRESENTATIONS AND WARRANTIES

2.1 The execution and delivery by him of this Agreement and each of the other Transaction Documents to which he is a party constitute valid and legally binding obligations, enforceable against him in accordance with the terms thereof, and will not violate any provision of and will not result in a breach of the terms of (i) any Law, rule or regulation of any Governmental Authority applicable to him or (ii) any contract, indenture, agreement or commitment to which he is a party or bound;

2.2 All proceedings that are required to be taken, and all approvals that are required to be obtained, by him to authorize him to execute, deliver and perform the terms of this Agreement and each of the other Transaction Documents to which he is a party have been taken or approved; and

2.3 No additional consent by any other Person is required to be obtained by him in connection with his execution or performance of this Agreement or any other Transaction Document.

Legal Entity Warranties²

1. CAPACITY AND AUTHORITY

1.1 It is a company duly organized and validly existing under the Laws of its jurisdiction;

1.2 It has the necessary corporate power and authority to enter into and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party, and to consummate the transactions contemplated thereby; and

1.3 Each Person signing this Agreement and any other Transaction Document on its behalf is duly appointed and authorized to sign each such document pursuant to its constitutional documents and/or a power of attorney duly issued to such Person and such appointment and authorization is effective and valid.

2. GENERAL REPRESENTATIONS AND WARRANTIES

2.1 The execution and delivery by it of this Agreement and each of the other Transaction Documents to which it is a party constitute valid and legally binding obligations, enforceable against it in accordance with the terms thereof, and will not violate any provision of and will not result in a breach of the terms of (i) any Law, rule or regulation of any Governmental Authority applicable to it or (ii) any contract, indenture, agreement or commitment to which it is a party or bound;

¹ Applicable to Kolomoisky.

² Applicable to Buyer, the Company and Seller.

2.2 All proceedings that are required to be taken, and all approvals that are required to be obtained, by it to authorize it to execute, deliver and perform the terms of this Agreement and each of the other Transaction Documents to which it is a party have been taken or approved; and

2.3 Save for approvals which may be required in connection with the Seller Restructuring or this Agreement, as applicable, no additional consent by any other Person is required to be obtained by it in connection with its execution or performance of this Agreement or any other Transaction Document.

Part B

1. REPRESENTATIONS AND WARRANTIES RELATING TO BUYER OR THE SHARES

1.1 As of the date of this Agreement and as of the Closing Date, 100% of the share capital of Buyer is Beneficially Owned by Kolomoisky, and Buyer is under the exclusive Control of Kolomoisky. As of the date of this Agreement and the Closing Date, Kolomoisky holds beneficial title to all shares in the capital of Buyer, free and clear of any Liens, other than Liens arising under applicable Law.

1.2 On the Pre-Closing Payment Date and on the Closing Date, as applicable, Buyer will have sufficient funds to pay the Pre-Closing Payment and the Closing Date Payment, as applicable, and to effect all other transactions contemplated by this Agreement and the Transaction Documents. The Buyer Parties have no knowledge of any facts or circumstances that are reasonably likely to result in the funding contemplated in Clause 7.2 not being made available to Buyer on a timely basis in order to consummate the transactions contemplated by this Agreement.

1.3 Buyer has reviewed all material information in relation to its investment under this Agreement, and it understands the risks of, and other considerations relating to, the acquisition of the Shares and the Existing Inter-Company Debt.

1.4 It is: (i) able, by reason of business and financial experience, to protect its own interests in connection with the transactions contemplated by this Agreement; (ii) able to afford the entire loss of its investment in the Shares and the Existing Inter-Company Debt; (iii) an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the Securities Act; (iv) not a broker-dealer or an affiliate of a broker-dealer registered pursuant to Section 15 of the Exchange Act and (v) acquiring the Shares and the Existing Inter-Company Debt for its own account or for the account of another institutional accredited investor with respect to which it exercises sole investment discretion.

1.5 Buyer is acquiring the Shares and the Existing Inter-Company Debt for investment purposes only and is not acquiring any Shares or the Existing Inter-Company Debt with a view to or for sale in connection with any distribution of all or any part of such Shares or the Existing Inter-Company Debt, and it will not, directly or indirectly, Transfer all or any part of its Shares or the Existing Inter-Company Debt (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of such Shares or the Existing Inter-Company Debt) except in accordance with (and to the extent applicable) (i) the registration provisions of the Securities Act or an exemption from such registration provisions, (ii) any applicable state or non-U.S. securities Laws, (iii) the terms of this Agreement, (iv) any other applicable securities or financial services Laws and regulations of any jurisdiction and (v) the FSMA and subordinated legislation, rules and guidance promulgated or issued thereunder and any other applicable Laws and regulations of the United Kingdom (all the foregoing being collectively referred to as "**Applicable Laws**").

1.6 Buyer understands that it must bear the economic risk of its investment in the Shares and the Existing Inter-Company Debt for an indefinite period of time because, among other reasons, the offering and sale of the Shares and the Existing Inter-Company Debt have not been registered under the Securities Act, and the Company has not been registered with or approved by any regulatory authority and, therefore, the Shares and the Existing Inter-Company Debt cannot be sold other than through a privately negotiated transaction unless they are subsequently registered under the Securities Act or an exemption from such registration is available or the Issuer is subsequently registered with or approved by a regulatory authority such that the Shares and the Existing Inter-Company Debt may be sold other than pursuant to an applicable private placement exemption. It further understands that Transfers of the Shares and the Existing Inter-Company Debt may be restricted by applicable state and non-U.S. securities Laws, and that no market exists or is expected to develop for the Shares and the Existing Inter-Company Debt.

1.7 None of the cash or property that Buyer has paid or contributed, or will pay or will contribute prior to the Closing Date, to the Company has been, or shall be, derived from, or related to, any activity that is deemed criminal under U.K. Law, U.S. Law, Bermuda Law, Cypriot Law or the Law of the jurisdiction in which such activity takes place. No contribution or payment by it to the Company to the extent that such contribution or payment is within its control, shall cause the Company to be in violation of any of the Anti-Money Laundering Laws (as defined below) or the anti-money laundering Laws, rules or regulations of any other applicable jurisdiction.

1.8 Buyer also acknowledges that (i) Seller and its Affiliates, including the Company, may be required to comply with all applicable anti-money laundering Laws, including the U.K. Proceeds of Crime Act 2003, Terrorism Act 2000 and Money Laundering Regulations 2003 and (ii) Seller may be required to comply with the anti-money laundering rules of the SEC, the NASDAQ and/or the Prague Stock Exchange (the legislation and rules referred to in (i) and (ii) being collectively referred to as the "**Anti-Money Laundering Laws**"). In addition, neither it nor any Person under its Control is a Person identified as a terrorist organization on any relevant lists maintained by a Governmental Authority.

Part C – Studio 1+1 and Kino Group Warranties

1. CAPACITY AND AUTHORITY

1.1 Each of the Studio 1+1 and Kino Group Entities is duly incorporated under the Laws of its country of incorporation; and has (or will have at Closing) obtained all material consents, licenses, approvals or authorizations of, exemptions by or registrations with or declarations by, any Governmental Authority required by it with respect to this Agreement and the business of the Studio 1+1 and Kino Group as currently conducted and such consents, licenses, approvals or authorizations of, exemptions by or registrations with or declarations by any Governmental Authority will not be contravened by the execution or performance of this Agreement by such Studio 1+1 or Kino Group Entity.

1.2 The execution of and the consummation of the transactions contemplated by this Agreement or any other Transaction Document will not: violate any Law, regulation, rule, judgment, order or other restriction of any Governmental Authority or court to which any of the Seller Parties and any Studio 1+1 and Kino Group Entity is subject or by which any of the Assets or their properties are bound; or conflict with or constitute a breach of any terms or provisions of their Constitutional Documents or other corporate documents; or conflict with or constitute a breach of or result in a default under any contract, or any license, permit, certificate, authorization, approval, registration or consent granted by any Governmental Authority to which any of the Seller Parties and any Studio 1+1 and Kino Group Entity is a party or by which any of its Assets or properties are bound.

2. THE COMPANY

2.1 Immediately prior to Closing, Seller has title and is the sole legal and Beneficial Owner of all Shares in the Company and of all of the Closing Date Inter-Company Debt.

2.2 Other than in connection with the acquisition of the shares or other assets of the Studio 1+1 and Kino Group Entities pursuant to the Seller Restructuring, the Company has never engaged in the carrying on of any trade or business or in any activities of any sort except in connection with its incorporation, the appointment of its officers, its providing inter-company loans to the Studio 1+1 and Kino Group Entities and the filing of documents pursuant to the Laws of the Republic of Cyprus; and otherwise the Company does not have, and never has had, any indebtedness, mortgages, charges, debentures, guarantees or other commitments or liabilities (present or contingent) outstanding; does not have, and never has had, any employees; is not, and never has been, party to any contract; is not, and never has been, a party to any Litigation or arbitration proceedings; is not, and never has been, the lessee of any property; and is not, and never has been, the owner of, or interested in, any Assets whatsoever, including the share capital of any other body corporate that is engaged in carrying on any trade or business (other than shares of the Studio 1+1 and Kino Group Entities).

2.3 The record books of the Company have been properly kept, are in its possession and contain an accurate and complete record of the matters which should be dealt with in those books in accordance with the Laws of the Republic of Cyprus and no notice alleging that any of them is incorrect or should be rectified has been received.

2.4 All returns, particulars, resolutions and other documents required to be filed under relevant legislation by the Company have been duly filed and all legal requirements in connection with the formation of the Company and issues of its shares have been satisfied.

2.5 There are no outstanding rights, warrants, options, subscriptions, agreements or commitments giving any Person any right to subscribe for or acquire any share capital or other securities of the Company.

3. STUDIO 1+1 AND KINO GROUP ENTITIES' SHARES

- 3.1 Since the Relevant Reference Date, the Company, its Affiliates, or any Studio 1+1 and Kino Group Entity has title to and is the legal and Beneficial Owner of its shares in the Studio 1+1 and Kino Group Entities free and clear of any Liens (and there is no agreement to make them subject to any Liens), other than Liens set forth in the relevant Person's Constitutional Documents and arising under applicable Law.
- 3.2 The information relating to the Studio 1+1 and Kino Group Entities listed in the corresponding Section of the Seller Disclosure Letter is accurate and complete in all material respects.
- 3.3 The shares of the Studio 1+1 and Kino Group Entities: have been duly authorized and validly issued in compliance with all share issue procedures established by all applicable Laws; are fully paid up; represent the entire share capital of the relevant Studio 1+1 and Kino Group Entity; and since the Relevant Reference Date were acquired by the registered shareholders in compliance with all applicable Laws. Since the Relevant Reference Date, all share issuances of the relevant Studio 1+1 and Kino Group Entities were properly and timely registered with the appropriate authorities competent for registration of the issuance thereof.
- 3.4 The Seller Restructuring has been performed and completed in compliance with all applicable Laws (including timely compliance with any notice or notification requirements) and no material liabilities remain outstanding in respect therewith other than liabilities permitted by this Agreement. So far as Seller is aware, there are no actions, claims, proceedings, demands or disputes in connection with the Seller Restructuring.
- 3.5 Each Studio 1+1 and Kino Group Entity has been duly registered with any and all local state or municipal authorities as required by all applicable Laws; any and all statements, certificates, excerpts, notices or other similar notifications, including any changes and/or re-issuances thereof made since the Relevant Reference Date when required, have been duly obtained, requested and/or notified by each Studio 1+1 and Kino Group Entity.
- 3.6 Since the Relevant Reference Date, any and all payments, contributions or similar transfers (whether in cash or in kind) made to the share capital of each Studio 1+1 and Kino Group Entity or any other share capital increases and/or decreases of each Studio 1+1 and Kino Group Entity have been duly performed and completed in compliance with all applicable Laws (including timely compliance with any notice or notification requirements).
- 3.7 Save for the provisions of the relevant Person's Constitutional Documents and save for the provisions of imperative provisions of Ukrainian Law or the Law of the jurisdiction in which the relevant Studio 1+1 and Kino Group Entity is incorporated, the shares of the Studio 1+1 and Kino Group Entities are not subject to any pre-emption or similar rights.
- 3.8 Since the Relevant Reference Date, any and all Transfers of shares of any of the Studio 1+1 and Kino Group Entities have been duly completed in compliance with all applicable Laws (including compliance with any and all notice or notification requirements, rights of first refusal and/or pre-emption rights and/or similar rights and spousal consent requirements); at all times only fully paid shares of the Studio 1+1 and Kino Group Entities have been disposed; at all such times considerations for all transferred shares of the Studio 1+1 and Kino Group Entities have been duly paid to the respective vendors and there are no outstanding liabilities in connection with any such Transfer.
- 3.9 There are no outstanding or authorized purchase rights, subscription rights, conversion rights, exchange rights, rights of first refusal, pre-emptive rights or other similar rights or commitments that could require any of the Studio 1+1 and Kino Group Entities to issue, sell, or otherwise cause to become outstanding any shares of its capital stock or any loan capital.
- 3.10 The Studio 1+1 and Kino Group Entities have no Subsidiaries that are not identified herein.

3.11 There are no outstanding options, warrants or other rights entitling any Person or entity to purchase or otherwise acquire from Studio 1+1 and Kino Group Entities any shares of its capital stock or any loan capital.

3.12 The Studio 1+1 and Kino Group Entities are not holders of shares or other security of any other company (other than the shares or other securities of other Studio 1+1 and Kino Group Entities), and none of them is a member of any partnership, joint venture, consortium or other incorporated association (other than memberships in trade associations).

4. LICENSES

4.1 All of the Studio 1+1 and Kino Group Entities are and since the Relevant Reference Date have been in compliance in all material respects with applicable Laws, and, to the knowledge of Seller, after reasonable inquiry, are not under investigation with respect to any material violation of any applicable Laws. No Laws have been proposed or enacted that would reasonably be expected to require a material modification in the manner in which the business of the Studio 1+1 and Kino Group is currently conducted.

4.2 All material licenses and permits required for carrying on the business of the Studio 1+1 and Kino Group by the Studio 1+1 and Kino Group Entities (the "**Studio 1+1 and Kino Group Licenses**") have been obtained by them (or will be so obtained by the Closing Date) and are and will be on the Closing Date in full force and effect and there are no circumstances indicating that any of those licenses or permits is likely to be revoked or not renewed in the ordinary course.

4.3 All Studio 1+1 and Kino Group Licenses have been issued to the Studio 1+1 and Kino Group Entities in material compliance with Ukrainian Law and in accordance with the procedures set by Ukrainian Law and there are no evident deficiencies in the issuance of (or criminal actions in obtaining) such Studio 1+1 and Kino Group Licenses.

4.4 No actions, claims, proceedings, demands, disputes or liabilities in respect of the grant or re-issuance of any of the Studio 1+1 and Kino Group Licenses are currently pending and, so far as Seller is aware, no disputes in respect of the holding of the Studio 1+1 and Kino Group Licenses have been filed and are currently pending against the Studio 1+1 and Kino Group Entities.

4.5 All Studio 1+1 and Kino Group Licenses are subject to no non-compliance with any legal or regulatory requirements which may result in the termination, revocation or suspension of such license or permit. There is no material non-compliance under any such Studio 1+1 and Kino Group License that has not been duly cured.

5. ABSENCE OF CERTAIN CHANGES

Since 31 December 2009, the business of the Studio 1+1 and Kino Group Entities (except of actions required due to the Seller Restructuring or as disclosed to the supervisory board of Studio 1+1) has been conducted in the ordinary course consistent with past practice and, to the knowledge of Seller, there has not been:

- (a) any incurrence of any indebtedness by any Studio 1+1 and Kino Group Entity other than Inter-Company Debt;
- (b) any creation or other incurrence of any Lien on any material Asset of any Studio 1+1 and Kino Group Entity;
- (c) any loan, advance or capital contribution to or investment in any Person by any Studio 1+1 and Kino Group Entity, other than to or in a wholly-owned Subsidiary of any Studio 1+1 and Kino Group Entity in the ordinary course of business consistent with past practice or as permitted under the Agreement;

- (d) any material damage, destruction or other casualty loss (whether or not covered by insurance) affecting the Studio 1+1 and Kino Group Entities;
- (e) any change in any method of accounting or accounting principles or practices by any Studio 1+1 and Kino Group Entity except for any such change required by reason of a concurrent change in U.S. GAAP;
- (f) any material Tax election made or changed, any annual Tax accounting period changed, any method of Tax accounting adopted or changed, any material amended Tax filings or claims for material Tax refunds filed, any material closing agreement entered into, any material proposed Tax adjustments or assessments, any material Tax claim, audit or assessment settled, or any right to claim a material Tax refund, offset or other reduction in Tax liability surrendered, in each case, by any Studio 1+1 and Kino Group Entity;
- (g) any sale, transfer, lease, exclusive license or other disposition of any Asset in excess of US\$225,000, except for inventory sold in the ordinary course of business consistent with past practice of the Studio 1+1 and Kino Group Entities;
- (h) any amendment, cancellation, compromise or waiver of any material claim or right of any Studio 1+1 and Kino Group Entity; for the purposes of this sub-section, "material" means (i) on the date of this Agreement, US\$500,000 and (ii) on the Closing Date, US\$225,000; or
- (i) any event, development or state of circumstances that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

6. CERTAIN FILINGS; FINANCIAL STATEMENTS

6.1 Seller is a reporting company and files annual and quarterly reports with the U.S. Securities and Exchange Commission (the "SEC"). To the Company's knowledge, none of the information about the Studio 1+1 and Kino Group contained in filings of Seller made with the SEC as required by Law (the "**SEC Filed Ukrainian Information**"), at the time it was filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6.2 The Studio 1+1 and Kino Group Entities have devised and maintained systems of internal accounting controls with respect to the operations of the Studio 1+1 and Kino Group Entities sufficient to provide reasonable assurances that (i) all transactions are executed in accordance with management's general or specific authorization, (ii) all transactions are recorded as necessary to permit the preparation of financial statements in conformity with U.S. GAAP and to maintain proper accountability for items, (iii) access to their property and assets is permitted only in accordance with management's general or specific authorization and (iv) recorded accountability for items is compared with actual levels at reasonable intervals and appropriate action is taken with respect to any differences.

7. ASSETS

7.1 All or substantially all Assets used or employed by the Studio 1+1 and Kino Group Entities are owned or leased by the Studio 1+1 and Kino Group Entities, free from any Liens (other than under any leasing, hiring, or hire purchase agreement or agreement for payment on deferred terms or factoring or other similar agreement) and all such Assets are in the possession or under the control of the Studio 1+1 and Kino Group Entities.

7.2 All or substantially all Assets owned, possessed or used by the Studio 1+1 and Kino Group Entities have been maintained in material compliance with applicable legal requirements and the business practices customary in the television industry in Ukraine.

8. MATERIAL CONTRACTS

8.1 Other than as set forth in the Seller Disclosure Letter, no Studio 1+1 and Kino Group Entity is a party to or bound by:

- (a) any agreement relating to any indebtedness (whether incurred, assumed, guaranteed or secured by any asset) other than Inter-Company Debt or any indebtedness owed by one Studio 1+1 and Kino Group Entity to any other Studio 1+1 and Kino Group Entity;
- (b) any joint venture, partnership, limited liability company or other similar agreements or arrangements (including any agreement providing for joint research, development or marketing);
- (c) any agreement or series of related agreements, including any option agreement, relating to the acquisition or disposition of any business, capital stock or Assets of any other Person or any material real property (whether by merger, sale of stock, sale of Assets or otherwise);
- (d) any agreement relating to any interest rate, derivatives or hedging transaction;
- (e) any agreement (including any "take-or-pay" or keepwell agreement) under which (A) any Person has directly or indirectly guaranteed any liabilities or obligations of any of the Studio 1+1 and Kino Group Entities or (B) any Studio 1+1 and Kino Group Entity has directly or indirectly guaranteed any liabilities or obligations of any other Person (in each case other than endorsements for the purpose of collection in the ordinary course of business);
- (f) any other agreement, commitment, arrangement or plan that is (A) not made in the ordinary course of business or (B) material to the Studio 1+1 and Kino Group Entities, taken as a whole; or
- (g) any agreement that limits the freedom of any Studio 1+1 and Kino Group Entity to conduct its business in all material respects as it is currently being conducted.

8.2 Each agreement, commitment, arrangement or plan referred to in Section 8.1 above and disclosed in the corresponding Section of the Seller Disclosure Letter (each a "**Material Contract**") is a valid and binding agreement of the Studio 1+1 and Kino Group Entities and is in full force and effect, and none of the Studio 1+1 and Kino Group Entities nor, to the knowledge after reasonable inquiry of Seller, any other party thereto is in default or breach in any material respect under (or is alleged to be in default or breach in any material respect under) the terms of, or has provided or received any notice of any intention to terminate, any such Material Contract, and, to the knowledge of Seller after reasonable inquiry, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default thereunder or result in a termination thereof or would cause or permit the acceleration or other change of any material right or obligation or the loss of any material benefit thereunder.

9. UNDISCLOSED LIABILITIES; DEBTS AND BORROWING

9.1 So far as Seller is aware, the Studio 1+1 and Kino Group Entities have no outstanding obligations for the payment or repayment of money, except (i) Existing Inter-Company Debt, (ii) indebtedness owed by a Studio 1+1 and Kino Group Entity to any other Studio 1+1 and Kino Group Entity or (iii) obligations which (x) were incurred after 31 December 2009 in the ordinary course of business consistent with past practice and (y) individually and in the aggregate, are not materially adverse to the Studio 1+1 and Kino Group Entities, taken as a whole.

9.2 The Studio 1+1 and Kino Group Entities do not have subsisting over the whole or any part of their present or future revenues or Assets any Lien or any other agreement or arrangement having a similar effect securing obligations exceeding US\$225,000.

9.3 The Studio 1+1 and Kino Group Entities are in material compliance with all applicable Ukrainian currency control requirements.

9.4 As at the date of this Agreement, the Company and the Studio 1+1 and Kino Group have no outstanding Third Party Financial Debt. As at the Closing Date, the Company and the Studio 1+1 and Kino Group have no outstanding Third Party Financial Debt other than as permitted by this Agreement.

9.5 The transactions to be undertaken pursuant to the Transaction Documents will not cause any breach of the terms of any Inter-Company Debt or cause any Inter-Company Debt to become due before its stated maturity. The terms of such Inter-Company Debt have been provided to and reviewed by the Buyer. No Inter-Company Debt is currently in default, and no lender thereunder has made any claims for the bankruptcy, liquidation, winding up or dissolution of the relevant borrower.

10. LITIGATION

10.1 Except as disclosed in the Seller Disclosure Letter, the Studio 1+1 and Kino Group Entities are not engaged or proposing to engage in any material Litigation, arbitration, prosecution or other legal proceedings and, to the knowledge of Seller after reasonable inquiry, there are no claims or actions (whether criminal or civil) in progress, outstanding or pending against any of the Studio 1+1 and Kino Group Entities or any of their material Assets or properties.

10.2 To the knowledge of Seller after reasonable inquiry, no governmental or official investigation or inquiry concerning any Studio 1+1 and Kino Group Entity is in progress and there are no circumstances which are reasonably likely to give rise to any such investigation or inquiry.

10.3 Neither the Company nor any Studio 1+1 or Kino Group Entity is a party to the VI Arbitration.

11. INTELLECTUAL PROPERTY

11.1 As far as Seller is aware, all Persons (including current and former employees and independent contractors) who create or contribute to material proprietary Intellectual Property owned by any Studio 1+1 and Kino Group Entity ("**Owned Intellectual Property**") have validly and irrevocably assigned to a Studio 1+1 and Kino Group Entity in writing all of their rights therein that did not initially vest with such Studio 1+1 and Kino Group Entity by operation of Law. Except as disclosed in the Seller Disclosure Letter, the Owned Intellectual Property is free and clear of any Liens. Any material Intellectual Property used by any Studio 1+1 and Kino Group Entity but not owned by such Person is used pursuant to a currently effective license.

11.2 The Studio 1+1 trademark and the Kino trademark are owned by a Studio 1+1 and Kino Group Entity.

11.3 To the knowledge of Seller after reasonable inquiry, the conduct of the on-going business of the Studio 1+1 and Kino Group does not infringe or otherwise conflict with the rights of any Person in respect of any Intellectual Property. As far as Seller is aware, none of the Owned Intellectual Property is being infringed or otherwise used or being made available for use by any Person without a license or permission from the Company.

11.4 To the knowledge of Seller after reasonable inquiry, the Studio 1+1 and Kino Group Entities have taken all actions reasonably necessary to ensure full protection of the Owned Intellectual Property under any applicable Law (including making and maintaining in full force and effect all necessary filings, registrations and issuances). Each of the Studio 1+1 and Kino Group Entities has taken all actions reasonably necessary to maintain the secrecy of all confidential Intellectual Property used in the on-going business of the Studio 1+1 and Kino Group. To the knowledge of Seller after reasonable inquiry, none of Studio 1+1 and Kino Group Entities is using any material Owned Intellectual Property in a manner that would reasonably be expected to result in the cancellation or unenforceability of such Owned Intellectual Property.

11.5 To the knowledge of Seller after reasonable inquiry, each Studio 1+1 and Kino Group Entity is in compliance with all applicable contractual and legal requirements pertaining to data protection or information privacy and security, including any privacy policy concerning the collection or use of such data or information used in the on-going business of the Studio 1+1 and Kino Group.

12. EMPLOYEES; LABOR MATTERS

12.1 Since 1 January 2006, there has not occurred or been threatened any material strike, slowdown, picketing, work stoppage, concerted refusal to work overtime or other similar labor activity with respect to any employees of any Studio 1+1 and Kino Group Entity. Each Studio 1+1 and Kino Group Entity is in material compliance with all applicable Laws respecting labor, employment, fair employment practices, terms and conditions of employment, workers' compensation, occupational safety and health requirements, plant closings, wages and hours, withholding of taxes, employment discrimination, disability rights or benefits, equal opportunity, labor relations, employee leave issues and unemployment insurance and related matters. Except for instances that would not be, individually or in the aggregate, material, no Studio 1+1 and Kino Group Entity has received notice of any charge or complaint against it pending before any Governmental Authority responsible for the prevention of unlawful employment practices, or any complaint or lawsuit against any Studio 1+1 and Kino Group Entity concerning employees or former employees of any Studio 1+1 and Kino Group Entity alleging employment discrimination or violations of occupational safety and health requirements pending before a court of competent jurisdiction.

12.2 There are no members of the management of the Seller or its Affiliates who might be entitled to any fee or commission from the Company or any of its Subsidiaries as a result of this Agreement.

13. AFFILIATE TRANSACTIONS

Any transaction between any Studio 1+1 or Kino Group Entity, on the one hand, and the Seller or Non-Company Affiliate, on the other hand, that will be in force after the Closing Date is on arms' length terms.

14. TAX MATTERS

14.1 All Tax Returns required to be filed by, on behalf of or with respect to any Studio 1+1 and Kino Group Entity have been duly and timely filed and are complete and correct in all material respects. All Taxes (whether or not reflected on such Tax Returns) required to be paid with respect to, or that could give rise to a Lien on the Assets of any Studio 1+1 and Kino Group Entity have been duly paid and all Taxes required to be withheld by any Studio 1+1 and Kino Group Entity have been duly and timely withheld, and such withheld Taxes have been either duly and timely paid to the proper Governmental Authority or properly set aside in accounts for such purpose, except where any such Taxes are being contested in good faith (which contest is documented by a contemporaneous writing).

14.2 All accounting entries (including charges and accruals) for Taxes with respect to any Studio 1+1 and Kino Group Entity reflected on the books of such Studio 1+1 and Kino Group Entity (excluding any provision for deferred income taxes reflecting either differences between the treatment of items for accounting and income tax purposes or carryforwards) are adequate to cover any material Tax liabilities accruing through the end of the last period for which such Studio 1+1 and Kino Group Entity ordinarily records items on their respective books. Each Studio 1+1 and Kino Group Entity is in possession and control of all records and documentation that it is required by Law to hold, preserve and retain for any Tax purpose and of information reasonably required and customarily held to enable it to compute its liability to Tax incurred on or before the Closing Date.

14.3 No Studio 1+1 and Kino Group Entity (i) has, as far as Seller is aware, received or applied for a Tax ruling that would be binding upon any Studio 1+1 and Kino Group Entity after the Closing Date, (ii) is or has been a member of any affiliated, consolidated, combined or unitary group for purposes of filing Tax Returns or paying Taxes or (iii) has any liability for the Taxes of any person, whether pursuant to any Tax sharing, indemnity agreement or other contractual agreement or otherwise.

14.4 Except as disclosed in the Seller Disclosure Letter, no Taxes with respect to any Studio 1+1 and Kino Group Entity are currently under audit, examination or investigation by any Governmental Authority or the subject of any judicial or administrative proceeding.

15. POWERS OF ATTORNEY

Except as disclosed in the Seller Disclosure Letter, as at Closing, there are no powers of attorney issued by any Studio 1+1 and Kino Group Entity or the Company which authorize a Person to act on behalf of such Studio 1+1 and Kino Group Entity or the Company other than in the ordinary course of business.

16. DISCLOSURE OF INFORMATION

Seller has not, to its knowledge, intentionally concealed from the Buyer Parties any fact or circumstance of which it was aware relating to the Studio 1+1 and Kino Group Entities or fraudulently misled the Buyer Parties in their responses to information requests and due diligence enquiries.

17. NO BROKERS

There is no investment banker, broker, finder or other intermediary retained by or authorized to act on behalf of the Company, Seller or any Studio 1+1 and Kino Group Entity who might be entitled to any fee or commission from the Company or any of its Subsidiaries upon consummation of the transactions contemplated by this Agreement.

18. PRE-CLOSING ACCOUNTING NOTICE

As at the Closing Date, the Pre-Closing Accounting Notice shall have been prepared in good faith in accordance with Schedule 8 with no mathematical errors.

TERMINATION AGREEMENT

This Agreement (this "Agreement") is made as a deed this 20th day of January 2010 by and between:

1. Alstrom Business Corp, a company organized and existing under the Laws of the British Virgin Islands with its registered address at Intershore Chambers, P.O.Box 4342, Road Town, Tortola, British Virgin Islands ("Alstrom");
2. Michalakis Tsitsekkos, a citizen of Republic of Cyprus residing at Stadiou, 37A Aglantzia, P.C. 2103, Nicosia, Cyprus, passport No. C355717, issued on 11 December 2001 ("Alstrom Nominee");
3. Igor Valeryevich Kolomoisky, a citizen of Israel residing at St. Galey Thelet 48, Herzeliya, Israel, 46640, passport No. 10905729, issued on 2 October 2005 ("Kolomoisky");
4. Ihor Mykhailovich Surkis, a citizen of Ukraine, residing at 11, Dimitrova str. Flat 5, Kiev, Ukraine, passport No. EC342649, issued on 17 November 2005 ("Surkis", and together with Kolomoisky and Alstrom Nominee, the "Alstrom Owners", and together with Kolomoisky and Alstrom, the "Alstrom Parties");
5. Central European Media Enterprises Ltd., a company organized under the Laws of Bermuda with its registered address at Clarendon House, 2 Church Street, HM 11, Hamilton, Bermuda ("CME Ltd.");
6. CME Ukraine Holding B.V., a *besloten vennootschap met beperkte aansprakelijkheid* organized under the laws of the Netherlands with its registered address at Dam 5B, JS1012 Amsterdam, the Netherlands ("Ukraine Holding"); and
7. CME Cyprus Holding Limited, a wholly-owned subsidiary of CME Ltd. and a limited liability company organized and existing under the Laws of Cyprus, identification code No. 155308, located at 199 Makarios III Avenue, Neocleous House, P.O. Box 50613, CY – 3608, Limassol, the Republic of Cyprus, (the "Company", and together with CME Ltd. and Ukraine Holding, the "CME Parties"),

(individually a "Party" and together the "Parties").

WHEREAS:

A. Alstrom, Alstrom Nominee, Kolomoisky, Surkis, CME Ltd. and the Company (collectively, the "Original Parties") entered into that certain Framework Agreement, dated 2 July 2009 (the "Original Framework Agreement"), pursuant to which the Original Parties agreed to form a joint venture on the basis of the Company to conduct television broadcasting, media production and advertising business in Ukraine, and the Original Parties and Ukraine Holding entered into that certain First Amended and Restated Framework Agreement, dated 22 July 2009 (the "Framework Agreement"), pursuant to which the Parties agreed to amend and restate the Original Framework Agreement.

B. Kolomoisky and Surkis are, collectively, the sole Beneficial Owners (as defined below) of 100% of the issued share capital of Alstrom, and the Alstrom Nominee is the sole legal owner of 100% of the issued share capital of Alstrom.

C. CME Ltd. is the sole Beneficial Owner of the Company and Ukraine Holding. The Company is the indirect owner of a group of companies which conduct television broadcasting, media production and advertising production in Ukraine.

D. CME Ltd. and Kolomoisky, *inter alios*, now intend to enter into a share purchase agreement (the "Share Purchase Agreement"), pursuant to which CME Ltd. will indirectly sell, and a company Beneficially Owned by Kolomoisky will indirectly acquire, 100% of the issued share capital of the Company, and accordingly the Parties desire to (i) terminate the Framework Agreement without further effect in accordance with the terms of the Framework Agreement and (ii) unconditionally and irrevocably release each other Party from any liability in connection with the implementation of the Framework Agreement prior to the date hereof.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual representations, covenants, warranties and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, agree as follows:

1. Definitions and Interpretation. Unless the context requires otherwise, capitalized terms used but not defined in this Agreement shall have the respective meanings set forth in the Framework Agreement.

2. Termination. With effect from the date of execution of the Share Purchase Agreement, the Parties hereby terminate the Framework Agreement in accordance with clause 6.1(a) thereof, and no Party shall have any right or obligation either under the Framework Agreement or as a consequence of any breach of it before, on or after the date of this Agreement and any party that may have undertaken (by deed of adherence or otherwise) to be bound by all or any of its provisions shall cease to be so bound.

3. Release and Discharge.

(a) Each of the Parties for itself and on behalf of any parent, subsidiary, Affiliate, officer, director, agent, attorney, shareholder, partner, member, manager, representative, employee, trustee predecessor, principal, successor-in-interest, assignor or assignee of such party (collectively, the "Releasors") forever, knowingly, voluntarily and irrevocably release, acquit and discharge each of the other Parties, together with any parent, subsidiary, Affiliate, officer, director, agent, attorney, shareholder, partner, member, manager, representative, employee, trustee predecessor, principal, successor-in-interest, assignor or assignee of such other Parties (collectively, the "Releasees") from any action, cause of action, chose in action, case, claim, potential claim, counterclaim, potential counterclaim, right of set-off, indemnity, suit, debt, dues, sum of money, account, guarantee, bond, covenant, controversy, lien, contract, agreement, promise, representation, liability, variance, trespass, injury, damage, harm, judgment, remedy, demand, loss, right or interest of any kind or nature whatsoever, at law, in equity or otherwise, including, without limiting the generality of the foregoing, claims for damages, attorney's fees, interest, costs, expenses, penalties and equitable relief, whether known or unknown, suspected or unsuspected, however and whenever arising and in whatever capacity and jurisdiction (each, a "Claim") of any nature whatsoever, at law, in equity or otherwise, whether direct, indirect, derivative or otherwise which have been asserted against any of the Releasees or which, whether currently existing or not, known or unknown, suspected or unsuspected, fixed or contingent, and whether or not concealed or hidden, the Releasors ever could have asserted or ever could assert, in any capacity, either for themselves or as an assignee, heir, executor, trustee, or otherwise, or for or on behalf of any other person, against the Releasees, arising out of, relating to or concerning the Framework Agreement, including any and all rights under the Framework Agreement and each of the Claims (all such Claims, collectively, the "Released Claims"), and on behalf of the Releasors unequivocally, unconditionally and irrevocably agrees not to initiate or continue legal proceedings of any kind whatsoever with respect to any Released Claim, or institute, assert, or threaten to assert any Released Claim, provided that this Clause 3 shall in no event have the effect to exclude any liability whatsoever that arises as a result of any fraudulent or criminal act or omission by any Releasee.

(b) Each of the Parties further covenants and promises that it will not, and will use its best efforts to cause the other Releasors not to, file, pursue or bring any Released Claim in any judicial, arbitral or administrative forum against any one or more of the Releasees; provided, however, that nothing herein will be construed or deemed to release any covenants contained in, or claims for breach of, this Agreement or any written amendments, supplements or modifications thereto. The Parties expressly agree that a breach or an alleged breach of this Agreement will neither give rise to nor resurrect any right to sue on the Released Claims.

(c) Without prejudice to the generality of Clause 3(a), it is expressly agreed and accepted by the Parties that the foregoing releases are and are intended to be a general release of all claims of the Releasors against the Releasees in respect of the matters referred to in that clause, and the Parties hereby expressly waive any rights that they may have with respect to any Claims which they do not know or suspect to exist at the time of executing this Agreement, even those Claims which if known might have materially affected this Agreement. To the extent that legislation or any principles of Law might provide otherwise than the first sentence of this clause, such legislation and principles are (to the extent permitted by Law) hereby expressly waived and excluded by each of the Parties, who admit to full knowledge and understanding of the consequences of such waiver and exclusion.

(d) The Parties recognize that this Agreement was negotiated between them as equals, that each was represented by competent counsel of its own choosing and that no one of them will be considered to have drafted this Agreement for purposes of resolving any ambiguities against that party.

(e) Notwithstanding anything herein to the contrary, the Parties acknowledge and agree that this Agreement shall not in any way constitute a waiver of any of the rights of any of the parties to the Share Purchase Agreement under that agreement.

4. Representations and Warranties of the Parties. Each Party represents and warrants to the other Parties as of the date hereof that:

(a) it has the necessary power and authority (including, as applicable, corporate power and consent and/or full legal and dispositive capacity) to enter into, deliver, and perform his obligations under this Agreement;

(b) the execution, delivery and performance by it of this Agreement constitutes valid and legally binding obligations, enforceable against it in accordance with the terms thereof, and will not violate any provision of and will not result in a breach of the terms of (i) any, Law, rule or regulation of any Governmental Authority applicable to it, or (ii) any contract, indenture, agreement or commitment to which it is a party or bound; and

(c) no additional consent by any other Person is required to be obtained by it in connection with the execution or performance by it of this Agreement.

5. Assignment. Except as expressly provided herein none of the rights of the Parties under this Agreement may be assigned or transferred without the prior written consent of the other Parties.

6. Modification; Waiver; Severability. Except as specifically provided herein, this Agreement may be modified only by a written instrument executed by all the Parties. If any provision of this Agreement is held to be unenforceable for any reason, the Parties shall, acting in good faith and using best efforts, seek to agree adjustments to such provision, so that such provision is not avoided and in order to achieve the intent of the Parties to the extent possible. In any event, the invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability of this Agreement, including that provision, in any other competent jurisdiction. If any provision of this Agreement is or becomes invalid or unenforceable, in whole or in part, this shall not affect the validity of the remaining provisions hereof.

7. Entire Agreement. This Agreement together with the documents herein referred to are the entire agreement among the Parties with respect to the subject matter hereof.

8. Preparation. Each Party acknowledges and confirms that the preparation of this Agreement has been a joint effort of all Parties and counsel for all Parties and that it shall not be construed for or against any individual Party on the basis solely that this Agreement or any part thereof was drafted by or on behalf of that Party.

9. Costs. Each Party shall bear its own costs, including lawyers' fees, in relation to this Agreement.

10. Notices. All notices and other communications made in connection with this Agreement shall be in writing. Any notice or other communication in connection herewith shall be deemed duly delivered and given to any other Party one (1) Business Day after it is sent by fax, confirmed by letter sent by a reputable express courier service, in each case, to the regular mail addresses and fax numbers set forth below or to such other regular mail address and/or fax number as may be specified in writing to the other Parties:

if to Alstrom:

21, Aglantzias Ave.
Block 21 B, Floor 2, Office 1
2108 Aglantzia
Nicosia
Cyprus
Attn: Michalakis Tsitsekkos

Tel.: +357-22-462-050
Fax: +357-22-336-464

if to Alstrom Nominee:

Michalakis Tsitsekkos
21, Aglantzias Ave.
Block 21 B, Floor 2, Office 1
2108 Aglantzia
Nicosia
Cyprus
Attn: Michalakis Tsitsekkos

Tel.: +357-22-462-050
Fax: +357-22-336-464

with a copy to Alstrom.

if to Kolomoisky:

Igor Valeryevich Kolomoisky
office 602

32, Naberezhnaya Pobedy, 49094

Dnipropetrovsk, Ukraine
Attn: Timur Novikov
Tel.: +380 567161551

Fax: +380 567161551
with a copy to Alstrom.

if to Surkis:

Ihor Mykhailovich Surkis
Arch. Makariou III, 155 PROTEAS HOUSE,
5th floor, P.C. 3026, Limassol, Cyprus
Attn: Mr. Andreas Sofocleous

Tel.: +357 2584 9000
Fax: +357 2584 9100

with a copy to Alstrom.

if to CME Ltd.:

c/o CME Development Corporation
52 Charles Street
London W1J 5EU
Attn: General Counsel

Tel: +44 20 7127 5834
Fax: +44 20 7127 5801

if to Ukraine Holding:

Dam 5B
JS1012 Amsterdam
The Netherlands

Tel: +31 20 626 8836
Fax: +31 20 423 1404

with a copy to:

CME Development Corporation

52 Charles Street
London W1J 5EU
Attn: General Counsel
Tel: +44 20 7127 5834
Fax: +44 20 7127 5801

if to the Company:

CME Cyprus Holdings Limited
199 Makarios III Avenue, Neocleous House
P.O. Box 50613
CY – 3608, Limassol, Republic of Cyprus

Tel.: +357 2536 2818
Fax: +357 2535 9262

Any Party may give any notice or other communication in connection herewith using any other means (including personal delivery, messenger service, facsimile, telex or regular mail), but no such notice or other communication shall be deemed to have been duly delivered and given unless and until it is actually received by the individual for whom it is intended.

11. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall together constitute one and the same agreement.

12. Governing Law. This Agreement is governed by and shall be construed in accordance with English Law.

13. Arbitration.

(a) General. Any dispute, controversy or claim arising out of or relating to this Agreement, including any question regarding its existence, validity, interpretation, performance or termination, shall be finally resolved by arbitration in accordance with the then existing Rules of Arbitration of the London Court of International Arbitration (the "LCIA Rules"), which are deemed to be incorporated by reference into this Clause 13, except to the extent modified by this Clause 13. The tribunal shall consist of three arbitrators. Subject to the provisions of Clause 13(c), the parties to any such arbitration shall each be entitled to nominate one arbitrator and the third arbitrator shall be appointed by the two party-nominated arbitrators. In a multi-dispute the tribunal shall be appointed by the LCIA Court, unless the parties to such arbitration agree in writing that, for the purpose of Article 8.1 of the LCIA Rules, the disputant parties represent two separate sides for the formation of the tribunal as claimant and respondent respectively.

(b) Seat and Language. The seat of the arbitration shall be London, England. The language of the arbitration shall be English except that any party to the arbitration may submit testimony or documentary evidence in Ukrainian or Russian and shall furnish a translation or interpretation of any such evidence into English.

(c) Related Disputes. If any dispute arising out of or relating to this Agreement (hereinafter referred to as a "Related Dispute") raises issues which are substantially the same as or connected with issues raised in another dispute which has already been referred to arbitration under this Agreement or any other Transaction Document (an "Existing Dispute"), the tribunal appointed or to be appointed in respect of any such Existing Disputes shall also be appointed as the tribunal in respect of any such Related Dispute. Where, pursuant to the foregoing provisions, the same tribunal has been appointed in relation to two or more disputes, the tribunal may, with the agreement of all the parties concerned or upon the application of one of the parties, being a party to each of the disputes, order that the whole or part of the matters at issue shall be heard together upon such terms or conditions as the tribunal thinks fit. The tribunal shall have power to make such directions and any interim or partial award as it considers just and desirable.

IN WITNESS WHEREOF, this Agreement has been executed as a deed by the Parties and delivered on the date first written above.

EXECUTED as a deed by **CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.** acting by:

Signature

/s/ Adrian Sarbu

Title: President and Chief Executive Officer

in the presence of:

Signature of witness /s/ Corina Dorobantu

Name (in BLOCK CAPITALS) CORINA DOROBANTU

Address C/O CME MEDIA SERVICES

Occupation Assistant to the President and Chief Executive Officer

EXECUTED as a deed by **ALSTROM BUSINESS CORP** acting by:

Signature

/s/ Michalakis Tsitsekos

Title:

in the presence of:

Signature of witness /s/ Elena Mavrou

Name (in BLOCK CAPITALS) ELENA MAVROU

Address 21 Aglantzias Ave, Block 21B, Office 1, Aglantzia, 2108, Nicosia, Cyprus

Occupation Corporate Administrator

EXECUTED as a deed by **MICHALAKIS TSITSEKKOS**:

Signature

/s/ Michalakis Tsitsekkos

in the presence of:

Signature of witness /s/ Eleni Anthiamiadou

Name (in BLOCK CAPITALS) ELENI ANTHIAMIADOU

Address 21 Aglantzias Ave, Block 21B, Office 1, Aglantzia, 2108, Nicosia, Cyprus

Occupation Corporate Administrator

EXECUTED as a deed by **IGOR VALERYEVICH KOLOMOISKY**:

Signature

/s/ Igor Kolomoisky

in the presence of:

Signature of witness /s/ Timur Novikov

Name (in BLOCK CAPITALS) TIMUR NOVIKOV

Address

Occupation First Deputy Chairman of Privatbank

EXECUTED as a deed by **IHOR MYKHAILOVICH SURKIS**:

Signature

/s/ Ihor Surkis

in the presence of:

Signature of witness /s/ Olga Lazarieva

Name (in BLOCK CAPITALS) OLGA LAZARIEVA

Address

Occupation Sofocleous & Co. Consulting Director

EXECUTED as a deed by **CME UKRAINE HOLDING B.V.**, acting by:

Signature

/s/ David Sturgeon

Title: Managing Director

in the presence of:

Signature of witness /s/ Joanne Cochrane

Name (in BLOCK CAPITALS) JOANNE COCHRANE

Address c/o 52 Charles Street

London W1J 5EU

Occupation Legal Advisor

EXECUTED as a deed by **CME CYPRUS HOLDING LIMITED** acting by:

Signature

/s/ David Sturgeon

Title: Director

in the presence of:

Signature of witness /s/ Joanne Cochrane

Name (in BLOCK CAPITALS) JOANNE COCHRANE

Address c/o 52 Charles Street
London W1J 5EU

Occupation Legal Advisor

UP TO CZK 3,000,000,000 FACILITY AGREEMENT

Dated 21 December 2009

for

CET 21 SPOL. S R.O.
as Borrower

arranged by

ERSTE GROUP BANK AG
as Mandated Lead Arranger

with

ČESKÁ SPOŘITELNA, A.S.
as Facility Agent and Security Agent

and

THE COMPANIES
listed in Part I of Schedule 1 as Original Guarantors

WHITE & CASE
advokátní kancelář
Na Příkopě 8
110 00 Prague 1

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THIS AGREEMENT is dated 21 December 2009 and made between:

- (1) CET 21 SPOL. S R.O. (the “**Borrower**”);
- (2) THE COMPANIES listed in Part I of Schedule 1 (*The Original Parties*) as original guarantors (the “**Original Guarantors**”);
- (3) ERSTE GROUP BANK AG as mandated lead arranger (the “**Arranger**”);
- (4) THE FINANCIAL INSTITUTIONS listed in Part II of Schedule 1 (*The Original Parties*) as lenders (the “**Original Lenders**”);
- (5) ČESKÁ SPOŘITELNA, A.S. as agent for the Finance Parties (the “**Facility Agent**”); and
- (6) ČESKÁ SPOŘITELNA, A.S. as security agent for the Secured Parties (the “**Security Agent**”).

IT IS AGREED as follows:

SECTION 1 INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Acceptable Bank**” means:

- (a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of A- or higher by Standard & Poor’s Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally-recognised credit rating agency; or
- (b) any other bank or financial institution approved by the Facility Agent.

“**Accession Deed**” means a document substantially in the form set out in Schedule 7 (*Form of Accession Deed*).

“**Accounting Principles**” means (as applicable) generally accepted accounting principles:

- (a) in the Czech Republic, in the case of the Borrower;
- (b) in the Slovak Republic, in the case of each Slovak Obligor;
- (c) in the Netherlands, in the case of each Dutch Obligor; or
- (d) in the United States of America, in the case of the Parent,

including IFRS.

“**Additional Cost Rate**” has the meaning given to it in Schedule 4 (*Mandatory Cost Formula*).

“**Additional Guarantor**” means a company which becomes an Additional Guarantor in accordance with Clause 28 (*Changes to the Obligors*).

“**Additional Lender**” means any bank or financial institution which becomes an Additional Lender by executing and delivering to the Facility Agent a duly completed Accession Deed in accordance with 26 (*Changes to the Lenders*).

“**Additional Obligor**” means an Additional Guarantor.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Agent’s Spot Rate of Exchange**” means the Facility Agent’s spot rate of exchange for the purchase of the relevant currency with CZK in the Prague foreign exchange market at or about 11:00 a.m. CET on a particular day.

“**Alternative Market Disruption Event**” has the meaning given to that term in Clause 13.2 (*Market disruption*).

“**Alternative Reference Bank Rate**” has the meaning given to that term in Clause 13.3 (*Alternative Reference Bank Rate*).

“**Alternative Reference Banks**” means the principal Prague offices of Československá obchodní banka, a.s., Raiffeisenbank a.s. and HSBC Bank plc - pobočka Praha or such other banks as may be appointed by the Facility Agent in consultation with the Borrower.

“**Assignment Agreement**” means an agreement substantially in the form set out in Schedule 6 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

“**Auditors**” means one of PricewaterhouseCoopers, Ernst & Young, KPMG or Deloitte & Touche or any other firm approved in writing by the Majority Lenders (such approval not to be unreasonably withheld or delayed).

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisaton or registration.

“**Availability Period**” means the period from and including the date of this Agreement to and including the date falling two (2) Months after the date of this Agreement.

“**Available Commitment**” means a Lender’s Commitment under the Facility minus:

- (a) the amount of its participation in any outstanding Loans; and

(b) in relation to any proposed Loan, the amount of its participation in any other Loans that are due to be made on or before the proposed Utilisation Date.

“**Available Facility**” means the aggregate for the time being of each Lender’s Available Commitment.

“**Borrower Change of Control**” means the occurrence of any of the following events:

- (a) any person or group of persons acting in concert, in each case other than one or more Permitted Borrower Holders, gains direct or indirect control of the Borrower;
- (b) the sale, lease, licence, transfer, conveyance, loan or other disposal (other than by way of amalgamation, merger or consolidation) by the Borrower (whether by a voluntary or involuntary single transaction or series of transactions), of all or substantially all of the assets of the Borrower; or
- (c) the Borrower ceases to control (directly or indirectly) CME Slovak Holdings B.V. or Markiza;

For the purposes of this definition:

- (a) “**control**” of the Borrower, Markiza or CME Slovak Holdings B.V., as applicable, means:
 - (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (A) cast, or control the casting of, more than 66⅔ per cent. of the maximum number of votes that might be cast at a general meeting of the Borrower, Markiza or CME Slovak Holdings B.V., as applicable;
 - (B) appoint or remove all, or the majority, of the statutory executives (*jednatelé*) of the Borrower or Markiza or directors of CME Slovak Holdings B.V., as applicable; and
 - (C) give directions with respect to the operating and financial policies of the Borrower, Markiza or CME Slovak Holdings B.V., as applicable, with which the statutory executives (*jednatelé*) of the Borrower or Markiza or directors of CME Slovak Holdings B.V., as applicable, are obliged to comply; and
 - (ii) the holding beneficially of ownership interest (or other form of participation) representing more than 66⅔ per cent. of the registered voting capital of the Borrower, Markiza or CME Slovak Holdings B.V., as applicable; and
- (b) “**acting in concert**” means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of the ownership interest (or other form of participation) in the Borrower or CME Slovak Holdings B.V., as applicable, by any of them, either directly or indirectly, to obtain or consolidate control of the Borrower or CME Slovak Holdings B.V., as applicable.

“**Borrower’s Business Plan**” means the PDF printout of MS Excel file named “CET 21 financial model - 2009-09-11” containing financial model and projections as per management base case relating to the Borrower on the consolidated basis (including, for the avoidance of doubt, Markiza), prepared by the Borrower, addressed to the Arranger, and/or capable of being relied upon, by the Reliance Parties and delivered by the Borrower to the Facility Agent under Clause 4.1 (*Initial conditions precedent*).

“**Borrowings**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Break Costs**” means the amount (if any) by which:

- (a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Prague interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“**Broadcasting Licences**” means:

- (a) License no. T/41, dated August 7, 1995 (Markiza analogue, satellite, cable and digital pilot); and
- (b) License no. 001/1993, file no. R/060/93, dated February 9, 1993 (NOVA terrestrial).

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London and Prague and (in relation to any date for payment or purchase of a currency other than euro) the principal financial centre of the country of that currency.

“**Capital Expenditure**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Cash**” means, at any time, cash in hand or at a bank and (in the latter case) credited to an account in the name of a member of the Group with an Acceptable Bank and to which a member of the Group is alone (or together with other members of the Group) beneficially entitled and for so long as:

- (a) that cash is repayable on demand;
- (b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Group or of any other person whatsoever or on the satisfaction of any other condition;
- (c) there is no Security over that cash except for Transaction Security or any Permitted Security constituted by a netting or set-off arrangement entered into by the Obligors in the ordinary course of their banking arrangements; and
- (d) the cash is freely and (except as mentioned in paragraph (a) above) immediately available to be applied in repayment or prepayment of the Facility.

“Cash Equivalent Investments” means at any time:

- (a) certificates of deposit or time deposits maturing within one year after the relevant date of calculation and overnight deposits in each case issued by or with an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:
 - (i) for which a recognised trading market exists;
 - (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State;
 - (iii) which matures within one year after the relevant date of calculation; and
 - (iv) which has a credit rating of either A-1 or higher by Standard & Poor’s Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s Investor Services Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (d) any investment in money market funds which (i) have a credit rating of either A-1 or higher by Standard & Poor’s Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s Investor Services Limited, (ii) which invest substantially all their assets in securities of the types described in paragraphs (a) to (c) above and (iii) can be turned into cash on not more than 30 days’ notice; or

(e) any other debt security approved by the Majority Lenders,

in each case to which a member of the Group is alone (or together with other members of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than Security arising under the Transaction Security Documents).

“**Cashflow**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**CET Loan Agreement**” means the loan agreement made between CME Media Enterprises B.V. and the Borrower (formerly PGT Corporation s.r.o) on 2 May 2005 (as amended) and as assigned and transferred by CME Media Enterprises B.V. to CME Romania B.V. under a novation agreement made between CME Media Enterprises B.V., CME Romania B.V. and the Borrower on 17 December 2009.

“**Change of Control**” means the occurrence of any of the following events:

- (a) a Borrower Change of Control; or
- (b) a Parent Change of Control.

“**Charged Property**” means all of the assets of the Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

“**CME Change of Control**” means the occurrence of any of the following events:

- (a) any “person” or “group” of related persons, other than one or more Permitted Borrower Holders, is or becomes the beneficial owner, directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Parent and the Permitted Borrower Holders beneficially own, directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Parent than such person or group;
- (b) the sale, lease, transfer, conveyance or other disposition (other than by way of amalgamation, merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Parent and the Restricted Subsidiaries taken as a whole to any “person” other than the Permitted Borrower Holder;
- (c) the first day on which a majority of the members of the Board of Directors are not Continuing Directors; or
- (d) the adoption by the shareholders of the Parent of a plan relating to the liquidation or dissolution of the Parent.

For purposes of this definition:

- (a) “**person**” and “**group**” have the meanings they have in Sections 13(d) and 14(d) of the U.S. Exchange Act;
- (b) “**beneficial owner**” is used as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act, except that a person shall be deemed to have “beneficial ownership” of all shares that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time;

- (c) a person will be deemed to beneficially own any Voting Stock of an entity held by a parent entity, if such person is the beneficial owner, directly or indirectly, of more than 35% of the voting power of the Voting Stock of such parent entity and the Permitted Borrower Holders beneficially own, directly or indirectly, in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent entity;
- (d) a “**Continuing Director**” means any member of the Board of Directors who was a member of such Board of Directors on 17 September 2009 or was nominated for election or was elected to such Board of Directors with the approval of the majority of Continuing Directors who were members of such Board of Directors at the time of such nomination or election;
- (e) “**Board of Directors**” means the board of directors of the Parent or any committee thereof duly authorized to act on behalf of such board;
- (f) “**Voting Stock**” of a person means all classes of Capital Stock of such person then outstanding and normally entitled to vote in the election of members of the board of directors or a management board, directors or persons acting in a similar capacity on similar corporate bodies;
- (g) “**Capital Stock**” of a person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such corporation (including any preferred stock but excluding any debt securities convertible into such equity of such corporation);
- (h) “**Unrestricted Subsidiary**” means at any time:
 - (i) any of International Media Services Ltd., CME Ukraine Holding GmbH, Innova Film GmbH, CME Cyprus Holding Ltd., Grizard Investments Limited, Grintwood Investments Limited, TV Media Planet Ltd., 1 + 1 Production, Studio 1+1 LLC, Ukrainian Media Services LLC, Ukrpromtorg-2003 LLC, Gravis-Kino LLC, TV Stimul LLC, TOR LLC, ZHYSA LLC, Top Tone Media S.A., Zopal S.A., PRO BG MEDIA EOOD, LG Consult EOOD, Top Tone Media Bulgaria EOOD, Ring TV EAD and CME Development Financing B.V.;
 - (ii) any Subsidiary of any of the persons listed in (i) above; and
 - (iii) any Subsidiary of the Parent which is designated by the Board of Directors an “Unrestricted Subsidiary”, provided that such designation by the Board of Directors be evidenced by the Borrower (or Parent) by filing (within 5 days from the filing of such documents to the Trustee) with the Facility Agent:

- (x) either a copy of the resolution of the Board of Directors or a true and correct extract of the resolution of the Board of Directors being filed with the Trustee and giving effect to such designation; and
- (y) a copy of the certificate signed by the Parent's two authorized officers being filed with the Trustee and certifying that such designation complies with the conditions set out in (A) through (F) below;

provided in each case that:

- (A) such person is at such time a Subsidiary of the Parent;
- (B) neither such person nor any of its Subsidiaries owns at such time any Capital Stock or Indebtedness of or have any investment in, or own or hold any Security on any property of, any other Subsidiary of the Parent which is not a Subsidiary of such person or otherwise an Unrestricted Subsidiary;
- (C) all the Indebtedness of such person and its Subsidiaries shall, at the date of designation, and will at all times thereafter, consist of Non-Recourse Debt;
- (D) such person, either alone or in the aggregate with all other Unrestricted Subsidiaries, does not operate, directly or indirectly, all or substantially all of the business of the Parent and its Subsidiaries;
- (E) such person is a person with respect to which neither the Parent nor any of its Restricted Subsidiaries has any direct or indirect obligation:
 - (x) to subscribe for additional Capital Stock of such person; or
 - (y) to maintain or preserve such person's financial condition or to cause such person to achieve any specified levels of operating results; and
- (F) in relation to any person referred to under paragraph (iii), on the date such person is designated an Unrestricted Subsidiary by the Board of Directors, such person is not a party to any agreement, contract, arrangement or understanding with the Parent or any Restricted Subsidiary with terms substantially less favorable to the Parent than those that might have been obtained from persons who are not Affiliates of the Parent;

but excluding any such Unrestricted Subsidiary that has been redesignated as a Restricted Subsidiary by the Board of Directors, provided that such redesignation by the Board of Directors be evidenced by the Borrower (or Parent) by filing (on the date being the later of: a) 5 days from the filing (if any) of the below mentioned documents to the Trustee, or b) 5 days from the adoption of the below mentioned resolution by Board of Directors) with the Facility Agent:

- (x) either a copy of the resolution of the Board of Directors or a true and correct extract of the resolution of the Board of Directors giving effect to such redesignation; and
- (y) a copy of the certificate signed by the Parent's two authorized officers certifying that:
 - (i) no default or event of default shall have occurred under the Parent 2009 Indenture and be continuing or would occur as a consequence of such redesignation;
 - (ii) the Parent could incur at least €1.00 of additional Indebtedness under Section 4.3(a) of the Parent 2009 Indenture on a *pro forma* basis taking into account such redesignation;
- (i) "**Restricted Subsidiary**" means at any time any Subsidiary of the Parent other than an Unrestricted Subsidiary; and
- (j) "**Non-Recourse Debt**" means Indebtedness:
 - (i) as to which neither the Parent nor any Restricted Subsidiary:
 - (A) provides any guarantee or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness); or
 - (B) is directly or indirectly liable (as a guarantor or otherwise); and
 - (ii) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Parent or any Restricted Subsidiary to declare a default under such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity.
- (k) "**Indebtedness**" means, with respect to any person on any date of determination (without duplication):
 - (i) the principal of and premium (if any) in respect of indebtedness of such person for borrowed money;
 - (ii) the principal of and premium (if any) in respect of obligations of such person evidenced by bonds, debentures, notes or other similar instruments;
 - (iii) the principal component of all obligations of such person in respect of letters of credit, bankers' acceptances or other similar instruments (including reimbursement obligations with respect thereto except to the extent such reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of incurrence of relevant Indebtedness);

- (iv) the principal component of all obligations of such person to pay the deferred and unpaid purchase price of property (except trade payables), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto;
- (v) Capitalized Lease Obligations and all Attributable Indebtedness of such person;
- (vi) the principal component or liquidation preference of all obligations of such person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary, any preferred stock (but excluding, in each case, any accrued dividends);
- (vii) the principal component of all Indebtedness of other persons secured by a Security on any asset of such person, whether or not such Indebtedness is assumed by such person; provided, however, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination and (b) the amount of such Indebtedness of such other persons;
- (viii) the principal component of Indebtedness of other persons to the extent Guaranteed by such person; and
- (ix) to the extent not otherwise included in this definition, net obligations of such Person under Treasury Transactions (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such person at such time).

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

In addition, "**Indebtedness**" of any person shall include Indebtedness described in the preceding paragraph that would not appear as a liability on the balance sheet of such person if:

- (i) such Indebtedness is the obligation of a partnership or Joint Venture that is not a Restricted Subsidiary;
- (ii) such person or a Restricted Subsidiary of such person is a general partner of the Joint Venture (a "**General Partner**"); and
- (iii) there is recourse, by contract or operation of law, with respect to the payment of such Indebtedness to property or assets of such person or a Restricted Subsidiary of such person; and then such Indebtedness shall be included in an amount not to exceed:

- (A) the lesser of (x) the net assets of the General Partner and (y) the amount of such obligations to the extent that there is recourse, by contract or operation of law, to the property or assets of such person or a Restricted Subsidiary of such person; or
 - (B) if less than the amount determined pursuant to clause (A) immediately above, the actual amount of such Indebtedness that is recourse to such person or a Restricted Subsidiary of such person, if the Indebtedness is evidenced by a writing and is for a determinable amount and the related interest expense shall be included in Consolidated Interest Expense to the extent actually paid by the Parent or its Restricted Subsidiaries.
- (l) **“Stated Maturity”** means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.
 - (m) **“Capitalized Lease Obligations”** means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with the Accounting Principles, and the amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with the Accounting Principles, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.
 - (n) **“Sale/Leaseback Transaction”** means an arrangement relating to property now owned or hereafter acquired whereby the Parent or a Restricted Subsidiary transfers such property to a person and the Parent or a Restricted Subsidiary leases it from such person.
 - (o) **“Attributable Indebtedness”** in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Parent Fixed Rate Notes, compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended).
 - (p) **“Guarantee”** means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Indebtedness of any other person and any obligation, direct or indirect, contingent or otherwise, of such person:
 - (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or
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- (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however*, that the term “**Guarantee**” will not include endorsements for collection or deposit in the ordinary course of business. The term “**Guarantee**” used as a verb has a corresponding meaning.
- (q) “**Consolidated Interest Expense**” means, for any period, the total interest expense of the Parent and its consolidated Restricted Subsidiaries, whether paid or accrued, plus, to the extent not included in such interest expense:
- (i) interest expense attributable to Capitalized Lease Obligations and the interest portion of rent expense associated with Attributable Indebtedness in respect of the relevant lease giving rise thereto, determined as if such lease were a capitalized lease in accordance with GAAP and the interest component of any deferred payment obligations;
 - (ii) amortization of debt discount and debt issuance cost;
 - (iii) non-cash interest expense;
 - (iv) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing;
 - (v) interest actually paid by the Issuer or any such Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other person;
 - (vi) net costs associated with the obligations of such person in respect of any Treasury Transactions (including amortization of fees);
 - (vii) the consolidated interest expense of such person and its Restricted Subsidiaries that was capitalized during such period;
 - (viii) all dividends paid or payable in cash, cash equivalents or Indebtedness or accrued during such period on any series of Disqualified Stock of such Person or on preferred Stock of its Restricted Subsidiaries payable to a party other than the Parent or a Restricted Subsidiary; and
 - (ix) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Parent) in connection with Indebtedness incurred by such plan or trust; *provided, however*, that there will be excluded therefrom any such interest expense of any Unrestricted Subsidiary to the extent the related Indebtedness is not Guaranteed or paid by the Parent or any Restricted Subsidiary.

Notwithstanding the foregoing, any capitalized or other costs incurred by the Parent and its Restricted Subsidiaries relating to the early extinguishment of Indebtedness shall not be included in the calculation of Consolidated Interest Expense.

For purposes of the foregoing, total interest expense will be determined after giving effect to any net payments made or received by the Parent and its Subsidiaries with respect to interest rate Treasury Transactions.

- (r) “**Disqualified Stock**” means, with respect to any person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:
- (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
 - (ii) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Parent or a Restricted Subsidiary); or
 - (iii) is redeemable at the option of the holder of the Capital Stock thereof, in whole or in part,

in each case, on or prior to the date that is 91 days after the date (a) on which the Parent Fixed Rate Notes mature or (b) on which there are no Parent Fixed Rate Notes outstanding, provided that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

- (s) “**Trustee**” means The Bank of New York Mellon, acting through its London Branch, or such other person for the time being appointed as the “Trustee” under the Parent 2009 Indenture.

“**CME Media Enterprises**” means CME Media Enterprises B.V., a company organized under the laws of the Netherlands and having its registered office at Dam 5B 1012 JS, Amsterdam, the Netherlands.

“**CME Rating Decline**” shall be deemed to occur if on the 60th day following the occurrence of a CME Change of Control the rating of any of the Parent Notes by either Rating Agency shall have been either (i) withdrawn or (ii) downgraded, by one or more degradations, from the ratings in effect on the Rating Date.

For the purposes of this definition:

- (a) “**Rating Agency**” means Moody’s or S&P and if Moody’s or S&P shall not make a rating of the Parent Notes publicly available, an internationally recognized securities rating agency or agencies, as the case may be, which shall be substituted for Moody’s or S&P or each of them as the case may be; and

- (b) “**Rating Date**” means the date which is the day prior to the initial public announcement by the Parent or the proposed acquirer that (i) the acquirer has entered into one or more binding agreements with the Parent and/or shareholders of the Parent that would give rise to a CME Change of Control or (ii) the proposed acquirer has commenced an offer to acquire outstanding Voting Stock of the Parent.

“**Commitment**” means:

- (a) in relation to an Original Lender, the amount in CZK set opposite its name under the heading “Commitment” in Part II of Schedule 1 (*The Original Parties*) and the amount of any other Commitment transferred to it under this Agreement; and
- (b) in relation to an Additional Lender, the amount in CZK indicated as its Commitment in the relevant Accession Deed; and
- (c) in relation to any other Lender, the amount in CZK of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 8 (*Form of Compliance Certificate*).

“**Confidential Information**” means all information relating to the Borrower, any Obligor, the Parent Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:

- (a) any member of the Parent Group or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Parent Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 39 (*Confidentiality*);
- (ii) is identified in writing at the time of delivery as non-confidential by any member of the Parent Group or any of its advisers; or
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Parent Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“**Confidentiality Undertaking**” means a confidentiality undertaking substantially in a recommended form of the LMA as set out in Schedule 9 (*LMA Form of Confidentiality Undertaking*) or in any other form agreed between the Borrower and the Facility Agent.

“**Consolidation Date**” means the last date of the Availability Period.

“**CZK**”, “**Czech Crown**” or “**Czech crowns**” means the lawful currency of the Czech Republic.

“**Debt Purchase Transaction**” means, in relation to a person, a transaction where such person:

- (a) purchases by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of,

the Commitment or amount outstanding under this Agreement.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 25 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“**Defaulting Lender**” means any Lender:

- (a) which has failed to make its participation in a Loan available or has notified the Facility Agent that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (*Lenders' participation*);
- (b) which has otherwise rescinded or repudiated a Finance Document; or
- (c) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; andpayment is made within 3 Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

“**Delegate**” means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

“**Disclosed Litigation**” means (a) the claims by the Open Joint Stock Company Video International Company Group, the Russian Federation, against CME Media Enterprises B.V. for the sum of \$58.5 million, the details of which are set out in a Form 10-Q published by the Parent for the quarter ended 30 June 2009, as updated from time to time; and (b) a claim by Milan Strop against the Borrower for the sum of CZK 1,000,000,000 at the City Court in Prague (File no. 34C163/2005) (which has been dismissed but an appeal has been made).

“**Disruption Event**” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“**Dutch Guarantor**” means a Guarantor incorporated under Dutch law.

“**Environment**” means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

“**Environmental Claim**” means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

“**Environmental Law**” means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;

- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

“**Environmental Permits**” means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

“**Event of Default**” means any event or circumstance specified as such in Clause 25 (*Events of Default*).

“**Excluded Property**” means (i) the land plots No. St. 858 (with the area of 216 m²), 874/35 (with the area of 1229 m²), 874/36 (with the area of 50 m²), 874/37 (with the area of 893 m²), and 874/38 (with the area of 100 m²), and (ii) the building at the address Želivec, č.p. 380, erected on the land plot No. St. 858, in each located in the cadastral area (*katastrální území*) Sulice, city of Sulice, district Prague – East, and registered in the Czech Land Register (*Katastr nemovitostí*) in the ownership portfolio (*list vlastnictví*) 1287.

“**Extended Termination Date**” means 30 April 2013.

“**Extending Lenders**” has the meaning assigned to it in Clause 7.3 (*Notice to Lenders*).

“**Extension Fee**” means 0.35% (or such higher percentage as may be agreed in writing between the Borrower and the Majority Lenders prior to the date of any Extension Request) of the participations of the Extending Lenders in the Loans as at the Extension Option Date.

“**Extension Option**” means the option of the Borrower to request pursuant to Clause 7 (*Extension of Initial Termination Date*) an extension of the Termination Date.

“**Extension Option Date**” means 30 March 2012.

“**Extension Request**” means a request of the Borrower in form and substance satisfactory to the Facility Agent delivered to the Facility Agent pursuant to Clause 7.1 (*Extension Request*).

“**Facility**” means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

“**Facility Office**” means:

- (a) in respect of a Lender, the office or offices notified by that Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement; or

(b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

"Factoring Facility Agreement" means the framework factoring agreement (*rámcová faktoringová smlouva*) No. 100161 between Factoring České spořitelny a.s. and the Borrower dated 24 March 2003, as amended or refinanced from time to time, pursuant to which individual agreements on assignment of receivables are entered into between Factoring České spořitelny a.s. as assignee and the Borrower as assignor.

"Fee Letter" means:

- (a) the letter dated 3 July 2009 and made among the Arranger, the Borrower, the Facility Agent and the Security Agent setting out the fees referred to in Clause 14 (*Fees*); and
- (b) any agreement setting out fees payable to a Finance Party under any other Finance Document.

"Finance Document" means this Agreement, the Mandate Letter, any Accession Deed, any Compliance Certificate, any Fee Letter, the Hedging Letter, any Hedging Agreement, any Transaction Security Document, any Utilisation Request, any Extension Request and any other document designated as a "Finance Document" by the Facility Agent and the Borrower **provided that** where the term "Finance Document" is used in, and construed for the purposes of, this Agreement, a Hedging Agreement shall be a Finance Document only for the purposes of:

- (a) the definition of "Material Adverse Effect";
- (b) paragraph (a) of the definition of "Permitted Transaction";
- (c) the definition of "Finance Document";
- (d) paragraph (a)(iv) of Clause 1.2 (*Construction*); and
- (e) Clause 25 (*Events of Default*) (other than Clause 25.18 (*Acceleration*)).

"Finance Lease" has the meaning given to it in Clause 23.1 (*Financial definitions*).

"Finance Party" means the Facility Agent, the Arranger, the Security Agent, a Lender or a Hedge Counterparty **provided that** where the term "Finance Party" is used in, and construed for the purposes of, this Agreement, a Hedge Counterparty shall be a Finance Party only for the purposes of:

- (a) paragraph (a)(i) of Clause 1.2 (*Construction*);
- (b) paragraph (c) of the definition of Material Adverse Effect; and
- (c) Clause 30 (*Conduct of business by the Finance Parties*).

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;

- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds (but not Trade Instruments), notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of Finance Leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirement for de-recognition under the Accounting Principles);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked-to-market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of (i) an underlying liability (but not, in any case, Trade Instruments) of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition or (ii) any liabilities of any member of the Group relating to any post-retirement benefit scheme;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the issuer) before the Termination Date or are otherwise classified as borrowings under the Accounting Principles);
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles; and
- (k) (without double counting) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

“**Financial Quarter**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Financial Year**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Group**” means the Borrower and all its Subsidiaries (other than PMT s r.o., GAMATEX, spol. s r.o. v likvidácii (in liquidation) and A.D.A.M., a.s. v likvidácii (in liquidation)).

“**Group Structure Chart**” means the group structure chart set out in Schedule 11 (*Group Structure Chart*).

“**Guarantor**” means an Original Guarantor or an Additional Guarantor.

“**Hedge Counterparty**” means any person which is or has become a Party as a Hedge Counterparty in accordance with Clause 26.9 (*Accession of Hedge Counterparties*).

“**Hedging Agreement**” means any master agreement, confirmation, schedule or other agreement in agreed form entered into or to be entered into by the Borrower and a Hedge Counterparty for the purpose of hedging the types of liabilities and/or risks in relation to the Facility which, at the time that that master agreement, confirmation, schedule or other agreement (as the case may be) is entered into, the Hedging Letter requires to be hedged.

“**Hedging Letter**” means the letter dated on or before the date of this Agreement and made between the Facility Agent and the Borrower describing the hedging arrangements to be entered into in respect of the interest rate liabilities of the Borrower under the Facility.

“**Holding Company**” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

“**IFRS**” means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“**Impaired Agent**” means the Facility Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Facility Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Facility Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of “**Defaulting Lender**”; or
- (d) an Insolvency Event has occurred and is continuing with respect to the Facility Agent;

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; andpayment is made within 3 Business Days of its due date; or
- (ii) the Facility Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“Increase Confirmation” means a written notice delivered by an Original Lender to the Facility Agent confirming that such Original Lender has agreed to increase its Commitment under this Agreement to the amount in CZK set forth in such written confirmation.

“Increase Date” means in relation to any Original Lender, the date (if any) prior to the date falling 3 Business Days prior to the last day of the Availability Period, on which such Original Lender delivers to the Facility Agent the relevant Increase Confirmation.

“Information Package” means the Lender’s Presentation, the Valuation Report, the Parent Group Business Plan and the Borrower’s Business Plan.

“Initial Termination Date” means 30 April 2012.

“Insolvency Event” in relation to a Finance Party means that the Finance Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;

- (g) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (h) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (i) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (j) causes or is subject to any event with respect to it which, under the applicable laws of the respective jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; or
- (k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“Intellectual Property” means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, know-how and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of a member of the Group (which may now or in the future subsist).

“Interest Period” means, in relation to a Loan, each period determined in accordance with Clause 12 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 11.3 (*Default interest*).

“Inter-Group Loan” means:

- (a) the loan under the CET Loan Agreement;
- (b) the loan under the Markiza Loan Agreement;
- (c) any Financial Indebtedness owed by a member of the Group to a member of the Parent Group; and
- (d) any Financial Indebtedness owed by a member of the Parent Group to a member of the Group.

“Intra-Group Loan” means any Financial Indebtedness owed by a member of the Group to a member of the Group.

“Joint Venture” means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

“**Key Obligor**” means the Borrower or Markiza.

“**Legal Opinion**” means any legal opinion delivered to the Facility Agent under Clause 4.1 (*Initial conditions precedent*) or Clause 28 (*Changes to the Obligors*).

“**Legal Reservations**” means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

“**Lender**” means:

- (a) any Original Lender;
- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 7 (*Extension of Initial Termination Date*) or Clause 26 (*Changes to the Lenders*); and
- (c) any Additional Lender,

which in each case has not ceased to be a Lender in accordance with the terms of this Agreement and is not an Unfunded Lender.

“**Lenders’ Presentation**” means the Adobe Reader electronic file named “CME - Lenders Presentation final” and dated 21 September 2009, being approved by the Parent and containing the Parent Group’s presentation to the prospective Lenders concerning the Parent Group and the Original Obligors which, at the request of the Borrower and on its behalf, was jointly prepared by the Parent and the Borrower, and was initially distributed on 16 September 2009 by the Arranger to the prospective Lenders and then presented by the Borrower and the Parent to the prospective Lenders during banks’ meeting in Prague on 21 September 2009 in connection with the syndication of the Facility.

“**Liability**” means any present or future obligation of liability for the payment of money, whether in respect of principal, interest or otherwise, whether actual or contingent, whether owed jointly or severally and whether as principal or surety or in any other capacity and including any amount which would constitute such a liability but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

“**Limitation Acts**” means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

“**LMA**” means the Loan Market Association.

“**Loan**” means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan.

“**Majority Lenders**” means a Lender or Lenders whose Commitments aggregate more than 70 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 70 per cent. of the Total Commitments immediately prior to that reduction).

“**Mandate Letter**” means the letter dated July 3, 2009 between the Arranger, the Facility Agent, the Security Agent and the Borrower.

“**Mandatory Cost**” means the percentage rate per annum calculated by the Facility Agent in accordance with Schedule 4 (*Mandatory Cost formula*).

“**Margin**” means in relation to any Loan and any Unpaid Sum, 4.90 (four point ninety) per cent. per annum.

“**Markiza**” means MARKÍZA - SLOVAKIA, spol. s r.o., a limited liability company incorporated under the laws of the Slovak Republic, with its seat at Bratislavská 1/a

Bratislava - Záhorská Bystrica 843 56, the Slovak Republic, Business Id. No. 31 444 873, registered in the commercial register maintained by the District Court of Bratislava, Section sro, Insert No.: 12330/B.

“**Markiza Loan Agreement**” means the loan agreement made between CME Romania B.V. and Markiza on 24 November 2008.

“**Material Adverse Effect**” means in the reasonable opinion of the Majority Lenders a material adverse effect on:

- (a) the business, operations, property or condition (financial or otherwise) of the Borrower, the Group and/or the Parent Group taken as a whole;
- (b) the ability of an Obligor or the Obligors taken as a whole to perform their obligations under the Finance Documents;
- (c) the validity or enforceability (subject to the Legal Reservations) of any Finance Document or of any of the rights or remedies of any Finance Party under any of the Finance Documents; or
- (d) the effectiveness or ranking (subject to the Legal Reservations) of any Transaction Security granted or purporting to be granted pursuant to any of the Finance Documents.

“**Month**” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period. "Monthly" shall be construed accordingly.

"**Non-Consenting Lender**" has the meaning given to that term in Clause 38.3 (*Replacement of Lender*).

"**Obligor**" means the Borrower or a Guarantor.

"**Obligors' Agent**" means the Borrower, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.3 (*Obligors' Agent*).

"**Original Dutch Filings**" means local statutory filings required to be delivered under Dutch law by the Dutch Guarantors for the Financial Year ended 31 December, 2008.

"**Original Financial Statements**" means:

- (a) in relation to the Parent and each Key Obligor, audited consolidated or unconsolidated (whichever is available) financial statements for its Financial Year ended 31 December, 2008; and
- (b) in relation to an Additional Guarantor, its audited (if available) financial statements delivered to the Facility Agent as required by Clause 28 (*Changes to the Obligors*).

"**Original Obligor**" means the Borrower or an Original Guarantor.

"**Parent**" means Central European Media Enterprises Ltd., a limited company incorporated under the laws of Bermuda, Reg. No. 19574 with its registered seat at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

"**Parent 2009 Indenture**" means the indenture in respect of the Parent Fixed Rate Notes dated as of 17 September, 2009.

"**Parent Change of Control**" means the occurrence of the following events:

- (a) a CME Change of Control; and
- (b) a CME Rating Decline.

“**Parent Fixed Rate Notes**” means the EUR 440,000,000 fixed rate notes due 2016 issued by the Parent.

“**Parent Group**” means the Parent and all its Subsidiaries consolidated from time to time into the accounts of the Parent under the Accounting Principles applicable to the Parent.

“**Parent Group Business Plan**” means the PDF printout of the MS Excel file named “CME – 5 Year Fin Plan Data (BS, P&L)” relating to the Parent and the Parent Group on the consolidated basis (including, without limitation, the Borrower and Markiza) prepared by the Parent, addressed to the Arranger and capable of being relied upon by the Reliance Parties, and delivered by the Borrower to the Facility Agent under Clause 4.1 (*Initial conditions precedent*).

“**Parent Note Documents**” means the Parent Notes and the Parent Note Instruments and any other documents entered into pursuant to any of them.

“**Parent Note Instrument**” means the instrument pursuant to which the Parent Notes are, or are to be, constituted.

“**Parent Notes**” means:

- (a) the Parent Fixed Rate Notes;
- (b) the 3.50% senior convertible notes due 2013 issued by the Parent; and
- (c) the senior floating rate notes due 2014 issued by the Parent.

“**Participating Member State**” means any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

“**Party**” means a party to this Agreement.

“**Permitted Acquisition**” means:

- (a) an acquisition by a member of the Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Group in circumstances constituting a Permitted Disposal pursuant to paragraph (b) or (c) of the definition thereof;
- (b) an acquisition of shares or securities pursuant to a Permitted Share Issue;
- (c) the acquisition of Cash or Cash Equivalent Investments;
- (d) the incorporation or formation of a wholly-owned limited liability entity or the acquisition of (i) 100 per cent. of the voting issued share capital and economic interests represented by the issued share capital, or (ii) in relation to the limited liability companies incorporated in the Czech Republic or the Slovak Republic, ownership interest representing 100 per cent. of the registered capital, in each case, on a fully diluted basis, in a limited liability entity with no prior trading history and no material liabilities, where the aggregate amount applied in subscribing for or otherwise acquiring shares or ownership interest in such entities does not exceed CZK 100,000,000 (or its equivalent in other currencies) in any Financial Year;

- (e) any acquisition for cash of (x) the entire business of any person, (y) assets of any person the market value of which represents at least 66⅔ per cent. of the market value of all assets of such person, or (z) at least 66⅔ per cent. plus one share or more of the voting issued share capital and economic interests represented by the issued share capital (in each case, on a fully diluted basis) in a limited liability company where:
 - (i) the consideration and any Financial Indebtedness discharged by the purchaser in connection with such acquisition or series of related acquisitions or remaining in, and any assumed actual or contingent liability of, the acquired company (or business) or any of its Subsidiaries at the date of acquisition (the “**Total Purchase Price**”) does not exceed CZK 300,000,000 (or its equivalent in other currencies) in any Financial Year; and
 - (ii) no actual or potential Event of Default has occurred and is continuing at the time of, or will result from, the acquisition;
- (f) any acquisition constituting a Permitted Joint Venture; or
- (g) any other acquisition to which the Majority Lenders have given their consent in writing under this Agreement,

provided in each case that the Borrower shall provide to the Facility Agent a written notification of any Permitted Acquisition made by any member of the Group under paragraphs (d), (e) and (f) above (accompanied by a reasonably detailed description of such Permitted Acquisition, of the assets acquired through such Permitted Acquisition and the consideration paid by the members of the Group in connection with such Permitted Acquisition) where the net consideration paid for, any asset (or group of assets) acquired (whether in a single transaction or in a single series of transactions) through such Permitted Acquisition exceeds CZK 100,000,000.

“**Permitted Borrower Holders**” means:

- (a) the Permitted Parent Holders;
- (b) any Obligor;
- (c) each Subsidiary of the Parent or of a Permitted Parent Holder; and
- (d) any Affiliates of any of the persons referred to in paragraphs (a) to (c) above.

“**Permitted Disposal**” means any sale, lease, licence, transfer or other disposal of assets which, except in the case of paragraphs (b) and (c) of this definition, is on arm’s length terms:

- (a) of stock in trade (including licences for content, formats and other similar or related rights) or cash made by any member of the Group in the ordinary course of business of the disposing entity as conducted on the date of this Agreement;
- (b) of any asset by a member of the Group (the “**Disposing Company**”) to another member of the Group (the “**Acquiring Company**”), but if:
 - (i) the Disposing Company is an Obligor, the Acquiring Company must be or become an Obligor;
 - (ii) the Disposing Company is a Guarantor, the Acquiring Company (other than the Borrower) must be a Guarantor guaranteeing at all times an amount no less than that guaranteed by the Disposing Company,except in each case where market value of any such asset disposed of does not exceed CZK 20,000,000 (or its equivalent in other currencies);
- (c) of any assets from an Obligor to a member of the Group who is not an Obligor provided that the aggregate amount transferred from an Obligor to a member of the Group who is not an Obligor (net of the value of any assets transferred from such member of the Group who is not an Obligor to such Obligor in connection with the same transaction or series of transactions) does not exceed CZK 100,000,000 (or its equivalent in other currencies) in the Financial Year ended on 31 December 2009 or CZK 200,000,000 (or its equivalent in other currencies) in any Financial Year (other than the Financial Year ended on 31 December 2009);
- (d) of assets (other than shares or businesses) in exchange for other assets comparable or superior as to type, value or quality;
- (e) of obsolete or redundant:
 - (i) vehicles;
 - (ii) plant;
 - (iii) equipment; or
 - (iv) other assets,in each case for Cash;
- (f) of Cash or Cash Equivalent Investments not otherwise prohibited by this Agreement;
- (g) to a Permitted Joint Venture that is a Joint Venture Investment;
- (h) of assets pursuant to a compulsory acquisition by any governmental authority;
- (i) constituted by a licence of intellectual property rights permitted under Clause 24.21 (*Intellectual Property*);

- (j) arising as a result of any Permitted Security (but not the enforcement thereof);
- (k) required under the Finance Documents;
- (l) of assets for cash where the higher of the book value and net consideration receivable (when aggregated with the higher of the book value and net consideration received for any other sale, lease, licence, transfer or other disposal not allowed under the preceding paragraphs) does not exceed (i) CZK 100,000,000 (or its equivalent in other currencies) in the Financial Year ended on 31 December 2009; and (ii) CZK 200,000,000 (or its equivalent in other currencies) in any Financial Year other than the Financial Year ended on 31 December 2009 of the Borrower;
- (m) of rights related to hedging arrangements provided the requirements of the Hedging Letter are met;
- (n) of receivables: (i) on recourse terms to the extent the same arises in connection with Permitted Financial Indebtedness; or (ii) pursuant to the Factoring Facility Agreement; and
- (o) any other sale, lease, licence, transfer or other disposal to which the Majority Lenders have given their consent in writing,

provided in each case that the Borrower shall provide to the Facility Agent a written notification of any Permitted Disposal made by any member of the Group under **paragraphs (b), (c) and (l)** above (accompanied by a reasonably detailed description of such Permitted Disposal, of the assets disposed of through such Permitted Disposal and the consideration received by the members of the Group in connection with such Permitted Disposal) where the net consideration received for, any asset (or group of assets) disposed of (whether in a single transaction or in a single series of transactions) through such Permitted Disposal exceeds CZK 100,000,000 (or its equivalent in any other currencies).

“Permitted Financial Indebtedness” means Financial Indebtedness:

- (a) arising under the Finance Documents;
- (b) arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates where that foreign exchange exposure arises in the ordinary course of business of the respective member of the Group as conducted on the date of this Agreement, but not a foreign exchange transaction solely for investment or speculative purposes;
- (c) arising under a Permitted Loan or a Permitted Guarantee or as permitted by Clause 24.25 (*Treasury Transactions*);
- (d) of any person acquired by any member of the Group after the date of this Agreement which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition;

- (e) under finance or capital leases of vehicles, plant, equipment or computers, or mortgage financings or purchase money obligations with respect to assets other than shares or other investments, in each case incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvements of property used in the business of the Group, **provided that** the aggregate capital value of all such items so leased under outstanding leases the Group does not exceed CZK 300,000,000 (or its equivalent in any other currencies) at any time;
- (f) arising in respect of workers' compensation claims, performance, surety and similar bonds and completion guarantees provided by a member of the Group in the ordinary course of its business as conducted on the date of this Agreement;
- (g) arising from the honouring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business of the respective member of the Group as conducted on the date of this Agreement, *provided, however*, that such Financial Indebtedness is extinguished within five Business Days of its incurrence;
- (h) arising under the Factoring Facility Agreement or pursuant to paragraph (b) of the definition of "Permitted Security";
- (i) refinancing any Financial Indebtedness otherwise permitted under this definition, so long as the maximum amount available thereunder shall not be increased;
- (j) arising under a loan provided by the Parent or a Restricted Subsidiary to a member of the Group which is a Restricted Subsidiary;
- (k) not permitted by the preceding paragraphs or as a Permitted Transaction and the outstanding principal amount of which does not exceed CZK 100,000,000 (or its equivalent in any other currencies) in aggregate for the Group at any time; and
- (l) any other Financial Indebtedness to which the Majority Lenders have given their consent in writing under this Agreement,

provided in each case that the Borrower shall provide to the Facility Agent a written notification of any Permitted Financial Indebtedness incurred by any member of the Group under **paragraphs (d), (e) or (j)** above (accompanied by a reasonably detailed description of such Permitted Financial Indebtedness, instrument constituting such Permitted Financial Indebtedness and the creditor of such Financial Indebtedness) where the principal amount of such Permitted Financial Indebtedness incurred in a single transaction or a single series of transactions exceeds CZK 100,000,000 (or its equivalent in any other currencies).

“Permitted Guarantee” means:

- (a) the endorsement of negotiable instruments in the ordinary course of business of the respective member of the Group as conducted on the date of this Agreement;
- (b) any guarantee, performance or similar bond or other obligation guaranteeing performance by any member of the Group under any contract (other than a contract that is or evidences Financial Indebtedness) entered into in the ordinary course of business of the respective member of the Group as conducted on the date of this Agreement;
- (c) any guarantee:
 - (i) arising under the Finance Documents; or
 - (ii) issued by a Key Obligor in respect of obligations of any other member of the Group, provided that the aggregate of guarantees provided in any Financial Year of the Borrower by the Key Obligors under this subparagraph (ii) shall not exceed CZK 200,000,000 (or its equivalent in any other currencies);
- (d) any guarantee given in respect of the netting, or set-off or cash pooling arrangements permitted pursuant to paragraph (b) of the definition of “Permitted Security”;
- (e) any guarantee given by a member of the Group in respect of or to secure obligations of a Permitted Joint Venture to the extent the maximum contingent liability thereunder is a Joint Venture Investment;
- (f) any guarantee given to any relevant tax authority in respect of excise taxes, export duties or other such taxes, charges, duties or imposts payable by a member of the Group in the ordinary course of its business as conducted on the date of this Agreement;
- (g) any guarantee given by a member of the Group in respect of or to secure obligations pursuant to any programming, production, distribution, format or other intellectual or similar rights or capital equipment or other assets used in the ordinary course of its business as conducted on the date of this Agreement and not to exceed CZK 200,000,000 (or its equivalent in any other currencies) in aggregate for the Group at any time;
- (h) any joint and several obligation of Markiza to fund payments to PMT s.r.o. pursuant to a guarantee agreement between Markiza and PMT s.r.o., dated 23 January 2004;
- (i) any guarantee which constitutes Permitted Financial Indebtedness;
- (j) any guarantee given in connection with a Permitted Acquisition or a Permitted Disposal, provided that maximum contingent obligation of any member of the Group under any such guarantee shall not exceed the net consideration paid or received in such Permitted Acquisition or Permitted Disposal;

- (k) any guarantee or reimbursement obligations in respect of any letter of credit issued by a bank or other financial institution permitted under the definition of Permitted Financial Indebtedness, provided that the maximum contingent obligation of any member of the Group under any such guarantee shall not exceed the maximum contingent obligation of such bank or such other financial institution under the respective letter of credit;
- (l) any guarantee not permitted by the preceding paragraphs or as part of a Permitted Transaction and where the maximum aggregate contingent liability of all such guarantees under this paragraph (l) (together with any loans under paragraph (g) of the definition of "Permitted Loan") do not exceed CZK 100,000,000 (or its equivalent in any other currencies) in aggregate for the Group at any time; and
- (m) any other guarantee to which the Majority Lenders have given their consent in writing under this Agreement,

provided in each case that the Borrower shall provide to the Facility Agent a written notification of any Permitted Guarantee provided by any member of the Group under paragraphs (b), (c), (e), (g), (j), and (k) above (accompanied by a reasonably detailed description of such Permitted Guarantee, instrument constituting such Permitted Guarantee, the beneficiary of such Permitted Guarantee and, where relevant, principal obligor of obligations in respect of which such Permitted Guarantee has been provided) where the maximum contingent obligation of any member of the Group under such Permitted Guarantee incurred in a single transaction or a single series of transactions exceeds CZK 100,000,000 (or its equivalent in any other currencies).

"Permitted Joint Venture" means any investment in any Joint Venture where:

- (a) the Joint Venture is incorporated, or established, and carries on its principal business, in the European Union or the United States of America;
- (b) the Joint Venture is engaged in a business substantially the same as that carried on by the Group;
- (c) in any Financial Year of the Borrower, the aggregate (the **"Joint Venture Investment"**) of:
 - (i) all amounts subscribed for shares in, lent to, or invested in all such Joint Ventures by the Group;
 - (ii) the contingent liabilities of the members of the Group under any guarantee given in respect of the liabilities of any such Joint Venture; and
 - (iii) the market value of any assets transferred by the members of the Group to any such Joint Venture,

when aggregated with the Total Purchase Price payable in that Financial Year of the Borrower by the members of the Group in respect of Permitted Acquisitions permitted pursuant to paragraph (e) of the definition of Permitted Acquisition does not exceed CZK 400,000,000 (or its equivalent in any other currencies); and

(d) any other Joint Venture to which the Majority Lenders have given their consent in writing under this Agreement,

provided in each case that the Borrower shall provide to the Facility Agent a written notification of any Joint Venture Investment made by any member of the Group (accompanied by a reasonably detailed description of such Joint Venture Investment and the beneficiary of such Joint Venture Investment) where the amount of such Joint Venture Investment provided in a single transaction or in a single series of transactions exceeds CZK 100,000,000 (or its equivalent in any other currencies).

"Permitted Loan" means:

- (a) any trade credit extended by a member of the Group to its customers on normal commercial terms and in the ordinary course of its trading activities;
- (b) Financial Indebtedness which is referred to in the definition of, or otherwise constitutes, Permitted Financial Indebtedness;
- (c) any loan made for the purposes of enabling an Obligor to meet its payment obligations under the Finance Documents;
- (d) a loan made by a member of the Group to a Key Obligor or by any member of the Group which is not an Obligor to another member of the Group which is not an Obligor;
- (e) a loan made by the Borrower or Markiza to an employee or director of the Borrower or Markiza, as applicable, if the amount of that loan when aggregated with the amount of all loans to employees and directors by the Borrower and Markiza does not exceed CZK 100,000,000 (or its equivalent in any other currencies) at any time;
- (f) any loan which is a Joint Venture Investment permitted by Clause 24.9 (*Joint Ventures*);
- (g) any loan made by the Borrower or Markiza so long as the aggregate amount of the Financial Indebtedness under any such loans (together with any guarantees under paragraph (l) of the definition of Permitted Guarantee) does not exceed CZK 100,000,000 (or its equivalent in other currencies) at any time;
- (h) an Inter-Group Loan or an Intra-Group Loan, in each case disclosed in the Group Structure Chart;
- (i) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that:
 - (i) are so treated; and

- (ii) are made in the ordinary course of business of the respective member of the Group as conducted on the date of this Agreement and consistent with its past practices; and
- (j) any other loan to which the Majority Lenders have given their consent in writing under this Agreement,

and provided in each case that the Borrower shall provide to the Facility Agent a written notification of any Permitted Loan made by any member of the Group under **paragraph (d) or (f)** above (accompanied by a reasonably detailed description of such Permitted Loan, the instrument constituting such Permitted Loan and the borrower of such Permitted Loan) where the principal amount of such Permitted Loan provided in a single transaction or a single series of transactions exceeds CZK 100,000,000 (or its equivalent in any other currencies).

“Permitted Parent Holders” means:

- (a) each beneficial owner of the Parent’s Class B Common Stock on September 17, 2009;
- (b) family members of any beneficial holder of the Parent’s Class B Common Stock on September 17, 2009;
- (c) trusts, the only beneficiaries of which are persons or entities described in (a) and (b) above; and
- (d) partnerships, corporations, or limited liability companies which are controlled by the persons or entities described in (a) or (b) above.

“Permitted Security” means:

- (a) any lien arising by operation of law in the ordinary course of business of a member of the Group as conducted on the date of this Agreement and not as a result of any default or omission by a member of the Group;
- (b) any netting, set-off or cash pooling arrangement entered into by a member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of the members of the Parent Group but only so long as:
 - (i) such arrangement does not permit credit balances of the members of the Group exceeding in aggregate CZK 200,000,000 (or its equivalent in other currencies) at any one time to be netted or set off against debit balances of any other person; and
 - (ii) such arrangement does not give rise to Security or Quasi-Security over the assets of any member of the Group other than over the credit balances referred to in sub-paragraph (i) in favour of the cash-pooling bank;
- (c) any Security or Quasi-Security over or affecting any asset acquired (including by any acquisition by means of a merger or consolidation with or into a member of the Group) by a member of the Group (whether before or after the date of this Agreement), if:

- (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that asset by that member of the Group;
 - (ii) the principal amount secured has not been increased in contemplation of or (otherwise than by capitalisation of interest) since the acquisition of that asset by that member of the Group; and
 - (iii) except to the extent the Security or Quasi-Security is otherwise permitted under any other paragraphs of this definition of "Permitted Security", the Security or Quasi-Security is removed or discharged within six months of the date of acquisition of such asset;
- (d) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of its business as conducted on the date of this Agreement and on the supplier's standard or usual terms and not arising as a result of any default or omission by a member of the Group;
 - (e) any Security or Quasi-Security over documents of title and goods as part of a documentary credit transaction entered into in the ordinary course of business of the respective member of the Group as conducted on the date of this Agreement;
 - (f) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal;
 - (g) any Security over shares in a Permitted Joint Venture to secure obligations of a member of the Group in relation to the Joint Venture to the other shareholders in the Permitted Joint Venture;
 - (h) any Security, arising by operation of law in respect of Tax, being contested in good faith where adequate reserves have been made for the payment of such Tax and any costs associated with contesting such Tax;
 - (i) any Security securing Financial Indebtedness and other obligations incurred under paragraph (k) of the definition of Permitted Financial Indebtedness, provided that the book value or independently appraised market value of the assets which are subject to such Security does not exceed 100% of such Financial Indebtedness;
 - (j) pledges or deposits by a member of the Group under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Financial Indebtedness) or leases of real property and/or equipment to which that member of the Group is a party, or deposits to secure public or statutory obligations of a member of the Group or deposits of cash or government obligations to secure surety or appeal bonds to which a member of the Group is a party, or deposits as security for taxes contested in good faith or import or customs duties or for the payment of rent, in each case incurred in the ordinary course of business of the respective member of the Group as conducted on the date of this Agreement;

- (k) in favour of issuers of surety or performance bonds or letters of credit or bankers' acceptances issued pursuant to the request of and for the account of a member of the Group in the ordinary course of its business;
- (l) any Security or Quasi-Security securing the Hedging Agreement so long as the related Financial Indebtedness is, and is permitted to be under this Agreement, secured by Security on the same property securing such Hedging Agreement;
- (m) judgment Security not giving rise to an Event of Default so long as such Security or Quasi-Security is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (n) any Security for the purposes of securing the payment of all or a part of the purchase price of, or finance or capital lease obligations with respect to, assets or property acquired or constructed in the ordinary course of business of the respective member of the Group as conducted on the date of this Agreement; *provided* that:
 - (i) the aggregate principal amount of Financial Indebtedness secured by such Security or Quasi-Security is otherwise permitted to be incurred under this Agreement and does not exceed the cost of assets or property so acquired or constructed; and
 - (ii) such Security or Quasi-Security are created within 180 days of construction or acquisition of such assets or property and do not encumber any other assets or property of any member of the Group other than such assets or property and assets affixed or appurtenant thereto;
- (o) any Security or Quasi-Security existing on the date of this Agreement and set out in Schedule 12 (*Existing Security*);
- (p) any Security or Quasi-Security over or affecting any asset of any company which becomes a member of the Group after the date of this Agreement, where the Security or Quasi-Security is created prior to the date on which that company becomes a member of the Group if:
 - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that company;
 - (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
 - (iii) except to the extent the Security or Quasi-Security is otherwise permitted under any other paragraphs of this definition of "Permitted Security", the Security or Quasi-Security is removed or discharged within 6 months of that company becoming a member of the Group;

- (q) any Security or Quasi-Security securing Permitted Financial Indebtedness incurred to refinance Financial Indebtedness that was previously so secured, *provided* that any such Security or Quasi-Security is limited to all or part of the same property or assets (plus improvements, replacement accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Security or Quasi-Security arose, could secure) the Financial Indebtedness being refinanced or is in respect of property that is the security for a Permitted Security hereunder;
- (r) any Security or Quasi-Security of a lessor under any finance or capital lease obligations or operating lease entered into in the ordinary course of business of the respective member of the Group as conducted on the date of this Agreement;
- (s) any Transaction Security;
- (t) any other Security or Quasi-Security not permitted by the preceding paragraphs or as a Permitted Transaction and the outstanding principal amount secured thereunder does not exceed CZK 100,000,000 (or its equivalent in any other currencies) in aggregate for the Group at any time; and
- (u) any Security to which the Majority Lenders have given their consent in writing under this Agreement,

provided in each case that the Borrower shall provide to the Facility Agent a written notification of any Permitted Security provided by any member of the Group under **paragraphs (c), (g), (l), (p) and (q)** above (accompanied by a reasonably detailed description of such Permitted Security, the instrument constituting such Permitted Security and the obligations in respect of which such Permitted Security has been created) where the principal amount of obligations secured by such Permitted Security provided in a single transaction or a single series of transactions exceeds CZK 100,000,000 (or its equivalent in any other currencies).

“Permitted Share Issue” means an issue of shares by a member of the Group to a member of the Parent Group where (if the existing shares of the relevant member of the Group are the subject of the Transaction Security) the newly-issued shares also become subject to the Transaction Security on the same terms.

“Permitted Transaction” means:

- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Finance Documents;
- (b) the solvent liquidation, winding-up or reorganisation of any member of the Group which is not an Obligor so long as any payments or assets distributed as a result of such liquidation, winding-up or reorganisation are distributed to other members of the Group;

- (c) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of business of the respective member of the Group as conducted on the date of this Agreement on arm's length terms;
- (d) the solvent amalgamation, demerger, merger, consolidation, corporate reconstruction or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) as between one member of the Group and another member of the Group and in the case of any such transaction involving an Obligor (which is a member of the Group), where such Obligor remains as the surviving entity;
- (e) the funding obligations of Markiza pursuant to an agreement on data provision between Markiza and PMT s.r.o., dated 15 August 2004;
- (f) (i) the payment of dividends or the making of any other distributions on the capital stock of any Key Obligor or CME Slovak Holdings N.V. or the payment of any indebtedness or other obligations owed by any Key Obligor or CME Slovak Holdings N.V. to the Parent or any Restricted Subsidiary (as defined in the definition of "CME Change of Control"); or (ii) the making by any Key Obligor, CME Slovak Holdings N.V. or any other member of the Group which becomes a Restricted Subsidiary of any loans or advances to the Parent or any Restricted Subsidiary; or (iii) the transfer of any of property or assets of any Key Obligor, CME Slovak Holdings N.V. or any member of the Group which becomes a Restricted Subsidiary to the Parent or any Restricted Subsidiary subject (in relation to any asset which is, or is intended to be, the subject of the Transaction Security) to any restrictions contained in the Transaction Security Documents; and
- (g) any transaction to which the Majority Lenders have given their consent in writing under this Agreement,

so long as, in the case any loan made by any Key Obligor, CME Slovak Holdings N.V. or any other member of the Group which becomes a Restricted Subsidiary under paragraph (f)(ii) to the Parent or any Restricted Subsidiary is equal to or greater than CZK 100,000,000 (or its equivalent in any other currencies) individually or in aggregate, the creditor of such Financial Indebtedness shall grant security over its rights in respect of such Financial Indebtedness in favour of the Finance Parties on terms acceptable to the Facility Agent (acting on the instructions of the Majority Lenders);

provided in each case that the Borrower shall provide to the Facility Agent a written notification of each Permitted Transaction made under **paragraph (f)** above where (i) the amount of dividend or distribution made by, (ii) the principal amount of any loan or an advance made or Financial Indebtedness incurred by, (iii) the net consideration received for any asset transferred by, or (iv) the net consideration paid for any asset transferred to, any member of the Group in a single transaction or a single series of transactions exceeds CZK 100,000,000 (or its equivalent in any other currencies).

“**PRIBOR**” means, in relation to any Loan:

- (a) the offered rate, if any, for CZK and a period comparable to the Interest Period of that Loan appearing as of the Specified Time on the Quotation Day on the PRBO page of the Reuters Monitor Money Rates Service; or
- (b) if no such quotation appears for CZK and such period on the relevant page, the rate appearing as of the Specified Time on the Quotation Day on any other page of the Reuters Monitor Money Rates Service displaying such rate for deposits in CZK for such period and replacing the PRBO page; or
- (c) if no such rate is published for CZK and such period by the Reuters Monitor Money Rates Service as of the Specified Time on the Quotation Day, the Reference Bank Rate as of the Specified Time on the Quotation Day for such period, or a period as close as possible to such period.

“**Qualifying Lender**” has the meaning given to that term in Clause 15 (*Tax gross-up and indemnities*).

“**Quarter Date**” means the last day of a Financial Quarter.

“**Quasi-Security**” has the meaning given to that term in Clause 24.12 (*Negative pledge*).

“**Quotation Day**” means in relation to any period for which an interest rate is to be determined, the Business Day that is two (2) Business Days prior to the first day of such period.

“**Receiver**” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

“**Reference Bank Rate**” means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request by the Reference Banks as the rate at which the relevant Reference Bank could borrow funds in the Prague interbank market in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

“**Reference Banks**” means the principal Prague offices of Česká spořitelna, a.s., Komerční banka, a.s., and UniCredit Bank Czech Republic, a.s., or such other banks as may be appointed by the Facility Agent in consultation with the Borrower.

“**Relevant Jurisdiction**” means, in relation to an Obligor:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where any material asset subject to or intended to be subject to the Transaction Security to be created by it is situated;
- (c) any jurisdiction where it conducts a material part of its business; and

(d) the jurisdiction whose laws govern the perfection of any of the Transaction Security Documents entered into by it.

“**Relevant Period**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Reliance Parties**” means the Facility Agent, the Arranger, the Security Agent, each Hedge Counterparty, each Original Lender and each person which becomes a Lender as part of the primary syndication of the Facility.

“**Repayment Date**” means:

- (a) each date set out in paragraph (a) of Clause 6.1 (*Repayment*); or
- (b) following the exercise of the Extension Option in accordance with Clause 7 (*Extension of Initial Termination Date*) and the extension of the Termination Date becoming effective in respect of an Extending Lender (or Extending Lenders) in accordance with paragraph (d) of Clause 7.3 (*Notice to Lenders*), each date set out in paragraph (b) of Clause 6.1 (*Repayment*).

“**Repeating Representations**” means each of the representations set out in Clause 21.2 (*Status*) to Clause 21.7 (*Governing law and enforcement*), Clause 21.11 (*No default*), paragraph (f) of Clause 21.12 (*No misleading information*), paragraph (e) of Clause 21.13 (*Original Financial Statements*), Clause 21.19 (*Ranking*) to 21.21 (*Legal and beneficial ownership*) and 21.24 (*Centre of main interests and establishments*).

“**Representative**” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“**Required Insurances**” means insurances over any real property which is subject to the Transaction Security.

“**Required Insurance Policies**” means any documents evidencing, creating or conferring (or purporting to evidence, create or confer) any Required Insurances.

“**Secured Obligations**” means all present and future Liabilities of the Obligors (or any of them) to the Secured Parties (or any of them) under or in connection with the Finance Documents (or any of them, except for avoidance of doubt for the Hedging Agreements) including, without limitation, all Liabilities arising out of any extension, variation, modification, restatement or novation of any Finance Document whatsoever.

“**Secured Parties**” means the Security Agent, any Receiver or Delegate and each of the Facility Agent, the Arranger and the Lenders from time to time.

“**Security**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Significant Subsidiary**” means any Restricted Subsidiary (as defined in the definition of the “CME Change of Control”) that would be a “Significant Subsidiary” of the Parent within the meaning of Rule 1-02 under Regulation S-X promulgated as of 17 September 2009 by the United States Securities and Exchange Commission, as from time to time constituted, created under the U.S. Exchange Act, or if at any time after the execution of this Agreement such Commission is not existing and performing the duties now assigned to it under the U.S. Securities Act and the U.S. Exchange Act, then the body performing such duties at such time.

“**Slovak Additional Obligor**” means Additional Obligor incorporated in the Slovak Republic.

“**Slovak Commercial Code**” means the Slovak Act No. 513/1991 Coll. the Commercial Code, as amended.

“**Slovak Obligor**” means Markiza or any other Obligor incorporated in the Slovak Republic.

“**Specified Time**” means a time determined in accordance with Schedule 10 (*Timetables*).

“**Subsidiary**” means, with respect to a person, company or corporation, any company or corporation:

- (a) which is controlled, directly or indirectly, by the first-mentioned person, company or corporation; or
- (b) which owns directly or indirectly at least half of the issued share capital or the ownership or any other equity interests or similar right of ownership; or
- (c) which is a subsidiary of another subsidiary of the first-mentioned person, company or corporation,

and, for these purposes, a person, company or corporation shall be treated as being controlled by another person, company or corporation if that other person, company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body; or

- (d) in relation to a person incorporated (or established) under Dutch law, a "*dochtermaatschappij*" within the meaning of Section 2:24a of the Dutch Civil Code (regardless whether the shares or voting rights on the shares in such company are held directly or indirectly through another "*dochtermaatschappij*").

“**Syndication Date**” means the day on which the Arranger confirms that the primary syndication of the Facility has been completed.

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Termination Date**” means:

- (a) if the Extension Option is not exercised in accordance with Clause 7 (*Extension of Initial Termination Date*) or the extension of the Termination Date does not become effective in respect of an Extending Lender (or Extending Lenders) in accordance with paragraph (d) of Clause 7.3 (*Notice to Lenders*), the Initial Termination Date; and
- (b) if the Extension Option is exercised in accordance with Clause 7 (*Extension of Initial Termination Date*) and the extension of the Termination Date becomes effective in respect of an Extending Lender (or Extending Lenders) in accordance with paragraph (d) of Clause 7.3 (*Notice to Lenders*), (i) the Extended Termination Date in relation to the Loans (or relevant parts of the Loans) made by the Extending Lenders and (ii) the Initial Termination Date in relation to the Loans (or relevant parts of the Loans) made by Lenders other than the Extending Lenders (if any).

“**Total Commitments**” means the aggregate of the Commitments, being CZK 2,500,000,000 at the date of this Agreement and no more than CZK 3,000,000,000 in aggregate following the accession of any Additional Lender and/or any Increase Date.

“**Trade Instruments**” means any performance bonds, advance payment bonds or documentary letters of credit issued in respect of the obligations of any member of the Group arising in the ordinary course of trading of that member of the Group.

“**Transaction Documents**” means the Finance Documents, the CET Loan Agreement, the Markiza Loan Agreement and Required Insurance Policies.

“**Transaction Security**” means the Security created or expressed to be created in favour of the Security Agent pursuant to the Transaction Security Documents.

“**Transaction Security Documents**” means each of the documents listed as being a Transaction Security Document in paragraph 2(d) of Part I of Schedule 2 (*Conditions Precedent*) and any document required to be delivered to the Facility Agent under paragraph 13 of Part II of Schedule 2 (*Conditions Precedent*) together with any other document entered into by any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents.

“**Transfer Certificate**” means a certificate substantially in the form set out in Schedule 5 (*Form of Transfer Certificate*) or any other form agreed between the Facility Agent and the Borrower.

“**Transfer Date**” means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Facility Agent executes the relevant Assignment Agreement or Transfer Certificate.

“**Treasury Transactions**” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

“**Unfunded Lender**” means a Lender all of whose Commitments remain, at the end of the Utilisation Period, unutilised.

“**Unpaid Sum**” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“**USD**” means the lawful currency for the time being of the United States of America.

“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made.

“**Utilisation Request**” means a notice substantially in the relevant form set out in Schedule 3 (*Utilisation Request*).

“**Valuation Report**” means the report by Ernst&Young dated 11 November 2009 relating to certain Charged Property owned by the Borrower and addressed to, and/or capable of being relied upon, by the Reliance Parties.

“**VAT**” means value added tax as provided for in the Value Added Tax Act 1994, the Czech Act 235/2004 Coll., on the value added tax, as amended from time to time, and any other tax of a similar nature, as the case may be.

1.2 Construction

(a) Unless a contrary indication appears, a reference in this Agreement or any other Finance Document to:

- (i) the “**Facility Agent**”, the “**Arranger**”, any “**Finance Party**”, any “**Hedge Counterparty**”, any “**Lender**”, any “**Obligor**”, any “**Party**”, any “**Secured Party**”, the “**Security Agent**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;
- (ii) a document in “**agreed form**” is a document which is previously agreed in writing by or on behalf of the Borrower and the Facility Agent or, if not so agreed, is in the form specified by the Facility Agent;
- (iii) “**assets**” includes present and future properties, revenues and rights of every description;
- (iv) a “**Finance Document**”, a “**Transaction Document**” or any other agreement or instrument is a reference to that Finance Document, Transaction Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

- (v) “**guarantee**” means (other than in Clause 20 (*Guarantee and Indemnity*)) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
 - (vi) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (vii) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
 - (viii) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
 - (ix) “**shares**” issued by the Borrower or Markiza includes ownership interest or other forms of participation in the Borrower or Markiza, as applicable;
 - (x) a provision of law is a reference to that provision as amended or re-enacted; and
 - (xi) a time of day is a reference to Prague time.
- (b) Section, Clause and Schedule headings are for ease of reference only.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) A Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been remedied or waived.

1.3 Czech terms

In this Agreement, a reference used in connection with the Borrower or with any Finance Document or other document, to which the Borrower is a party, to:

- (a) a novation includes *privativní novace* and *kumulativní novace*;
- (b) a Security includes *zástavní právo*, *zádržné právo*, *zajišťovací převod práva*, and *zajišťovací postoupení pohledávky*;

- (c) a bankruptcy or insolvency includes insolvenční řízení, konkurs, reorganizace, and *nucená správa*;
- (d) being bankrupt or insolvent includes being *v úpadku, v hrozícím úpadku, předlužený, platebně neschopný, v konkurzu, v reorganizaci*, and *v nucené správě*;
- (e) an expropriation, attachment, sequestration, distress, execution or analogous process includes *vyvlastnění, exekuce* and *výkon rozhodnutí*;
- (f) winding-up, dissolution, administration or reorganisation includes *likvidace, zrušení s likvidací, zrušení bez likvidace bez právního nástupce, insolvenční řízení, konkurs, reorganizace* and *nucená správa*;
- (g) a receiver, administrator, administrative receiver, compulsory manager or similar officer includes *likvidátor, insolvenční správce* (including *předběžný správce*), *nucený správce*, and *exekutor*;
- (h) a moratorium includes *reorganizace* and *moratorium*; and
- (i) constitutional documents includes *společenská smlouva, zakladatelská listina, zakladatelská smlouva, zřizovací listina, statut*, and *stanovy*.

1.4 Dutch terms

In this Agreement, where it relates to a Dutch Guarantor, a reference to:

- (a) a necessary action to authorise where applicable, includes without limitation:
 - (i) any action required to comply with the Works Councils Act of the Netherlands (*Wet op de ondernemingsraden*); and
 - (ii) obtaining a positive and unconditional advice (*advies*) from the competent works council(s);
- (b) gross negligence means *grove schuld*;
- (c) a security interest includes any mortgage (*hypotheek*), pledge (*pandrecht*), retention of title arrangement (*eigendomsvoorbehoud*), privilege (*voorrecht*), right of retention (*recht van retentie*), right to reclaim goods (*recht van reclame*), and, in general, any right in rem (*beperkte recht*), created for the purpose of granting security (*goederenrechtelijk zekerheidsrecht*);
- (d) wilful misconduct means *opzet*;
- (e) a winding-up, administration or dissolution (and any of those terms) includes a Dutch entity being declared bankrupt (*failliet verklaard*) or dissolved (*ontbonden*);
- (f) a moratorium includes *sursance van betaling* and granted a moratorium includes *surséance verleend*;

- (g) any step or procedure taken in connection with insolvency proceedings includes a Dutch entity having filed a notice under section 36 of the Dutch Tax Collection Act (*Invorderingswet 1990*);
- (h) an administrative receiver includes a *curator*;
- (i) an administrator includes a *bewindvoerder*; and
- (j) an attachment includes a *beslag*.

1.5 Slovak terms

In this Agreement, a reference used in connection with a Slovak Obligor or with any Finance Document or other document, to which any Slovak Obligor is a party, to:

- (a) a novation includes *privatívna novácia* and *kumulatívna novácia*;
- (b) a Security includes *záložné právo, zádržné právo, zabezpečovací prevod práva, and zabezpečovacie postúpenie pohľadávky*;
- (c) a bankruptcy or insolvency includes *konkurzné konanie, konkurz, reštrukturalizačné konanie, reštrukturalizácia, and nútená správa*;
- (d) being bankrupt or insolvent includes being *v úpadku, predĺžený, platobne neschopný, v konkurze, v reštrukturalizácii, and v nútenej správe*;
- (e) an expropriation, attachment, sequestration, distress, execution or analogous process includes *vyvlastnenie, exekúcia and výkon rozhodnutia*;
- (f) winding-up, dissolution, administration or reorganisation includes *likvidácia, zrušenie s likvidáciou, zrušenie bez likvidácie bez právneho nástupcu, konkurzné konanie, konkurz, reštrukturalizačné konanie, reštrukturalizácia, and nútená správa*;
- (g) a receiver, administrator, administrative receiver, compulsory manager or similar officer includes *likvidátor, konkurzný správca (including predbežný správca), reštrukturalizačný správca, nútený správca, and súdny exekútor*;
- (h) a moratorium includes *reštrukturalizačné konanie and reštrukturalizácia*; and
- (i) constitutional documents includes *spoločenská zmluva, zakladateľská listina, zakladateľská zmluva, zriaďovacia listina, štatút, and stanovy*.

1.6 Third party rights

- (a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or enjoy the benefit of any term of this Agreement.

- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

**SECTION 2
THE FACILITY**

2. THE FACILITY

2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrower a CZK term loan facility in an aggregate amount up to the Total Commitments.

2.2 Finance Parties' rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

2.3 Obligors' Agent

- (a) Each Obligor (other than the Borrower) by its execution of this Agreement or an Accession Deed irrevocably appoints the Borrower to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
 - (i) the Borrower on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions, to execute on its behalf any Accession Deed, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and
 - (ii) each Finance Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Borrower (c/o the Parent);

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

3. PURPOSE

3.1 Purpose

The Borrower shall apply all amounts borrowed by it under the Facility towards:

- (a) first, refinancing all outstanding Financial Indebtedness of the Borrower to Česká spořitelna, a.s. ("CSAS"), under (i) the CZK 1,200,000,000 facility agreement No. 2644/05/LCD dated 27 October 2005, as amended from time to time, and (ii) the CZK 250,000,000 facility agreement No. 2645/05/LCD dated 27 October 2005, as amended from time to time, in each case made between the Borrower as borrower and CSAS as lender; and
- (b) second, repayment of the outstanding principal of the loan under the CET Loan Agreement up to the amount of CZK 1,550,000,000.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to any Loan if on or before the Utilisation Date for that Loan, the Facility Agent has received all of the documents and other evidence listed in Part I of Schedule 2 (*Conditions precedent*) in form and substance satisfactory to the Facility Agent (acting reasonably). The Facility Agent shall notify the Borrower and the Lenders promptly upon being so satisfied.

4.2 Further conditions precedent

Subject to Clause 4.1 (*Initial Conditions Precedent*), the Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*), if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (a) no Default is continuing or would result from the proposed Loan; and
- (b) the Repeating Representations to be made by each Obligor are true in all material respects.

4.3 Maximum number of Loans

- (a) The Borrower may not deliver a Utilisation Request if, as a result of the proposed Loan, seven (7) or more Loans would be outstanding.
- (b) The Borrower may not request that a Loan be divided.

**SECTION 3
UTILISATION**

5. UTILISATION

5.1 Delivery of a Utilisation Request

The Borrower may utilise the Facility by delivery to the Facility Agent of a duly completed Utilisation Request not later than the Specified Time.

5.2 Completion of a Utilisation Request

Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

- (a) the proposed Utilisation Date is a Business Day within the Availability Period;
- (b) the currency and amount of the Loan comply with Clause 5.3 (*Currency and amount*); and
- (c) the proposed Interest Period complies with Clause 12 (*Interest Periods*).

5.3 Currency and amount

- (a) The currency specified in a Utilisation Request must be CZK.
- (b) The amount of the proposed Loan must be at least CZK 300,000,000, or, if less, the Available Facility.

5.4 Lenders' participation

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan (for the avoidance of doubt, taking into account (i) following the accession of an Additional Lender, the Available Commitment of that Additional Lender, and (ii) following the Increase Date applicable to any Original Lender, the increased Commitment of that Original Lender).

5.5 Cancellation of Commitments

The Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period.

**SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION**

6. REPAYMENT

6.1 Repayment

- (a) The Borrower shall repay the aggregate Loans by repaying on each Repayment Date an amount which reduces the outstanding aggregate Loans by an amount equal to the relevant percentage of all the Loans as at the close of business in Prague on the last day of the Availability Period as set out in the table below:

Repayment Date	Repayment Instalment
Date falling twelve (12) Months from the date of this Agreement	15%
Date falling eighteen (18) Months from the date of this Agreement	15%
Date falling twenty four (24) Months from the date of this Agreement	15%
The earlier of (i) date falling thirty (30) Months from the date of this Agreement, and (ii) the Initial Termination Date	15%
Initial Termination Date	40%

- (b) Notwithstanding paragraph (a) above, in relation to each Extending Lender, following the exercise of the Extension Option in accordance with Clause 7 (*Extension of Initial Termination Date*) and the extension of the Initial Termination Date becoming effective in respect of an Extending Lender (or Extending Lenders) in accordance with paragraph (d) of Clause 7.3 (*Notice to Lenders*), the Borrower shall further repay the aggregate of the Loans (or relevant parts of the Loans in respect of which the Extension Option has been exercised) borrowed from an Extending Lender (or Extending Lenders) in instalments by repaying on each Repayment Date an amount which reduces the amount of such outstanding aggregate Loans (or relevant parts of the Loans) by an amount equal to the relevant percentage of all the Loans as at the close of business in Prague on the last day of the Availability Period as set out in the table below:

Repayment Date	Repayment Instalment
Date falling twelve (12) Months from the date of this Agreement	15%
Date falling eighteen (18) Months from the date of this Agreement	15%
Date falling twenty four (24) Months from the date of this Agreement	15%
Date falling thirty (30) Months from the date of this Agreement	15%
Date falling thirty (36) Months from the date of this Agreement	15%
The earlier of (i) the date falling forty two (42) Months from the date of this Agreement, and (ii) the Extended Termination Date	15%
Extended Termination Date	10%

- (c) The Borrower may not reborrow any part of the Facility which is repaid.

6.2 Effect of cancellation and prepayment on scheduled repayments and reductions

- (a) If any of the Loans are prepaid in accordance with Clause 8.3 (*Right of cancellation and repayment in relation to a single Lender*) or Clause 8.1 (*Illegality*), the amount of the repayment instalments for each Repayment Date falling after that prepayment will reduce *pro rata* by the amount of the Loan prepaid.
- (b) If any of the Loans are prepaid in accordance with Clause 8.2 (*Voluntary prepayment*), the amount of the repayment instalments for each Repayment Date falling after that prepayment will reduce in chronological order by the amount of the Loan prepaid.

7. EXTENSION OF INITIAL TERMINATION DATE

7.1 Extension Request

The Borrower may, by delivering to the Facility Agent the Extension Request, make a single request that the Termination Date be extended until the Extended Termination Date.

7.2 Completion of the Extension Request

The Extension Request shall be irrevocable and will not be regarded as having been duly completed unless:

- (a) it is delivered to the Facility Agent not later than the Specified Time on the date falling not less than 60 days (but not more than 90 days) before the Extension Option Date;
- (b) it specifies the Extension Fee at the rate agreed between the Borrower and the Facility Agent; and
- (c) it includes confirmation from the Borrower that the Repeating Representations are true in all material respects and that no Default or Event of Default has occurred, in each case in form and content satisfactory to the Facility Agent (acting reasonably).

7.3 Notice to Lenders

- (a) Upon receipt of the duly completed Extension Request, the Facility Agent shall promptly notify each Lender of such Extension Request. After such notice is received from the Facility Agent, each Lender shall, not less than 30 days before the Extension Option Date, and in its absolute discretion, give written notice confirming either that:
 - (i) it does not consent to the extension requested and wishes to be repaid its share of the Loans in full on the Initial Termination Date (and whether, in the alternative, it is willing to transfer such share of the Loans by way of a Transfer Certificate); or
 - (ii) it is willing to participate in the extension (in whole or in part) and for the purpose of paragraph (c) below, whether and the extent to which (A) notwithstanding such consent, it wishes to decrease its participation in any Loan (and whether it is willing to do so by way of a Transfer Certificate) or (B) it is willing to increase its participation in any Loan by way of a Transfer Certificate.
- (b) If the Facility Agent does not receive notice from a Lender by the time limit specified above in paragraph (a) of this Clause 7.3 (*Notice to Lenders*), such Lender shall be deemed not to have consented to the extension requested. Subject to receipt by the Facility Agent of sufficient notice pursuant to paragraph (a) of this Clause 7.3 (*Notice to Lenders*) and otherwise to the extent reasonably practicable, the Facility Agent shall, not less than 10 Business Days before the Extension Option Date, inform the Borrower and the Extending Lenders of (i) the amount of the Facility and (ii) each Extending Lender's participation in the Loans, in each case, which is to apply with effect from the Initial Termination Date.

- (c) Each Lender which has indicated it does not consent to the Extension Request, or is deemed not to have consented to the Extension Request, or has consented to the Extension Request but wishes to reduce its participation in any Loan, in each case, in accordance with paragraphs (a) and (b) above:
- (i) may upon invitation by the Facility Agent and only if agreed to by such Lender, be required to transfer its (or any part of its) participation in such Loan to a Transferee designated by the Facility Agent, such transfer to be made in accordance with and subject to the provisions of Clause 26 (*Changes to the Lenders*) (except for Clause 26.3 (*Assignment or transfer fee*) which shall not apply to any transfer pursuant to this sub-paragraph (i)) provided that the relevant Transfer Date for such transfer shall be the Initial Termination Date; or
 - (ii) shall:
 - (A) to the extent its (or any part of its) participation in such Loan is not transferred under paragraph (i) above;
 - (B) to the extent its (or any part of its) participation in any Loans is not being retained by such Lender pursuant to paragraph (a)(ii) of this Clause; or
 - (C) if paragraph (b) of this Clause applies to such Lender,

be repaid by the Borrower its (or such part of its) participation in the Loans in full on the Initial Termination Date, together with accrued interest thereon and any other amounts owing to such Lender under this Agreement in connection therewith,
- and for the purposes of this paragraph (c), such Lender shall deliver to the Facility Agent each Transfer Certificate (if any), duly executed by it, no later than 5 Business Days prior to the Initial Termination Date.
- (d) Provided that on the Initial Termination Date there is no Event of Default or Default continuing and subject to Clause 10.7 (*Extension*), the extension will take effect on the Initial Termination Date in relation to:
- (i) those Lenders who have notified the Facility Agent, in accordance with the provisions of paragraph (a) above, of their willingness to participate in the extension; and
 - (ii) any Transferees referred to in paragraph (c)(i) above,
- (together, the “**Extending Lenders**”).k

- (e) Each Borrower shall enter into such amendment and other documentation deemed necessary by the Facility Agent (if any) to give effect to the Extension Option.

7.4 Extension Fee and Costs

If the extension of the Initial Termination Date becomes effective in relation to any Extending Lender in accordance with paragraph (d) of Clause 7.3 (*Notice to Lenders*), the Borrower shall be liable to pay on the date falling ten (10) Business Days after the Initial Termination Date to the Facility Agent on behalf of the Extending Lenders the Extension Fee. The Borrower shall be liable for all reasonably and properly incurred costs and expenses (including, without limitation, legal fees together with any VAT) incurred by the Finance Parties in connection with the extension and shall reimburse the same to the Facility Agent on behalf of the Finance Parties within 5 days of a request therefor.

8. ILLEGALITY, VOLUNTARY PREPAYMENT AND CANCELLATION

8.1 Illegality

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Loan:

- (a) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;
- (b) upon the Facility Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled; and
- (c) the Borrower shall repay that Lender's participation in the Loans on the last day of the Interest Period for each Loan occurring after the Facility Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law).

8.2 Voluntary prepayment

- (a) Subject to paragraph (b) and (c) below, the Borrower may, if it gives the Facility Agent not less than ten (10) Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of that Loan (but, if in part, being an amount that reduces the amount of that Loan by a minimum amount of CZK 300,000,000).
- (b) A Loan (or any part of any Loan) may only be prepaid after the last day of the Availability Period (or, if earlier, the day on which the applicable Available Facility is zero).
- (c) If the Borrower prepays a Loan (or any part of any Loan) under this Clause 8.2 (*Voluntary prepayment*) the Borrower shall, on the date of such voluntary prepayment pay to the Facility Agent, in addition to the amounts prepaid, a prepayment fee in the amount of 0.50% per cent. per annum until the Initial Termination Date of the prepaid amounts.

8.3 Right of cancellation and repayment in relation to a single Lender

- (a) If:
- (i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (c) of Clause 15.2 (*Tax gross-up*); or
 - (ii) any Lender claims indemnification from the Borrower or an Obligor under Clause 15.3 (*Tax indemnity*) or Clause 16.1 (*Increased costs*),
- the Borrower may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Facility Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loans.
- (b) On receipt of a notice referred to in paragraph (a) above in relation to a Lender, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Borrower has given notice under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in the Loans together with all interest and other amounts accrued under the Finance Documents.

8.4 Right of cancellation in relation to a Defaulting Lender

- (a) If any Lender becomes a Defaulting Lender, the Borrower may, at any time whilst the Lender continues to be a Defaulting Lender, give the Facility Agent ten (10) Business Days' notice of cancellation of the Available Commitment of that Lender.
- (b) On the notice referred to in paragraph (a) above becoming effective, the Available Commitment of the Defaulting Lender shall immediately be reduced to zero.
- (c) The Facility Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

8.5 Right of cancellation in relation to a Market Disruption Event or an Alternative Disruption Event

- (a) The Borrower may, if it gives the Facility Agent not less than ten (10) Business Days' (or such shorter period as the Majority Lenders may agree) prior notice given at the time when a Market Disruption Event or an Alternative Disruption Event has occurred and is continuing, at its option, prepay:
- (i) any Loan in relation to which that Market Disruption Event or that Alternative Disruption Event has occurred and is continuing; or

- (ii) in the case that such Market Disruption Event or Alternative Disruption Event has occurred and is continuing in relation to a portion of a Loan only, any such portion of a Loan.

(b) Nothing in this Clause 8.5 shall affect any rights or discretions of the Facility Agent under paragraph (h) of Clause 29.6 (*Rights and discretions*).

9. MANDATORY PREPAYMENT

9.1 Change of Control

Upon the occurrence of a Change of Control any Lender may at its option, require cancellation of the Commitment of such Lender and/or prepayment of its portion of the outstanding Loans, together with accrued interest, upon 5 days notice of the Facility Agent (acting on the instructions of the relevant Lender).

10. RESTRICTIONS

10.1 Notices of Cancellation or Prepayment

Any notice of cancellation, prepayment, authorisation or other election given by any Party under Clause 8 (*Illegality, voluntary prepayment and cancellation*) shall (subject to the terms of those Clauses) be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

10.2 Interest and other amounts

Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and:

- (a) in relation to any prepayment made under Clause 8.5 (*Right of cancellation in relation to a Market Disruption Event or an Alternative Disruption Event*), shall be made without Break Costs, prepayment fee, premium or penalty; and
- (b) in relation to any prepayment made under Clause 8.2 (*Voluntary Prepayment*), shall be made subject to Break Costs and prepayment fee as set out in paragraph (c) of Clause 8.2 (*Voluntary Prepayment*).

10.3 No reborrowing of the Facility

The Borrower may not reborrow any part of the Facility which is prepaid.

10.4 Prepayment in accordance with Agreement

The Borrower shall not repay or prepay all or any part of the Loans or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

10.5 No reinstatement of Commitments

No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

10.6 Facility Agent's receipt of Notices

If the Facility Agent receives a notice under Clause 8 (*Illegality, voluntary prepayment and cancellation*) it shall promptly forward a copy of that notice or election to either the Parent or the affected Lender, as appropriate.

10.7 Extension

If a Lender has received an Extension Request from the Facility Agent in accordance with Clause 7.3 (*Notice to Lenders*) and either (a) the Facility Agent receives notice from such Lender in accordance with such Clause 7.3 (*Notice to Lenders*) that such Lender does not consent to the extension requested, (b) the Facility Agent receives a notice from such Lender in accordance with Clause 7.3 (*Notice to Lenders*) confirming that such Lender does consent to the extension requested in that Extension Request but that it wishes to reduce its participation in a Loan on the Initial Termination Date or (c) the Facility Agent has not received any such notice from such Lender by the time specified in Clause 7.3 (*Notice to Lenders*), the Facility Agent shall (subject to paragraph (c) of Clause 7.3 (*Notice to Lender*)) promptly notify the Borrower of its obligation to repay such Lender in full or, as the case may be, by the amount of the reduction of its participation.

10.8 Effect of Repayment and Prepayment on Commitments

If all or part of a Loan is repaid or prepaid and is not available for redrawing (other than by operation of Clause 4.2 (*Further conditions precedent*)), an amount of the Commitments (equal to the amount of the Loan which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment. Any cancellation under this Clause 10.8 shall reduce the Commitments of the Lenders rateably.

**SECTION 5
COSTS OF LOAN**

11. INTEREST

11.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin;
- (b) PRIBOR; and
- (c) Mandatory Cost, if any.

11.2 Payment of interest

The Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each Interest Period.

11.3 Default interest

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2 per cent. higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Facility Agent (acting reasonably). Any interest accruing under this Clause 11.3 shall be immediately payable by the Obligor on demand by the Facility Agent.
- (b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
 - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
 - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 2 per cent. higher than the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

11.4 Notification of rates of interest

The Facility Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.

12. INTEREST PERIODS

12.1 Interest Periods

- (a) An Interest Period shall, in relation to each Loan, mean the period commencing on the Utilisation Date in respect of that Loan and ending on the date falling three (3) Months after the Utilisation Date in respect of that Loan and each period of three (3) Months thereafter commencing on the first day after the last day of the immediately preceding Interest Period and ending on the date that falls three (3) Months after the last day of the immediately preceding Interest Period.
- (b) An Interest Period for a Loan shall not extend beyond the Termination Date.

- (c) Prior to the Syndication Date, Interest Periods shall be one Month or such other period as the Facility Agent and the Parent may agree and any Interest Period which would otherwise end during the Month preceding or extend beyond the Syndication Date shall end on the Syndication Date.

12.2 Changes to Interest Periods

- (a) Prior to determining the interest rate for a Loan, the Facility Agent may shorten an Interest Period for any Loan to ensure there are sufficient Loans (with an aggregate amount equal to or greater than the relevant repayment instalment) which have an Interest Period ending on a Repayment Date for the Borrowers to make the relevant repayment instalment due on that date.
- (b) If the Facility Agent makes any of the changes to an Interest Period referred to in this Clause 12.2, it shall promptly notify the Borrower and the Lenders.

12.3 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

12.4 Consolidation of Loans

Each Interest Period that would include the Consolidation Date shall commence on the last day of the immediately preceding Interest Period and end on the Consolidation Date and the immediately following Interest Period shall commence on the Consolidation Date. With effect from the Consolidation Date, all Loans then outstanding shall be consolidated into one Loan and treated as a single Loan.

13. CHANGES TO THE CALCULATION OF INTEREST

13.1 Absence of quotations

Subject to Clause 13.2 (*Market disruption*):

- (a) if PRIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable PRIBOR shall be determined on the basis of the quotations of the remaining Reference Banks; or
- (b) if Clause 13.3 (*Alternative Reference Bank Rate*) applies but an Alternative Reference Bank does not supply a quotation before close of business in Prague on the date falling one Business Day after the Quotation Day for that Loan, the applicable Alternative Reference Bank Rate shall be determined on the basis of the quotations of the remaining Alternative Reference Banks.

13.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:

- (i) the Margin;
 - (ii) the Alternative Reference Bank Rate or (if an Alternative Market Disruption Event has occurred with respect to that Loan for the relevant Interest Period of that Loan) the rate notified to the Facility Agent by that Lender as soon as practicable and in any event by close of business in Prague on the date falling 2 Business Days after the Quotation Day (or, if earlier, on the date falling 2 Business Days prior to the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select; and
 - (iii) the Mandatory Cost, if any, applicable to that Lender's participation in the Loan.
- (b) If:
- (i) the percentage rate per annum notified by a Lender pursuant to paragraph (a)(ii) above is less than the Alternative Reference Bank Rate; or
 - (ii) a Lender has not notified the Facility Agent of a percentage rate per annum pursuant to paragraph (a)(ii) above,
- the cost to that Lender of funding its participation in that Loan for that Interest Period shall be deemed, for the purposes of paragraph (a) above, to be the Alternative Reference Bank Rate.
- (c) In this Agreement:
- “Alternative Market Disruption Event”** means:
- (i) before close of business in Prague on the date falling one Business Day after the Quotation Day for the relevant Interest Period of the Loan, none or only one of the Alternative Reference Banks supplies a rate to the Facility Agent to determine the Alternative Reference Bank Rate for the relevant Interest Period of the Loan; or
 - (ii) before close of business in Prague on the date falling 2 Business Days after the Quotation Day for the relevant Interest Period of the Loan, the Facility Agent receives notifications from a Lender or Lenders (whose participations in that Loan exceed 35 per cent. of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of the Alternative Reference Bank Rate; and
- “Market Disruption Event”** means:
- (i) at or about noon on the Quotation Day for the relevant Interest Period none of the rates referred to in paragraphs (a) and (b) of the definition of “PRIBOR” is available and none or only one of the Reference Banks supplies a rate to the Facility Agent to determine PRIBOR for CZK and Interest Period; or

- (ii) before close of business in Prague on the Quotation Day for the relevant Interest Period of the Loan, the Facility Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed 35 per cent. of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of PRIBOR.

13.3 Alternative Reference Bank Rate

- (a) If a Market Disruption Event occurs, the Facility Agent shall as soon as is practicable request each of the Alternative Reference Banks to supply to it the rate at which that Alternative Reference Bank could have borrowed funds in CZK and for the relevant period in the Prague interbank market at or about 11:00 a.m. on the Quotation Day for the Interest Period of that Loan, were it to have done so by asking for and then accepting interbank offers for deposits in reasonable market size in the currency of that Loan and for a period comparable to the Interest Period of that Loan.
- (b) As soon as is practicable after receipt of the rates supplied by the Alternative Reference Banks, the Facility Agent will notify the Parent and the Lenders of the arithmetic mean of the rates supplied to it in accordance with paragraph (a) above (rounded upwards to four decimal places) (the “**Alternative Reference Bank Rate**”).

13.4 Alternative basis of interest or funding

- (a) If an Alternative Market Disruption Event occurs and the Facility Agent or the Borrower so requires, the Facility Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.

13.5 Break Costs

- (a) Each Borrower shall, within five Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

14. FEES

The Borrower shall pay to the Arranger, the Security Agent and the Facility Agent any and all fees in the amounts and at the times agreed in any Fee Letter.

SECTION 6
ADDITIONAL PAYMENT OBLIGATIONS

15. TAX GROSS UP AND INDEMNITIES

15.1 Definitions

In this Agreement:

“**Protected Party**” means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

“**Qualifying Lender**” means a Lender which is beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document and which is:

- (a) resident in the Czech Republic for Czech tax purposes;
- (b) a person designated as a “Qualifying Lender” in writing by the Facility Agent and the Borrower; or
- (c) a Treaty Lender.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of, any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

“**Tax Payment**” means either the increase in a payment made by an Obligor to a Finance Party under Clause 15.2 (*Tax gross-up*) or a payment under Clause 15.3 (*Tax indemnity*).

“**Treaty Lender**” means a Lender which:

- (i) is treated as a resident of a Treaty State for the purposes of the Treaty and qualified for the benefits of the Treaty; and
- (ii) does not carry on a business in the Czech Republic through a permanent establishment with which that Lender’s participation in the Loan is effectively connected.

“**Treaty State**” means a jurisdiction having a double taxation agreement (a “**Treaty**”) with the Czech Republic which makes provision for full exemption from tax imposed by the Czech Republic on interest and any other income arising from this Agreement.

Unless a contrary indication appears, in this Clause 15 a reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination.

15.2 Tax gross-up

- (a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Borrower shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly. Similarly, a Lender shall notify the Facility Agent on becoming so aware in respect of a payment payable to that Lender. If the Facility Agent receives such notification from a Lender it shall notify the Borrower and that Obligor.
- (c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) A payment shall not be increased under paragraph (c) above by reason of a Tax Deduction on account of Tax imposed by the Czech Republic, if on the date on which the payment falls due:
 - (i) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date that Lender is not or has ceased to be a Qualifying Lender; or
 - (ii) the relevant Lender is a Treaty Lender and the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under paragraph (g) below.
- (e) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (f) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (g) A Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction, including any note limited to the provision of a tax residence certificate issued by the tax authorities of the relevant Treaty State and a beneficial ownership declaration, both in accordance with the Decree D-286 issued by the Czech Ministry of Finance.

15.3 Tax indemnity

- (a) The Borrower shall (within five Business Days of demand by the Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which will be or has been directly suffered for or on account of Tax by that Protected Party in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
 - (i) with respect to any Tax assessed on a Finance Party:
 - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (B) under the law of the jurisdiction in which that Finance Party is taxable in respect of amounts received or receivable in that jurisdiction,
 - or
 - (ii) to the extent a loss, liability or cost:
 - (A) is compensated for by an increased payment under Clause 15.2 (*Tax gross-up*); or
 - (B) would have been compensated for by an increased payment under Clause 15.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in paragraph (d) of Clause 15.2 (*Tax gross-up*) applied.
- (c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall notify the Borrower.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 15.3, notify the Facility Agent.

15.4 Tax Credit

If an Obligor makes a Tax Payment and a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part or to that Tax Payment the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

15.5 Lender Status Confirmation

Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate or Assignment Agreement which it executes on becoming a Party, and for the benefit of the Facility Agent and without liability to any Obligor, which of the following categories it falls in:

- (a) not a Qualifying Lender;
- (b) a Qualifying Lender (other than a Treaty Lender); or
- (c) a Treaty Lender.

If a New Lender fails to indicate its status in accordance with this Clause 15.5 then such New Lender shall be treated for the purposes of this Agreement (including by each Obligor) as if it is not a Qualifying Lender until such time as it notifies the Facility Agent which category applies (and the Facility Agent, upon receipt of such notification, shall inform the Borrower). For the avoidance of doubt, a Transfer Certificate or Assignment Agreement shall not be invalidated by any failure of a Lender to comply with this Clause 15.5.

15.6 Stamp taxes

The Borrower shall pay and, within five Business Days of demand, indemnify each Secured Party and Arranger against any cost, loss or liability that Secured Party or Arranger incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

15.7 VAT

- (a) All amounts set out or expressed in a Finance Document to be payable by any Party to a Finance Party which (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply or supplies, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of such VAT (and such Finance Party shall promptly provide an appropriate VAT invoice to such Party).
- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the “**Supplier**”) to any other Finance Party (the “**Recipient**”) under a Finance Document, and any Party other than the Recipient (the “**Subject Party**”) is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the Supplier (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT. The Recipient will promptly pay to the Subject Party an amount equal to any credit or repayment obtained by the Recipient from the relevant tax authority which the Recipient reasonably determines is in respect of such VAT.
- (c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

- (d) Any reference in this Clause 15.7 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term “representative member” to have the same meaning as in the Value Added Tax Act 1994).

16. INCREASED COSTS

16.1 Increased costs

- (a) Subject to Clause 16.3 (*Exceptions*) the Borrower shall, within five Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.
- (b) In this Agreement “**Increased Costs**” means:
 - (i) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
 - (ii) an additional or increased cost; or
 - (iii) a reduction of any amount due and payable under any Finance Document,which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

16.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 16.1 (*Increased Costs*) shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the Borrower.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Costs.

16.3 Exceptions

- (a) Clause 16.1 (*Increased Costs*) does not apply to the extent any Increased Cost is:

- (i) attributable to a Tax Deduction required by law to be made by an Obligor;
 - (ii) compensated for by Clause 15.3 (*Tax indemnity*) (or would have been compensated for under Clause 15.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 15.3 (*Tax indemnity*) applied);
 - (iii) compensated for by the payment of the Mandatory Cost;
 - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
 - (v) attributable to the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement ("Basel II") or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).
- (b) In this Clause 16.3 reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 15.1 (*Definitions*).

17. OTHER INDEMNITIES

17.1 Currency indemnity

- (a) If any sum due from an Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:
- (i) making or filing a claim or proof against that Obligor; or
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,
- that Obligor shall as an independent obligation, within five Business Days of demand, indemnify the Arranger and each other Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.
- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

17.2 Other indemnities

The Borrower shall (or shall procure that an Obligor will), within five Business Days of demand, indemnify the Arranger and each other Secured Party against any cost, loss or liability incurred by it as a result of:

- (a) the occurrence of any Event of Default;
- (b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 31 (*Sharing among the Finance Parties*);
- (c) funding, or making arrangements to fund, its participation in a Utilisation requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or
- (d) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

17.3 Indemnity to the Facility Agent

The Borrower shall promptly indemnify the Facility Agent against any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

17.4 Indemnity to the Security Agent

(a) Each Obligor shall promptly indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:

- (i) the taking, holding, protection or enforcement of the Transaction Security,
- (ii) the exercise of any of the rights, powers, discretions and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law (other than by reason of wilful misconduct or gross negligence of the Security Agent and each Receiver and Delegate); or
- (iii) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents.

(b) The Security Agent may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 17.4 and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

18. MITIGATION BY THE LENDERS

18.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 8.1 (*Illegality*), Clause 15 (*Tax gross-up and indemnities*) or Clause 16 (*Increased Costs*) or paragraph 3 of Schedule 4 (*Mandatory Cost formula*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

18.2 Limitation of liability

- (a) The Borrower shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 18.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 18.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

19. COSTS AND EXPENSES

19.1 Transaction expenses

The Borrower shall promptly on demand pay the Facility Agent, the Arranger and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by any of them (and, in the case of the Security Agent, by any Receiver or Delegate) in connection with the negotiation, preparation, translation, printing, execution, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and
- (b) any other Finance Documents executed after the date of this Agreement.

19.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent under any of the Finance Documents or (b) an amendment is required pursuant to Clause 32.10 (*Change of currency*), the Borrower shall, within four Business Days of demand, reimburse each of the Facility Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Facility Agent and the Security Agent (and, in the case of the Security Agent, by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

19.3 Security Agent's ongoing costs

- (a) In the event of (i) a Default or (ii) the Security Agent considering it necessary or expedient or (iii) the Security Agent being requested by an Obligor or the Majority Lenders to undertake duties which the Security Agent and the Borrower agree to be of an exceptional nature and/or outside the scope of the normal duties of the Security Agent under the Finance Documents, the Borrower shall pay to the Security Agent any additional remuneration that may be agreed between them.
- (b) If the Security Agent and the Borrower fail to agree upon the nature of the duties or upon any additional remuneration, that dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Borrower or, failing approval, nominated (on the application of the Security Agent) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by the Borrower) and the determination of any investment bank shall be final and binding upon the parties to this Agreement.

19.4 Enforcement and preservation costs

The Borrower shall, within four Business Days of demand, pay to the Arranger and each other Secured Party the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Transaction Security or enforcing these rights.

SECTION 7 GUARANTEE

20. GUARANTEE AND INDEMNITY

20.1 Guarantee and indemnity

Each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's payment obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall promptly on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party promptly on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 20 if the amount claimed had been recoverable on the basis of a guarantee.

20.2 Continuing Guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

20.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this Clause 20 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

20.4 Waiver of defences

The obligations of each Guarantor under this Clause 20 will not be affected by an act, omission, matter or thing which, but for this Clause 20, would reduce, release or prejudice any of its obligations under this Clause 20 (without limitation and whether or not known to it or any Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or security;

- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

20.5 Guarantor Intent

Without prejudice to the generality of Clause 20.4 (*Waiver of Defences*), each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

20.6 Immediate recourse

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 20. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

20.7 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 20.

20.8 Deferral of Guarantors' rights

- (a) Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 20:
 - (i) to be indemnified by an Obligor;

- (ii) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
 - (iii) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;
 - (iv) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 20.1 (*Guarantee and Indemnity*);
 - (v) to exercise any right of set-off against any Obligor; and/or
 - (vi) to claim or prove as a creditor of any Obligor in competition with any Finance Party.
- (b) Subject to paragraph (c) below, if a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Facility Agent or as the Facility Agent may direct for application in accordance with Clause 32 (*Payment mechanics*).
- (c) Each Guarantor being a Slovak Obligor shall, as a commissioned agent (in Slovak: *komisionár*) under Section 577 *et seq.* of the Slovak Commercial Code, hold in its own name but for the account of the Finance Parties any benefit, payment or distribution received by it contrary to this Clause and must immediately pay or transfer to the Facility Agent or as the Facility Agent may direct for application in accordance with Clause 32 (*Payment mechanics*).

20.9 Release of Guarantors' right of contribution

If any Guarantor (a "**Retiring Guarantor**") ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

- (a) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- (b) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

20.10 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

20.11 Guarantee Limitations

- (a) In respect of a Dutch Guarantor, the guarantee under this Clause 20 does not apply to any liability to the extent that it would result in this guarantee constituting unlawful financial assistance within the meaning of section 2:207c of the Dutch Civil Code.
- (b) This guarantee does not apply to any liability to the extent it would result in this guarantee constituting unlawful financial assistance provided by a Slovak Obligor (having a legal form of joint-stock company (*akciová spoločnosť*)) within the meaning of Section 161e of the Slovak Commercial Code.

**SECTION 8
REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT**

21. REPRESENTATIONS

21.1 General

Each Obligor (with respect to itself only or, in the case of the Borrower, with respect to itself and each other member of the Group) makes the representations and warranties set out in this Clause 21 to each Finance Party.

21.2 Status

- (a) It is a limited liability company or corporation (as the case may be), duly incorporated and validly existing under the law of its jurisdiction of incorporation.
- (b) It has the power to own its material assets and carry on its business in all material respects as it is being conducted.

21.3 Binding obligations

Subject to the Legal Reservations:

- (a) the obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations; and
- (b) (without limiting the generality of paragraph (a) above), each Transaction Security Document to which it is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective.

21.4 Non-conflict with other obligations

The entry into and performance by each Obligor of, and the transactions contemplated by, the Finance Documents and the granting of the Transaction Security do not and will not conflict with:

- (a) any law or legally binding regulation applicable to each Obligor (including all applicable local laws and regulations concerning (i) corporate benefit, and (ii) financial assistance by a company for the acquisition of or subscription for its own shares or the shares of its Holding Company or any other company);
- (b) each Obligor's constitutional documents; or
- (c) any material agreement or instrument (including, without limitation, the Parent 2009 Indenture, any other Parent Note Document or any other Parent Note Instrument) binding upon any Obligor or any material assets of any Obligor or constitute a default or termination event (however described) under any such agreement or instrument.

21.5 Power and authority

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents.
- (b) No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Finance Documents to which it is a party.

21.6 Validity and admissibility in evidence

- (a) All Authorisations required:
 - (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and
 - (ii) to make the Finance Documents to which it is a party admissible in evidence in its Relevant Jurisdictions (subject to any necessary translation of such Finance Documents and notarisation of any such translation),have been obtained or effected and are in full force and effect except any Authorisation referred to in Clause 21.9 (*No filing or stamp taxes*).
- (b) All Authorisations (including, without limitation, the Broadcasting Licences) necessary for the material conduct of the business of any Obligor have been obtained or effected and are in full force and effect.

21.7 Governing law and enforcement

Subject to the Legal Reservations:

- (a) the choice of governing law of the Finance Documents will be recognised and enforced in its Relevant Jurisdictions; and
- (b) any judgment obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdictions.

21.8 Insolvency

No:

- (a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 25.8 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 25.9 (*Creditors' process*),

has been taken or, to its knowledge, threatened in relation to it or any member of the Group and none of the circumstances described in Clause 25.7 (*Insolvency*) applies to it or any member of the Group.

21.9 No filing or stamp taxes

Under the laws of its Relevant Jurisdiction it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents except any filing, recording or enrolling or any tax or fee payable in relation to any Transaction Security Document which is referred to in any Legal Opinion and which will be made or paid promptly after the date of the relevant Finance Document.

21.10 Deduction of Tax

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document to a Lender which is a Qualifying Lender.

21.11 No default

- (a) No Event of Default and, on the date of this Agreement, no Default is continuing or is reasonably likely to result from the making of any Loan or the entry into, the performance of, or any transaction contemplated by, any Finance Document.
- (b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any member of the Group or to which its assets (or assets of any of member of the Group) are subject which has or is in the reasonable opinion of the Majority Lenders likely to have a Material Adverse Effect.

21.12 No misleading information

Save as disclosed in writing to the Facility Agent and the Arranger prior to the date of this Agreement (or, in relation to the Lenders' Presentation, prior to the date of the Lenders' Presentation):

- (a) any factual information relating to the Group contained in Lenders' Presentation or the Information Package was true and accurate in all material respects as at the date of the relevant report or document containing the information or (as the case may be) as at the date the information is expressed to be given;
- (b) the Borrower's Business Plan and the Parent Group Business Plan have been prepared in accordance with applicable Accounting Principles as applied to the Original Financial Statements, relating to the Group or the Parent Group, as applicable, contained in the Borrower's Business Plan or the Parent Group Business Plan, as applicable, have been prepared on and based on assumptions considered reasonable and have been approved by the statutory executives of the Borrower and the Parent, respectively;
- (c) any financial projection or forecast relating to any Key Obligor contained in the Information Package (including, without limitation, the Borrower's Business Plan) has been prepared on the basis of assumptions considered reasonable and was (as at the date of the relevant report or document containing the projection or forecast) arrived at after careful consideration;
- (d) the expressions of opinion or intention relating to any Key Obligor provided by or on behalf of an Obligor for the purposes of the Information Package (including, without limitation, the Borrower's Business Plan) which are contained in the Information Package were made after careful consideration;
- (e) to the best of its knowledge and belief, no event or circumstance has occurred or arisen and no information has been omitted from the Information Package and no information has been given or withheld that results in the information, forecasts or projections relating to the Group or the Parent Group contained in the Information Package being untrue or misleading in any material respect; and
- (f) all other factual written information relating to the Group or the Parent Group provided by any member of the Parent Group to a Finance Party or the provider of the Valuation Report was true and accurate in all material respects as at the date it was provided and is not misleading in any material respect as at that date.

The representations and warranties made with respect to all factual information, financial projections and forecasts are made by each Obligor in this Clause 21.12 only so far as it is aware after making due and careful enquiries.

21.13 Original Financial Statements

- (a) In relation to Obligors other than the Dutch Guarantors, its Original Financial Statements were prepared in accordance with the Accounting Principles consistently applied.
- (b) In relation to Obligors other than the Dutch Guarantors, its unaudited Original Financial Statements fairly represent its financial condition and results of operations (consolidated in the case of the Borrower and the Parent) for the relevant period.
- (c) In relation to Obligors other than the Dutch Guarantors, its audited Original Financial Statements (other than the Parent) give a true and fair view of its financial condition and results of operations, and in the case of the Parent, fairly present its financial condition and results of operations (consolidated in the case of the Borrower and the Parent) during the relevant financial year.
- (d) There has been no material adverse change in its assets, business or financial condition since the date of the Original Financial Statements.
- (e) Its most recent financial statements delivered pursuant to Clause 22.1 (*Financial Statements*):
 - (i) have been prepared in accordance with the Accounting Principles as applied to the Original Financial Statements; and
 - (ii) give a true and fair view of in the case of an Obligor (other than the Parent) or fairly present in the case of the Parent (if audited) or fairly represent (if unaudited) its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate.
- (f) The forecasts supplied under this Agreement were arrived at after careful consideration and have been prepared on the basis of assumptions considered reasonable as at the date they were prepared and supplied.
- (g) In relation to Dutch Guarantors, its Original Dutch Filings have been prepared in accordance with Dutch statutory requirements.

21.14 No proceedings pending or threatened

- (a) No litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency have (to the best of its knowledge and belief (having made due and careful enquiry)) been started against it or any member of the Parent Group which:
 - (i) are not a Disclosed Litigation; and
 - (ii) allege liability in the amount exceeding in aggregate at any one time (a) USD 5,000,000 (or its equivalent in other currency or currencies) for any individual member of the Group, or (b) USD 25,000,000 (or its equivalent in other currency or currencies) for the Parent Group as a whole.

21.15 No breach of laws

- (a) Neither it, nor any other member of the Group has breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.
- (b) No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any member of the Group which have or are reasonably likely to have a Material Adverse Effect.

21.16 Environmental laws

- (a) Each member of the Group is in compliance with Clause 24.3 (*Environmental compliance*) and to the best of its knowledge and belief no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.
- (b) No Environmental Claim has been commenced or (to the best of its knowledge and belief) is threatened against any member of the Group where that claim has or is reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.

21.17 Taxation

- (a) Neither it, nor any other member of the Group is materially overdue in the filing of any Tax returns or in the payment of any amount in respect of Tax of CZK 1,000,000 (or its equivalent in any other currency) or more.
- (b) No claims or investigations are being made or conducted against it or any other member of the Group with respect to Taxes except (i) those for which adequate reserves have been made and which are being contested in good faith by appropriate proceedings which are being diligently conducted, or (ii) such that a liability of, or claim against it of CZK 10,000,000 (or its equivalent in any other currency) or less has been made.

21.18 Security and Financial Indebtedness

- (a) No Security or Quasi-Security exists over all or any of the present or future assets of any other member of the Group other than as permitted by this Agreement.
- (b) Neither it, nor any other member of the Group has any Financial Indebtedness outstanding other than as permitted by this Agreement other than Permitted Financial Indebtedness.

21.19 Ranking

The Transaction Security has or will have the ranking in priority which it is expressed to have in the Transaction Security Documents and it is not subject to any prior ranking or *pari passu* ranking Security.

21.20 Good title to assets

To the best of its knowledge and belief (having made reasonable enquiry), it and each member of the Group has good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the material assets necessary to carry on its respective business as presently conducted.

21.21 Legal and beneficial ownership

It is the sole legal and beneficial owner of the respective assets over which it purports to grant Security.

21.22 Shares

Each of the Borrower and CME Slovak Holdings B.V. represents that the shares of any member of the Group which are subject to the Transaction Security are fully paid and not subject to any option to purchase or similar rights. The constitutional documents of companies whose shares are subject to the Transaction Security do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security. As at the date hereof, there are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any share or loan capital of any member of the Group (including any option or right of pre-emption or conversion).

21.23 Intellectual Property

Each member of the Group:

- (a) is the sole legal and beneficial owner of or has licensed to it on normal commercial terms all the Intellectual Property which is material in the context of its business and which is required by it in order to carry on its business as it is being conducted and as contemplated in the Business Plan;
- (b) does not infringe any Intellectual Property of any third party in any respect; and
- (c) has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it,

except where the occurrence of an event or circumstance giving rise to breach of any such representation would neither have nor be reasonably likely to have a Material Adverse Effect.

21.24 Centre of main interests and establishments

For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the “**Regulation**”), centre of main interest (as that term is used in Article 3(1) of the Regulation) of each Obligor (other than the Parent) is situated in its jurisdiction of incorporation and no Obligor (other than the Parent) has an “establishment” (as that term is used in Article 2(h) of the Regulations) in any other jurisdiction.

21.25 No adverse consequences

- (a) Subject to the Legal Reservations, it is not necessary under the laws of its Relevant Jurisdictions:
 - (i) in order to enable any Finance Party to enforce its rights under any Finance Document; or
 - (ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document, that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of its Relevant Jurisdictions.
- (b) Subject to the Legal Reservations, no Finance Party is or will be deemed to be resident, domiciled or carrying on business in its Relevant Jurisdictions by reason only of the execution, performance and/or enforcement of any Finance Document.

21.26 Pension Plans

No pension plan or occupational pension scheme is operated by any member of the Group for the benefit of any other member of the Group or any of its employees which has or is reasonably likely to have a Material Adverse Effect.

21.27 Immunity

- (a) Neither it, nor any other member of the Group has the benefit of any immunity in respect of itself or its assets or revenues in any jurisdiction, including any immunity in respect of:
 - (i) the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; or
 - (ii) the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action *in rem*, for the arrest, detention or sale of any of its assets and revenues.
- (b) Each Obligor and each other member of the Group is subject to private and commercial law, and has entered into the Finance Documents to which it is party (or will enter into the Finance Documents to which it intends to be party) as private and commercial acts.

21.28 Group Structure Chart

- (a) The Group Structure Chart is true, complete and accurate in all material respects and shows the following information:
 - (i) each Obligor, each other member of the Group, in each case including current name and company registration number, its jurisdiction of incorporation and/or establishment, and in relation to members of the Group also a list of shareholders and indication of whether the relevant member of the Group is a company with limited liability; and
 - (ii) all minority interests in any member of the Group and any person in which any member of the Group holds shares in its issued share capital or equivalent ownership interest of such person.
- (b) All Inter-Group Loans and all Intra-Group Loans as at the date of this Agreement are set out in the Group Structure Chart and have been or will be taken in compliance with all relevant laws and regulations and all requirements of relevant regulatory authorities.

21.29 No Change of Control

There has been no Change of Control since the date of the latest Original Financial Statements.

21.30 Times when representations made

- (a) All the representations and warranties in this Clause 21 are made by each Original Obligor on the date of this Agreement.
- (b) The Repeating Representations are deemed to be made by each Obligor on the date of each Utilisation Request, on each Utilisation Date and on the first day of each Interest Period.
- (c) All the Repeating Representations are deemed to be made by each Additional Obligor on the day on which it becomes (or it is proposed that it becomes) an Additional Obligor.
- (d) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

22. INFORMATION UNDERTAKINGS

The undertakings in this Clause 22 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

In this Clause 22:

“**Annual Financial Statements**” means the financial statements for a Financial Year delivered pursuant to paragraph (a) of Clause 22.1 (*Financial statements*).

“**Quarterly Financial Statements**” means the financial statements delivered pursuant to paragraph (b) of Clause 22.1 (*Financial statements*).

22.1 Financial statements

Each of the Parent and the Borrower for itself shall supply to the Facility Agent in sufficient copies for all the Lenders:

- (a) as soon as they are available, but in any event within 120 days after the end of the Financial Year:
 - (i) the audited stand-alone financial statements of each Key Obligor for that Financial Year;
 - (ii) the audited consolidated financial statements of the Borrower (including, for the avoidance of doubt, Markiza) and the Parent for that Financial Year; and
- (b) as soon as they are available, but in any event within 60 days (or in relation to any financial statements of the Borrower for a Financial Quarter ending on 31 December, 90 days) after the end of the Financial Quarter:
 - (i) the unaudited stand-alone financial statements of the Borrower for that Financial Quarter; and
 - (ii) the unaudited consolidated financial statements of the Borrower (including, for the avoidance of doubt, Markiza) and the Parent for that Financial Quarter (excluding in relation to the Parent only the financial statements for any Financial Quarter ending on 31 December).

22.2 Provision and contents of Compliance Certificate

- (a) The Borrower shall supply a Compliance Certificate to the Facility Agent with each set of its audited consolidated Annual Financial Statements and each set of its consolidated Quarterly Financial Statements.
- (b) The Compliance Certificate shall, amongst other things, set out (in reasonable detail) computations as to compliance with Clause 23 (*Financial Covenants*).
- (c) Each Compliance Certificate shall be signed by two statutory executives of the Borrower.

22.3 Requirements as to financial statements

- (a) The Parent and the Borrower shall procure that each set of Annual Financial Statements and Quarterly Financial Statements includes a balance sheet, profit and loss account and cashflow statement. In addition the Parent and the Borrower shall procure that:

- (i) each set of Annual Financial Statements shall be audited by the Auditors; and
 - (ii) each set of Annual Financial Statements of the Borrower shall be accompanied by a cashflow forecast in respect of the Borrower relating to the 12-month period commencing at the end of the relevant Financial Year.
- (b) Each set of financial statements delivered pursuant to Clause 22.1 (*Financial statements*):
- (i) shall be certified by a director (in case of the financial statements of the Parent) or a statutory executive (in case of the financial statements of the Borrower) of any Obligor (other than the Parent) as giving a true and fair view of, and in the case of the Parent, fairly present (in the case of Annual Financial Statements for any Financial Year), or fairly representing (in other cases), in all material respects its financial condition and operations as at the date as at which those financial statements were drawn up and, in the case of the Annual Financial Statements, shall be accompanied by any letter addressed to the management of the relevant company by the Auditors and accompanying those Annual Financial Statements;
 - (ii) shall be prepared using the Accounting Principles, and using further accounting practices and financial reference periods consistent with those applied:
 - (A) in the case of the Borrower, in the preparation of the Original Financial Statements and the Borrower's Business Plan; and
 - (B) in the case of the Parent, in the preparation of its Original Financial Statements,
- unless, in relation to any set of financial statements, the Borrower notifies the Facility Agent that there has been a change in the Accounting Principles or the accounting practices and its Auditors (or, if appropriate, the Auditors of another Obligor) deliver to the Facility Agent:
- (C) a description of any change necessary for those financial statements to reflect the Accounting Principles or accounting practices upon which the Borrower's Business Plan or, as the case may be, relevant Original Financial Statements were prepared; and
 - (D) sufficient information, in form and substance as may be reasonably required by the Facility Agent, to enable the Lenders to determine whether Clause 23 (*Financial covenants*) has been complied with and to make an accurate comparison between the financial position indicated in those financial statements and the Borrower's Business Plan (in the case of the Borrower only) and/or Original Financial Statements.

Any reference in this Agreement to any financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Business Plan or, as the case may be, the Original Financial Statements were prepared.

- (c) If the Facility Agent wishes to discuss the financial position of any Obligor with the Auditors, the Facility Agent may notify the Borrower and Parent, stating the questions or issues which the Facility Agent wishes to discuss with the Auditors. In this event, the Borrower and the Parent must ensure that the Auditors are authorised (at the expense of the Borrower) at reasonable times and on reasonable notice:
 - (i) to discuss the financial position of the relevant Obligor with the Facility Agent on request from the Facility Agent; and
 - (ii) to disclose to the Facility Agent for the Finance Parties any information which the Facility Agent may reasonably request.

22.4 Presentations

If the Facility Agent reasonably suspects a Default is continuing or may have occurred or may occur, an officer of the Parent must give a presentation to the Finance Parties about the on-going business and financial performance of the Parent Group and a statutory executive of the Borrower must give a presentation to the Finance Parties about the on-going business and financial performance of the Group.

22.5 Year-end

The Parent and the Borrower shall procure that each Financial Year-end of each member of the Group falls on 31 December.

22.6 Information: miscellaneous

The Parent and the Borrower shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):

- (a) at the same time as they are dispatched, copies of all documents (i) dispatched by the Parent to its shareholders generally (or any class of them), (ii) dispatched by the Borrower to its shareholders pursuant to mandatory provisions of Czech law, or (iii) dispatched by the Parent or the Borrower to their respective creditors generally (or any class of them);
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current or pending against any Obligor or any member of the Parent Group, and (i) which, if adversely determined, are reasonably likely to have a Material Adverse Effect, or (ii) which would involve a liability, or a potential or alleged liability, exceeding in aggregate at any one time USD 25,000,000 (or its equivalent in any other currencies) for the Parent Group or USD 5,000,000 (or its equivalent in any other currencies) for the Group;

- (c) promptly, such information as the Security Agent may reasonably require about the Charged Property and compliance of the Obligors with the terms of any Transaction Security Documents; and
- (d) promptly on request, such further information regarding the financial condition, assets and operations of the Group and/or any other Obligor as any Finance Party through the Facility Agent may reasonably request.

22.7 Notification of default

- (a) Each Obligor shall notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Facility Agent, the Borrower shall supply to the Facility Agent a certificate signed by two of its statutory executives on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

22.8 “Know your customer” checks

- (a) If:
 - (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
 - (ii) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement; or
 - (iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Facility Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Facility Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Facility Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Lender shall promptly upon the request of the Facility Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself) in order for the Facility Agent to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- (c) The Parent shall, by not less than 10 Business Days’ prior written notice to the Facility Agent, notify the Facility Agent (which shall promptly notify the Lenders) of its intention to request that one of its Subsidiaries becomes an Additional Obligor pursuant to Clause 28 (*Changes to the Obligors*).
- (d) Following the giving of any notice pursuant to paragraph (c) above, if the accession of such Additional Obligor obliges the Facility Agent or any Lender to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Parent shall promptly upon the request of the Facility Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Facility Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement as an Additional Obligor.

23. FINANCIAL COVENANTS

23.1 Financial definitions

In this Agreement:

“**Borrowings**” means, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of any indebtedness of members of the Group for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptances under any acceptance credit or bill discount facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds (but not Trade Instruments), notes, debentures, loan stock or any similar instrument;
- (d) any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirements for de-recognition under the Accounting Principles);

- (f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument (but not, in any case, Trade Instruments) issued by a bank or financial institution in respect of (i) an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition or (ii) any liabilities of any member of the Group relating to any post-retirement benefit scheme;
- (g) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Termination Date or are otherwise classified as borrowings under the Accounting Principles;
- (h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than one hundred and eighty (180) days after the date of supply;
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles; and
- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above;

deducting any amount raised by any member of the Group under any Intra-Group Loan or any Inter-Group Loan.

“**Business Acquisition**” means the acquisition of a company or any shares or securities therein or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company.

“**Capital Expenditure**” means any expenditure or obligation in respect of expenditure which, in accordance with the Accounting Principles, is treated as capital expenditure (and including the capital element of any expenditure or obligation incurred in connection with a Finance Lease).

“**Cashflow**” means, in respect of any Relevant Period, EBITDA for that Relevant Period after:

- (a) adding the amount of any decrease (and deducting the amount of any increase) in Working Capital for that Relevant Period;
- (b) adding the amount of any cash receipts (and deducting the amount of any cash payments) during that Relevant Period in respect of any Exceptional Items not already taken account of in calculating EBITDA for any Relevant Period);
- (c) adding the amount of any cash receipts during that Relevant Period in respect of any Tax rebates or credits and deducting the amount actually paid or due and payable in respect of Taxes during that Relevant Period by any member of the Group;

- (d) adding (to the extent not already taken into account in determining EBITDA) the amount of any dividends or other profit distributions received in cash by any member of the Group during that Relevant Period from any entity which is itself not a member of the Group and deducting (to the extent not already deducted in determining EBITDA) the amount of any dividends paid in cash during the Relevant Period to minority shareholders of members of the Group and to the shareholders in the Borrower;
- (e) adding the amount of any increase in provisions, other non-cash debits and other non-cash charges (which are not Current Assets or Current Liabilities) and deducting the amount of any non-cash credits (which are not Current Assets or Current Liabilities) in each case to the extent taken into account in establishing EBITDA;
- (f) deducting the amount of any Capital Expenditure actually made during that Relevant Period by any member of the Group and the aggregate of any cash consideration paid for, or the cash cost of, any Business Acquisitions and the amount of any Joint Venture Investments in cash; and
- (g) deducting the amount of any cash costs of Pension Items during that Relevant Period to the extent not taken into account in establishing EBITDA;

and in each case so that no amount shall be added (or deducted) more than once.

“**Cashflow Cover**” means the ratio of Cashflow to Debt Service in respect of any Relevant Period.

“**Current Assets**” means the aggregate (on a consolidated basis) of all inventory, work in progress, trade and other receivables of each member of the Group including prepayments in relation to operating items and sundry debtors maturing within twelve months from the date of computation but **excluding** amounts in respect of:

- (a) receivables in relation to Tax;
- (b) Exceptional Items and other non-operating items;
- (c) insurance claims;
- (d) any interest owing to any member of the Group; and
- (e) any amounts owed to any member of the Group under any Intra-Group Loan or any Inter-Group Loan.

“**Current Liabilities**” means the aggregate (on a consolidated basis) of all liabilities (including trade creditors, accruals and provisions) of each member of the Group falling due within twelve months from the date of computation but **excluding** amounts in respect of:

- (a) liabilities for Borrowings and Finance Charges, and any amounts in respect of any Intra-Group Loan or any Inter-Group Loan;
- (b) liabilities for Tax;
- (c) Exceptional Items and other non-operating items;
- (d) insurance claims; and
- (e) liabilities in relation to dividends declared but not paid by any member of the Group in favour of any person which is not a member of the Group.

“**Debt Service**” means, in respect of any Relevant Period, the aggregate of:

- (a) Finance Charges for that Relevant Period;
- (b) the aggregate of all scheduled and mandatory repayments of Borrowings falling due and any voluntary prepayments made during that Relevant Period but excluding:
 - (i) any amounts falling due under any overdraft or revolving facility and which were available for simultaneous redrawing according to the terms of that facility;
 - (ii) any such obligations owed to the Borrower; and
 - (iii) any prepayment of the Facility which is required to be repaid under the terms of this Agreement; and
- (c) the amount of the capital element of any payments in respect of that Relevant Period payable under any Finance Lease entered into by the Borrower,

and so that no amount shall be included more than once.

“**EBIT**” means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation (excluding the results from discontinued operations):

- (a) before deducting any Finance Charges whether paid, payable or capitalised by any member of the Group in respect of that Relevant Period;
- (b) not including any accrued interest owing to any member of the Group;
- (c) before taking into account any Exceptional Items;
- (d) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (e) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);
- (f) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset at any time after 31 March 2009;

- (g) before taking into account any Pension Items;
- (h) excluding the charge to profit represented by the expensing of stock options; and

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation.

"EBITDA" means, in respect of any Relevant Period, EBIT for that Relevant Period after adding back any amount attributable to the amortisation, or depreciation or impairment of assets of members of the Group.

"Exceptional Items" means any material items of an unusual or non-recurring nature which represent gains or losses including those arising on:

- (a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
- (b) disposals, revaluations or impairment of non-current assets; and
- (c) disposals of assets associated with discontinued operations.

"Finance Charges" means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Borrowings whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Relevant Period:

- (a) including any upfront fees or costs which are included as part of the effective interest rate adjustments;
- (b) including the interest (but not the capital) element of payments in respect of Finance Leases;
- (c) including any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) any member of the Group under any interest rate hedging arrangement;
- (d) excluding any interest cost or expected return on plan assets in relation to any post-employment benefit schemes;
- (e) taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis; and
- (f) including any cash dividends or distributions paid, or any payments (including any loans/advances provided, repayment and/or prepayment of principal amounts and payment of interest) under any Inter-Group Loan (but excluding any amounts in respect of interest accrued on the principal amounts of any Inter-Group Loans, to the extent that such principal amounts do not exceed those outstanding as at the date of this Agreement) by a member of the Group in respect of that Relevant Period.

in each case so that no amount shall be added (or deducted) more than once.

“**Finance Lease**” means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease.

“**Financial Quarter**” means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

“**Financial Year**” means the annual accounting period of the Group ending on or about 31 December in each year.

“**Interest Cover**” means the ratio of EBITDA to Finance Charges in respect of any Relevant Period.

“**Pension Items**” means any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme.

“**Quarter Date**” means each of 31 March, 30 June, 30 September and 31 December.

“**Relevant Period**” means each period of twelve months ending on or about the last day of the Financial Year and each period of twelve months ending on or about the last day of each Financial Quarter.

“**Senior Secured Debt**” means, at any date, the sum of:

- (a) the aggregate of Loans outstanding at that date;
- (b) the aggregate Financial Indebtedness outstanding at that date under the Factoring Facility Agreement; and
- (c) the aggregate amount of Permitted Financial Indebtedness outstanding at that date which is permitted to be subject to Security.

“**Senior Secured Leverage**” means, in respect of any Relevant Period, the ratio of Senior Secured Debt on the last day of that Relevant Period to EBITDA in respect of that Relevant Period.

“**Working Capital**” means, on any date, Current Assets less Current Liabilities.

23.2 Financial condition

The Borrower shall ensure that:

- (a) *Cashflow Cover*: Cashflow Cover in respect of any Relevant Period shall not be less than 1.75:1.
- (b) *Interest Cover*: Interest Cover in respect of any Relevant Period shall not be less than 5.00:1.
- (c) *Senior Secured Leverage*: Senior Secured Leverage in respect of any Relevant Period shall not exceed 2.30:1.

23.3 Financial testing

The financial covenants set out in Clause 23.2 (*Financial condition*) shall be calculated in accordance with the Accounting Principles and tested on a consolidated basis by reference to each of the consolidated financial statements of the Borrower (including, for the avoidance of doubt, Markiza) delivered pursuant to paragraphs (a)(i) and (b)(ii) of Clause 22.1 (*Financial Statements*) and/or each Compliance Certificate delivered pursuant to Clause 22.2 (*Provision and contents of Compliance Certificate*), provided that (i) the up to CZK 1,230,000,000 dividend distributed by the Borrower to its shareholders in the Financial Year of the Borrower ending on 31 December 2009, and (ii) the repayments or prepayments of the CET Loan made in 2009 in the amount of CZK 1,032,282,188.44 and the prepayment of the loan under the CET Loan Agreement made from the proceeds of the Facility in accordance with paragraph (b) of Clause 3.1 (*Purpose*), shall be disregarded for the purposes of any such calculation.

24. GENERAL UNDERTAKINGS

The undertakings in this Clause 24 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

24.1 Authorisations

Each Obligor shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) supply certified copies to the Facility Agent of,

any Authorisation (including, without limitation, the Broadcasting Licences) required under any law or regulation of a Relevant Jurisdiction to:

- (i) enable it to perform its obligations under the Finance Documents;
- (ii) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document (subject to any necessary translation of such Finance Documents and notarisation of any such translation); and
- (iii) carry on its business where failure to do has or, in the reasonable opinion of the Majority Lender, is likely to have a Material Adverse Effect.

24.2 Compliance with laws

Each Obligor shall (and the Parent shall procure that each member of the Group will) comply in all respects with all laws to which it may be subject if failure to so comply has or is reasonably likely to have a Material Adverse Effect.

24.3 Environmental compliance

Each Key Obligor shall (and each Key Obligor shall procure that each other member of the Group will):

- (a) comply with all Environmental Law;
- (b) obtain, maintain and ensure compliance with all requisite Environmental Permits;
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

24.4 Environmental claims

Each Key Obligor shall promptly upon becoming aware of the same, inform the Facility Agent in writing of:

- (a) any Environmental Claim against it or any other member of the Group which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against it or any other member of the Group,

where the claim, if determined against it or any other member of the Group, has or is reasonably likely to have a Material Adverse Effect.

24.5 Taxation

(a) Each Key Obligor shall (and each Key Obligor shall procure that each other member of the Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

- (i) such payment is being contested in good faith;
- (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Facility Agent under Clause 22.1 (*Financial statements*); and
- (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.

24.6 Merger

No Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Transaction.

24.7 Change of business

Each Key Obligor shall procure that no substantial change is made to the general nature of its business or the business of any other member of the Group, in each case from that carried on at the date of this Agreement except where such change is not, in the reasonable opinion of the Majority Lenders, likely to have a Material Adverse Effect.

24.8 Acquisitions

- (a) Except as permitted under paragraph (b) below, no Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will):
 - (i) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or
 - (ii) incorporate a company.
- (b) Paragraph (a) above does not apply to an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company which is:
 - (i) a Permitted Acquisition; or
 - (ii) a Permitted Transaction.

24.9 Joint ventures

- (a) Except as permitted under paragraph (b) below, no Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will):
 - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
 - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).
- (b) Paragraph (a) above does not apply to any acquisition of (or agreement to acquire) any interest in a Joint Venture or transfer of assets (or agreement to transfer assets) to a Joint Venture or loan made to or guarantee (or agreement to loan or guarantee) given in respect of the obligations of a Joint Venture if such transaction is a Permitted Acquisition, a Permitted Disposal, a Permitted Loan or a Permitted Joint Venture.

24.10 Preservation of assets

Each Key Obligor shall (and each Key Obligor shall procure that each other member of the Group will) shall maintain in good working order and condition (ordinary wear and tear excepted) all of its material assets necessary to the conduct of its business where failure to do so would, in the reasonable opinion of the Majority Lenders, have a Material Adverse Effect.

24.11 Pari passu ranking

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party or a Hedge Counterparty against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

24.12 Negative pledge

In this Clause 24.12, "**Quasi-Security**" means an arrangement or transaction described in paragraph (b) below.

Except as permitted under paragraph (c) below:

- (a) No Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will) create or permit to subsist any Security over any of its assets.
- (b) No Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will):
 - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by it;
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

- (c) Neither CME Media Enterprises B.V., nor CME Romania B.V. shall (and the Parent shall ensure that no other person which becomes the owner of any shares of the Borrower after the date of this Agreement will) create or permit to subsist any Security or Quasi-Security over any shares of the Borrower.
- (d) Paragraphs (a) and (b) above do not apply to any Security or (as the case may be) Quasi-Security, which is:
 - (i) Permitted Security; or
 - (ii) a Permitted Transaction.

24.13 Disposals

- (a) Except as permitted under paragraph (b) below, no Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.
- (b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal which is or part of:
 - (i) a Permitted Disposal; or
 - (ii) a Permitted Transaction.

24.14 Arm's length basis

- (a) Except as permitted by paragraph (b) below, no Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will) enter into any transaction with any Affiliate (other than a member of the Group) except on arm's length terms for market value.
- (b) The following transactions shall not be a breach of this Clause 24.14:
 - (i) Intra-Group Loans and Inter-Group Loans permitted under Clause 24.15 (*Loans or credit*);
 - (ii) fees, costs and expenses payable under the Finance Documents in the amounts set out in the Finance Documents delivered to the Facility Agent under Clause 4.1 (*Initial conditions precedent*) or agreed by the Facility Agent;
 - (iii) any Permitted Transaction; and
 - (iv) payments in respect of management services, administration or other similar fees and charges invoiced to or by any Key Obligor or member of the Group by or to any Affiliate of any member of the Group, where the aggregate of such payments made by the members of the Group does not exceed CZK 100,000,000 (or its equivalent in any currencies) in any Financial Year, *provided that* promptly upon request of the Facility Agent, the Borrower shall provide to the Facility Agent a reasonably detailed summary (including, without limitation, any information regarding such payments requested by, or actually provided by the members of the Group to, their respective auditors) of all such payments made under this paragraph (iv) during the period set out in the request of the Facility Agent (such period not to include any period for which the relevant information has already been provided in form and substance satisfactory to the Facility Agent by the Borrower in accordance with this paragraph (iv)).

24.15 Loans or credit

- (a) Except as permitted under paragraph (b) below, no Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will) be a creditor in respect of any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to:
 - (i) a Permitted Loan; or
 - (ii) a Permitted Transaction.

24.16 No Guarantees or indemnities

- (a) Except as permitted under paragraph (b) below, no Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will) incur or allow to remain outstanding any guarantee in respect of any obligation of any person.
- (b) Paragraph (a) does not apply to a guarantee which is part of:
 - (i) a Permitted Guarantee; or
 - (ii) a Permitted Transaction.

24.17 Financial Indebtedness

- (a) Except as permitted under paragraph (b) below, no Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will) incur or allow to remain outstanding any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to Financial Indebtedness which is part of:
 - (i) Permitted Financial Indebtedness; or
 - (ii) a Permitted Transaction.

24.18 Share capital

No Key Obligor shall (and each Key Obligor shall procure that each other member of the Group will) issue any shares except pursuant to:

- (a) a Permitted Share Issue; or
- (b) a Permitted Transaction.

24.19 Insurance

- (a) Each Key Obligor shall (and each Key Obligor shall procure that each other member of the Group will) maintain insurances on and in relation to its business and material assets against those risks which a reasonable and prudent operator of the same or substantially similar business would consider prudent and to the extent as is usual for companies carrying on the same or substantially similar business.
- (b) Without affecting the generality of paragraph (a) above, each Key Obligor shall (and each Key Obligor shall procure that each other member of the Group will) maintain the Required Insurances.
- (c) All insurances must be with independent insurance companies or underwriters which a reasonable and prudent operator of the same or substantially similar business as the business of the Borrower would consider to be reputable.

24.20 Access

If an Event of Default is continuing or the Facility Agent reasonably suspects an Event of Default is continuing or may occur, each Obligor shall permit the Facility Agent and/or the Security Agent and/or accountants or other professional advisers and contractors of the Facility Agent or Security Agent free access at all reasonable times and on reasonable notice at the risk and cost of the relevant Obligor (such cost only to be payable if an Event of Default is found to be continuing) (or, as applicable, relevant member of the Group), to (a) the premises, assets, books, accounts and records of the relevant Obligor (or, as applicable, relevant member of the Group), and (b) meet and discuss matters with senior management of the relevant Obligor (or, as applicable, relevant member of the Group).

24.21 Intellectual Property

- (a) Each Key Obligor shall (and each Key Obligor shall procure that each other member of the Group will):
 - (i) preserve and maintain the subsistence and validity of the Intellectual Property necessary for its respective business;
 - (ii) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property by it;

- (iii) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property in full force and effect and record its interest in that Intellectual Property;
- (iv) not use or permit the Intellectual Property to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil the right of the Borrower or Markiza, as applicable, to use such property; and
- (v) not discontinue the use of the Intellectual Property,

where failure to do so, in the case of paragraphs (i) to (v) above, such use, permission to use, omission or discontinuation, is reasonably likely to have a Material Adverse Effect.

- (b) Failure to comply with any part of paragraph (a) above shall not be a breach of this Clause 24.21 to the extent that any dealing with Intellectual Property which would otherwise be a breach of paragraph (a) is contemplated by the definition of Permitted Transaction.

24.22 Amendments

- (a) No Obligor shall amend, vary, novate, supplement, supersede, waive or terminate any term of a Transaction Document or any other document delivered to the Facility Agent pursuant to Clause 4.1 (*Initial conditions precedent*) or Clause 28 (*Changes to the Obligors*) or enter into any agreement with any shareholders of any member of the Group which is not a member of the Group except in writing:
 - (i) in accordance with the provisions of Clause 38 (*Amendments and Waivers*);
 - (ii) to the extent that that amendment, variation, novation, supplement, superseding, waiver or termination is permitted by this Agreement or in writing by the Facility Agent (acting on instruction of the Majority Lenders); or
 - (iii) in a way which could not be reasonably expected materially and adversely to affect the interests of the Lenders.
- (b) The Parent and/or the Borrower shall promptly supply to the Facility Agent a copy of any document relating to any of the matters referred to in paragraphs (i) to (iii) above.

24.23 Financial assistance

Each Key Obligor shall (and each Key Obligor shall procure that each member of the Group will) comply in all respects with sections 677 to 683 of the Companies Act 2006 and any equivalent legislation in other jurisdictions including (without limitation) in relation to the execution of the Transaction Security Documents and payment of amounts due under this Agreement.

24.24 Borrower's accounts

- (a) The Borrower shall ensure that all banking accounts of the Borrower (i) be opened and maintained with the Facility Agent, other Finance Party or another bank approved in writing by the Facility Agent and (ii) be subject to valid Security under the Transaction Security Documents.
- (b) The failure to comply with paragraph (a) shall not be a breach of this Clause 24.24 to the extent that the Borrower has opened with Bank Mendes Gans nv the cash-pooling accounts Nos.:
 - (A) NL80BKMG0261081985 (in CZK);
 - (B) NL96BKMG0261092367 (in EUR);
 - (C) NL70BKMG0261102923 (in USD);

subject to the conditions set out in paragraph (b) of the definition of "Permitted Security" and provided further that the aggregate of the balances deposited in such accounts by the Borrower does not exceed CZK 200,000,000 (or its equivalent in other currencies) at any time.

- (c) The failure to comply with paragraph (a)(i) shall not be a breach of this Clause 24.24 to the extent that:
 - (i) for the period of not more than 3 calendar months from the date of this Agreement, the Borrower will have opened with Raiffeisenbank a.s., a joint-stock company established under the laws of the Czech Republic, having its registered office at Prague 4, Hvězdova 1716/2b, Postal Code: 140 78, Business Identification No.: 49240901, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B., File 2051, the accounts Nos.:
 - (A) 166557837/5500 (in CZK);
 - (B) 166557837/5500 (in EUR);
 - (C) 166557837/5500 (in USD); and
 - (D) 158607304/5500 (in CZK); and
 - (ii) the Borrower has opened with Slovenská sporiteľňa, a.s., a joint-stock company established under the laws of the Slovak Republic, having its registered office at Bratislava, Tomášikova 48, Postal Code: 832 37, Business Identification No.: 00 151 653, registered in the Commercial Register maintained by the District Court in Bratislava, Section Sa, File 601/B., the accounts Nos.:
 - (A) SK790900000000633651954 (in CZK); and
 - (B) SK040900000000633651946 (in EUR).

24.25 Treasury Transactions

No Key Obligor shall (and each Key Obligor shall procure that no other member of the Group will) enter into any Treasury Transaction, other than:

- (a) the hedging transactions documented by the Hedging Agreements; and
- (b) spot and forward delivery foreign exchange and interest rate contracts entered into in the ordinary course of its business as conducted on the date of this Agreement and not for speculative purposes.

24.26 Compliance with Hedging Letter

The Borrower shall ensure that all interest rate hedging arrangements required by the Hedging Letter are implemented in accordance with the terms of the Hedging Letter and that such arrangements are not terminated, varied or cancelled without the consent of the Facility Agent (acting on the instructions of the Majority Lenders).

24.27 Further assurance

- (a) Each Obligor providing Transaction Security shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):
 - (i) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights, powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law;
 - (ii) to confer on the Security Agent or confer on the Finance Parties Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Transaction Security Documents; and/or
 - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.
- (b) Each Obligor providing Transaction Security shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Finance Parties by or pursuant to the Finance Documents.

24.28 Syndication

The Parent and the Borrower shall provide reasonable assistance to the Arranger in the preparation of the Information Package and the primary syndication of the Facility (including, without limitation, by making senior management of the Parent and each Key Obligor available for the purpose of making presentations to, or meeting, potential lending institutions) and will comply with all reasonable requests for information from potential syndicate members prior to completion of syndication.

24.29 Conditions subsequent

The Borrower shall within 90 days of the date of this Agreement enter into the Hedging Agreements.

24.30 Parent Undertaking

The Parent shall (and shall procure that each Restricted Subsidiary will), where it or any Restricted Subsidiary is the creditor of any loans or advances made to any member of the Group, the principal amount of which is equal to or greater than CZK 100,000,000 (or its equivalent in any other currencies) individually or in aggregate, grant security in favour of the Security Agent over its rights under such loans or advances on terms acceptable to the Security Agent (acting on the instructions of the Majority Lenders).

24.31 Additional Guarantors

The Parent shall procure that in the case that any loan is proposed to be made by any Key Obligor, CME Slovak Holdings N.V. or any other member of the Group which becomes a Restricted Subsidiary (“**Group Creditor**”) to the Parent or any Restricted Subsidiary (the “**Group Debtor**”), the Group Debtor shall become an Additional Guarantor in accordance with Clause 28.2 (*Additional Guarantor*) simultaneously with or before the provision of such loan by the Group Creditor.

25. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 25 is an Event of Default (save for Clause 25.18 (*Acceleration*)).

25.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by:
 - (i) administrative or technical error; or
 - (ii) a Disruption Event; and
- (b) payment is made within 3 Business Days of its due date.

25.2 Financial covenants

Any requirement of Clause 23 (*Financial covenants*) is not satisfied.

25.3 Information undertakings, general undertakings and Transaction Security Documents

- (a) An Obligor does not comply with the provisions of Clause 22 (*Information Undertakings*) and/or Clause 24 (*General Undertakings*) and/or with any material provision of any Transaction Security Document.
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 10 Business Days of the earlier of (i) the Facility Agent giving notice to the Borrower or relevant Obligor and (ii) the Borrower or an Obligor becoming aware of the failure to comply.

25.4 Other obligations

- (a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 25.1 (*Non-payment*), Clause 25.2 (*Financial covenants*) and Clause 25.3 (*Information undertakings, general undertakings and Transaction Security Documents*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 20 Business Days of the earlier of (i) the Facility Agent giving notice to the Borrower or relevant Obligor and (ii) the Borrower or an Obligor becoming aware of the failure to comply.

25.5 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made and the circumstances giving rise to such misrepresentation, if capable of remedy, are not remedied so as to make such representation or statement correct or not misleading by the date falling twenty (20) days after the earlier of (i) the Facility Agent giving notice to the Obligor, or (ii) the Obligor becoming aware of the misrepresentation provided that at all times during such period the Obligor is taking all steps reasonably available to it to remedy the circumstances giving rise to the misrepresentation.

25.6 Cross default

- (a) Any Financial Indebtedness of any Significant Subsidiary is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any Significant Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

- (c) Any commitment for any Financial Indebtedness of any Significant Subsidiary is cancelled or suspended by a creditor of any Significant Subsidiary as a result of an event of default (however described).
- (d) Any creditor of any Significant Subsidiary becomes entitled to declare any Financial Indebtedness of any Significant Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this Clause 25.6 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than USD 25,000,000 (or its equivalent in any other currency or currencies) in aggregate for all Significant Subsidiaries.

25.7 Insolvency

- (a) An Obligor is unable or admits inability to pay its debts as they fall due or is deemed in any Relevant Jurisdiction to or declared to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on its financial indebtedness or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its financial indebtedness.
- (b) Any Obligor is insolvent in its jurisdiction of incorporation.
- (c) A moratorium is declared in respect of any financial indebtedness of any Obligor. If a moratorium occurs, the ending of the moratorium will by itself not remedy any Event of Default caused by that moratorium.

25.8 Insolvency proceedings

- (a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the suspension of payments, a moratorium of any indebtedness, insolvency, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor;
 - (ii) a composition, compromise, assignment or arrangement with any creditor of any Obligor by reason of financial difficulties of that Obligor;
 - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Obligor or any of its material assets; or
 - (iv) enforcement of any Security over any material assets of any Obligor,or any analogous procedure or step is taken in any jurisdiction.

- (b) Paragraph (a) shall not apply to:
- (i) any winding-up or bankruptcy petition or any other action, proceeding, step or other procedure which is frivolous or vexatious and is discharged, stayed or dismissed within 30 Business Days of commencement; or
 - (ii) any action, proceeding, step or other procedure contemplated by paragraph (b) or (d) of the definition of Permitted Transaction.

25.9 Creditors' process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any material asset or assets of an Obligor and is not discharged, stayed or dismissed within 30 Business Days.

25.10 Unlawfulness and invalidity

- (a) It is or becomes unlawful for an Obligor to perform any of its payment or reporting obligations or any other material undertakings under the Finance Documents, or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective.
- (b) Any obligation or obligations of any Obligor are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders under the Finance Documents.
- (c) Any Finance Document ceases to be in full force and effect or any Transaction Security ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective, in each case in any material respect.

25.11 Cessation of business

Any Key Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business except as a result of a Permitted Disposal or a Permitted Transaction.

25.12 Change of ownership

An Obligor (other than the Parent) ceases to be a Subsidiary of the Parent, except as a result of a Change of Control or a disposal which is a Permitted Disposal or a Permitted Transaction.

25.13 Expropriation

The authority or ability of any Key Obligor to conduct all or a material part of its business is curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority in relation to any Key Obligor or any of its material assets.

25.14 Repudiation and rescission of agreements

An Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.

25.15 Judgments and arbitral awards

Any Obligor or any member of the Group fails to satisfy any final and non-appealable judgment or arbitral award against it or its assets made by any competent court or tribunal to which it or its assets is or are subject, where the amount of relief from, and/or a liability (including, without limitation, any pre- and/or post-judgment interest but excluding any award in respect of costs of relevant proceedings) under such judgment or award, (i) of the Parent Group as a whole is at any one time in aggregate at least USD 25,000,000 (or its equivalent in other currency or currencies), or (ii) of any member of the Group is at any one time in aggregate at least USD 7,500,000 (or its equivalent in other currency or currencies).

25.16 Authorisations

A decision is issued by the Czech Media Council or the Slovak Media Council which is confirmed by a final and non-appealable decision of a court of competent jurisdiction and which in the reasonable opinion of the Majority Lenders is likely to directly result in the revocation or termination of any Broadcasting Licence.

25.17 Material adverse change

Any event or circumstance occurs which the Majority Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect.

25.18 Acceleration

On and at any time after the occurrence of an Event of Default the Facility Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

- (a) cancel the Total Commitments at which time they shall immediately be cancelled;
- (b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable;
- (c) declare that all or part of the Loans be payable on demand, at which time they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders; and/or
- (d) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

SECTION 9
CHANGES TO PARTIES

26. CHANGES TO THE LENDERS

26.1 Assignments and transfers by the Lenders

Subject to this Clause 26 and to Clause 27 (*Restriction on Debt Purchase Transactions*), a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

under any Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the “**New Lender**”).

26.2 Conditions of assignment or transfer

- (a) An assignment will only be effective on:
 - (i) receipt by the Facility Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it was an Original Lender; and
 - (ii) the performance by the Facility Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Facility Agent shall promptly notify to the Existing Lender and the New Lender.
- (b) A transfer will only be effective if the procedure set out in Clause 26.5 (*Procedure for transfer*) is complied with.
- (c) If:
 - (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
 - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 16 (*Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under that Clause to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred. This paragraph (c) shall not apply in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Facility.

- (d) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

26.3 Assignment or transfer fee

Unless the Facility Agent otherwise agrees and excluding an assignment or transfer (i) to an Affiliate of a Lender, (ii) made in connection with primary syndication of the Facility, or (iii) made under Clause 7.3(c)(i), the New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of EUR 2,000 (or its equivalent in CZK calculated by the Facility Agent using such exchange rate as determined reasonably by the Facility Agent).

26.4 Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
 - (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents, the Transaction Security or any other documents;
 - (ii) the financial condition of any Obligor;
 - (iii) the performance and observance by any Obligor or any other member of the Parent Group of its obligations under the Finance Documents or any other documents; or
 - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,and any representations or warranties implied by law are excluded.
- (b) Each New Lender confirms to the Existing Lender, the other Finance Parties and the Secured Parties that it:
 - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Finance Document or the Transaction Security; and

- (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
 - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 26; or
 - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

26.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.
 - (b) The Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
 - (c) Subject to Clause 26.11 (*Pro rata interest settlement*), on the Transfer Date:
 - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the “**Discharged Rights and Obligations**”);
 - (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
 - (iii) the Facility Agent, the Arranger, the Security Agent, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights, and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Facility Agent, the Arranger, the Security Agent and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
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- (iv) the New Lender shall become a Party as a “Lender”.

26.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
 - (b) The Facility Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
 - (c) Subject to Clause 26.11 (*Pro rata interest settlement*), on the Transfer Date:
 - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
 - (ii) the Existing Lender will be released from the obligations (the “**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
 - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.
 - (d) Lenders may utilise procedures other than those set out in this Clause 26.6 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 26.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*).
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26.7 Copy of Transfer Certificate or Assignment Agreement

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrower a copy of that Transfer Certificate or Assignment Agreement.

26.8 Additional Lenders

- (a) A bank or financial institution may become an Additional Lender, with the prior consent of the Facility Agent and the Borrower, at any time prior to the day falling three (3) Business Days before the last day of Availability Period, by executing and delivering to the Facility Agent a duly completed Accession Deed.
- (b) For the avoidance of doubt, following the accession of an Additional Lender:
 - (i) the Commitment of that Additional Lender shall be the amount in CZK set forth in the Accession Deed (and the amount of any other Commitment transferred to it under this Agreement) in each case to the extent not cancelled, reduced or transferred by it under this Agreement; and
 - (ii) the Total Commitments shall be increased by the amount corresponding to the Commitment of that Additional Lender.

26.9 Accession of Hedge Counterparties

A Hedge Counterparty may (in accordance with the terms of the relevant Hedging Agreement and subject to any consent required under that Hedging Agreement) transfer any of its rights and benefits or obligations in respect of the Hedging Agreements to which it is a party if any transferee has (if not already party to this Agreement as a Hedge Counterparty) acceded to this Agreement as a Hedge Counterparty.

26.10 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 26, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or other Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

26.11 Pro rata interest settlement

If the Facility Agent has notified the Lenders that it is able to distribute interest payments on a “pro rata basis” to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 26.5 (*Procedure for transfer*) or any assignment pursuant to Clause 26.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date (“**Accrued Amounts**”) and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and
- (b) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts so that, for the avoidance of doubt:
 - (i) when the Accrued Amounts become payable, those Accrued Amounts will be payable for the account of the Existing Lender; and
 - (ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 26.11, have been payable to it on that date, but after deduction of the Accrued Amounts.

27. RESTRICTION ON DEBT PURCHASE TRANSACTIONS

27.1 Prohibition on Debt Purchase Transactions by the Parent Group

The Parent shall not, and shall procure that each other member of the Parent Group shall not, enter into any Debt Purchase Transaction or beneficially own all or any part of the share capital of a company that is a Lender or a party to a Debt Purchase Transaction of the type referred to in paragraphs (b) or (c) of the definition of Debt Purchase Transaction.

28. CHANGES TO THE OBLIGORS

28.1 Assignment and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

28.2 Additional Guarantors

- (a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 22.8 (*"Know your customer" checks*), the Parent may request that any of its wholly-owned Subsidiaries become a Guarantor.
- (b) A member of the Parent Group shall become an Additional Guarantor if:
 - (i) the Parent and the proposed Additional Guarantor deliver to the Facility Agent a duly completed and executed Accession Deed; and
 - (ii) the Facility Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Facility Agent.
- (c) The Facility Agent shall notify the Parent and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions precedent*).

28.3 Repetition of Representations

Delivery of an Accession Deed constitutes confirmation by the relevant Subsidiary that the Repeating Representations are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

**SECTION 10
THE FINANCE PARTIES**

29. ROLE OF THE FACILITY AGENT, THE SECURITY AGENT, THE ARRANGER AND OTHERS

29.1 Appointment of the Facility Agent and the Security Agent

- (a) Each of the Arranger, the Lenders and the Security Agent appoints the Facility Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Arranger, the Lenders and the Security Agent authorises the Facility Agent to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

- (c) Each of the Secured Parties appoints the Security Agent to act as its agent under and in connection with the Finance Documents.
- (d) Each of the Secured Parties authorises the Security Agent to exercise the rights, powers, authorities and discretions specifically given to the Security Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

29.2 Duties of the Facility Agent and the Security Agent

- (a) Subject to paragraph (b) below, the Facility Agent and the Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent or, as applicable, the Security Agent for that Party by any other Party.
- (b) Without prejudice to Clause 26.7 (*Copy of Transfer Certificate or Assignment Agreement*), paragraph (a) above shall not apply to any Transfer Certificate or any Assignment Agreement.
- (c) Except where a Finance Document specifically provides otherwise, neither the Facility Agent, nor the Security Agent is obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (e) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Facility Agent, the Arranger or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.
- (f) The duties of the Facility Agent and the Security Agent under the Finance Documents are solely mechanical and administrative in nature.

29.3 Role of the Arranger

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

29.4 No fiduciary duties

- (a) Nothing in this Agreement constitutes the Facility Agent or the Arranger as a trustee or fiduciary of any other person.
- (b) None of the Facility Agent, the Security Agent or the Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

29.5 Business with the Parent Group

The Facility Agent, the Security Agent and the Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Parent Group.

29.6 Rights and discretions

- (a) The Facility Agent and the Security Agent may rely on:
 - (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
 - (ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (b) The Facility Agent and the Security Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
 - (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 25.1 (*Non-payment*));
 - (ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and
 - (iii) any notice or request made by the Borrower (other than a Utilisation Request or an Extension Request) is made on behalf of and with the consent and knowledge of all the Obligors.
- (c) Each of the Facility Agent and the Security Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (d) Each of the Facility Agent and the Security Agent may act in relation to the Finance Documents through its respective personnel and agents.
- (e) Each of the Facility Agent and the Security Agent may disclose to any other Party any information it reasonably believes it has received as the Facility Agent and/or the Security Agent (as applicable) under this Agreement.
- (f) Without prejudice to the generality of paragraph (e) above, the Facility Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Borrower and shall disclose the same upon the written request of the Parent or the Majority Lenders.
- (g) Notwithstanding any other provision of any Finance Document to the contrary, none of the Facility Agent, the Security Agent or the Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

- (h) The Facility Agent is not obliged to disclose to any Finance Party any details of the rate notified to the Facility Agent by any Lender or Alternative Reference Bank or the identity of any such Lender or Alternative Reference Bank for the purpose of paragraph (a)(ii) of Clause 13.2 (*Market Disruption*).

29.7 Majority Lenders' instructions

- (a) Unless a contrary indication appears in a Finance Document, each of the Facility Agent and the Security Agent shall (i) exercise any right, power, authority or discretion vested in it as Facility Agent and/or Security Agent (as applicable) in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Facility Agent and/or Security Agent (as applicable)) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.
- (b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.
- (c) Each of the Facility Agent and the Security Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) each of the Facility Agent and the Security Agent, may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- (e) Neither the Facility Agent, nor the Security Agent is authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (e) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Transaction Security Documents or enforcement of the Transaction Security or Transaction Security Documents.

29.8 Responsibility for documentation

Neither the Facility Agent, the Security Agent nor the Arranger:

- (a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Facility Agent, the Arranger, the Security Agent, an Obligor or any other person given in or in connection with any Finance Document or the Information Package or the transactions contemplated in the Finance Documents;
- (b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document or the Transaction Security; or

- (c) is responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

29.9 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to the provisions of paragraph (e) of Clause 32.11 (*Disruption to Payment Systems etc.*)), neither the Facility Agent, nor the Security Agent will be liable (including, without limitation, for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct.
- (b) No Party (other than the Facility Agent or (in relation to officers, employees or agents of the Security Agent or any Receiver or Delegate) the Security Agent) may take any proceedings against any officer, employee or agent of the Facility Agent or the Security Agent (as applicable) or any Receiver or Delegate, in respect of any claim it might have against the Facility Agent or the Security Agent or in respect of any act or omission of any kind by that officer, employee or agent, Receiver or Delegate in relation to any Finance Document or any Transaction Document and any officer, employee or agent of the Facility Agent and the Security Agent and any Receiver and Delegate may rely on this Clause subject to Clause 1.6 (*Third party rights*) and the provisions of the Third Parties Act.
- (c) Neither the Facility Agent nor the Security Agent will be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by it if it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.
- (d) Nothing in this Agreement shall oblige the Facility Agent, the Security Agent or the Arranger to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Facility Agent, the Security Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Facility Agent, the Security Agent or the Arranger.

29.10 Lenders' indemnity to the Facility Agent and the Security Agent

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify each of the Facility Agent and the Security Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Facility Agent and/or the Security Agent, as the case may be (otherwise than by reason of the its gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 32.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent in acting as Facility Agent and/or Security Agent under the Finance Documents (unless the Facility Agent and/or Security Agent has been reimbursed by an Obligor pursuant to a Finance Document).

29.11 Resignation of the Facility Agent and/or the Security Agent

- (a) The Facility Agent and/or the Security Agent may resign and appoint one of its Affiliates acting through an office in the Czech Republic as successor Facility Agent and/or Security Agent, as the case may be, by giving notice to the other Finance Parties and the Borrower.
- (b) Alternatively the Facility Agent and/or the Security Agent may resign by giving 30 days notice to the other Finance Parties and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Facility Agent and/or Security Agent (as applicable).
- (c) If the Majority Lenders have not appointed a successor Facility Agent and/or Security Agent (as applicable) in accordance with paragraph (a) above within 20 days after notice of resignation was given, the retiring Facility Agent and/or the Security Agent may (after consultation with the Borrower) appoint a successor Facility Agent and/or Security Agent (as applicable) (acting through an office in the Czech Republic).
- (d) If the Facility Agent and/or the Security Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Facility Agent and/or the Security Agent is entitled to appoint a successor Facility Agent and/or Security Agent under paragraph (c) above, the Facility Agent and/or the Security Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor agent to become a party to this Agreement as Facility Agent and/or the Security Agent) agree with the proposed successor agent amendments to this Clause 29 and any other term of this Agreement dealing with the rights or obligations of the Facility Agent and/or the Security Agent consistent with then current market practice for the appointment and protection of agents together with any reasonable amendments to the agency fee payable under this Agreement which are consistent with the successor agent's normal fee rates and those amendments will bind the Parties.
- (e) The retiring Facility Agent and/or Security Agent (as applicable) shall, at its own cost, make available to its successor agent such documents and records and provide such assistance as such successor agent may reasonably request for the purposes of performing its functions as Facility Agent and/or Security Agent (as applicable) under the Finance Documents.

- (f) The resignation notice of the Facility Agent and/or the Security Agent (as applicable) shall only take effect upon the appointment of a successor Facility Agent and/or Security Agent, as the case may be.
- (g) Upon the appointment of a successor, the retiring Facility Agent and/or Security Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 29. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

29.12 Replacement of the Facility Agent and/or the Security Agent

- (a) After consultation with the Borrower, the Majority Lenders may, by giving 30 days' notice to the Facility Agent (or, at any time the Facility Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) and/or the Security Agent (as applicable) replace the Facility Agent and/or the Security Agent (as applicable) by appointing a successor agent (acting through an office in the Czech Republic).
- (b) The retiring Facility Agent and/or the Security Agent (as applicable) shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Facility Agent and/or the Security Agent (as applicable) such documents and records and provide such assistance as such successor agent may reasonably request for the purposes of performing its functions as Facility Agent or Security Agent (as applicable) under the Finance Documents.
- (c) The appointment of the successor Facility Agent and/or the Security Agent (as applicable) shall take effect on the date specified in the notice from the Majority Lenders to the retiring Facility Agent and/or the Security Agent (as applicable). As from this date, the retiring Facility Agent and/or the Security Agent (as applicable) shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 29 (and any agency fees for the account of the retiring Facility Agent and/or the Security Agent (as applicable) shall cease to accrue from (and shall be payable on) that date).
- (d) Any successor Facility Agent and/or Security Agent (as applicable) and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

29.13 Confidentiality

- (a) In acting as agent for the Finance Parties, each of the Facility Agent and the Security Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

- (b) If information is received by another division or department of the Facility Agent and/or Security Agent (as applicable), it may be treated as confidential to that division or department and the Facility Agent and/or Security Agent (as applicable) shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Facility Agent, the Security Agent, nor the Arranger is obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

29.14 Relationship with the Lenders

- (a) Subject to Clause 26.11 (*Pro rata interest settlement*), each of the Facility Agent and the Security Agent may treat the person shown in its records as Lender at the opening of business (in the place of the principal office of the Facility Agent and/or the Security Agent as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
 - (i) entitled to or liable for any payment due under any Finance Document on that day; and
 - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.
- (b) Each Lender shall supply the Facility Agent with any information required by the Facility Agent in order to calculate the Mandatory Cost in accordance with Schedule 4 (*Mandatory Cost formula*).
- (c) Each Lender shall supply the Facility Agent with any information that the Security Agent may reasonably specify (through the Facility Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent. Each Lender shall deal with the Security Agent exclusively through the Facility Agent and shall not deal directly with the Security Agent.
- (d) Any Lender may by notice to the Facility Agent and/or the Security Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 34.6 (*Electronic communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 34.2 (*Addresses*) and paragraph (a)(iii) of Clause 34.6 (*Electronic communication*) and the Facility Agent and/or Security Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

29.15 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Facility Agent, the Security Agent and the Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Parent Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (d) the adequacy, accuracy and/or completeness of the Information Package, the Valuation Report and any other information provided by the Facility Agent, the Security Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

29.16 Reference Banks and Alternative Reference Banks

If a Reference Bank or Alternative Reference Bank (or, if a Reference Bank or Alternative Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Facility Agent shall (in consultation with the Parent) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank or Alternative Reference Bank.

29.17 Deduction from amounts payable by the Facility Agent and/or the Security Agent

If any Party owes an amount to the Facility Agent and/or the Security Agent (as applicable) under the Finance Documents the Facility Agent and/or the Security Agent (as applicable) may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Facility Agent and/or the Security Agent (as applicable) would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

29.18 The Security Agent

In addition and without prejudice to, the provisions of this Clause 29 (*Role of the Facility Agent, the Security Agent, the Arranger and the others*), the provisions set out in Schedule 13 (*Supplementary Security Agent Provisions*) shall apply in respect of the Security Agent.

29.19 Declaration of Trust

To the extent the Transaction Security is not transferred, charged or granted to the Security Agent on trust, and subject to the provisions of Clause 29.21 (*Non-Trust Jurisdictions*), the Security Agent declares itself trustee of the Transaction Security created or purported to be created pursuant to the Transaction Security Documents to hold the same on trust for the Secured Parties on the terms and subject to the conditions set out in this Agreement (including those set out in this Clause 29 (*Role of the Facility Agent, the Security Agent, the Arranger and the others*) and Schedule 13 (*Supplementary Security Agent Provisions*)). Each of the Parties agrees that the Security Agent shall have only those duties, obligations and responsibilities expressly specified in this Agreement (including the provisions set out in Schedule 13 (*Supplementary Security Agent Provisions*)) and acknowledge those duties are solely of a mechanical and administrative nature.

29.20 Provisions supplemental to the provisions of the Trustee Acts

The rights, powers and discretions conferred upon the Security Agent by this Agreement (including, without limitation, Schedule 13 (*Supplementary Security Agent Provisions*)) shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by general law or otherwise. Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

29.21 Non-Trust Jurisdictions

It is hereby agreed that, in relation to any jurisdiction the courts of which would not recognise or give effect to the trusts expressed to be created by this Agreement, the relationship of the Secured Parties to the Security Agent shall be construed as one of principal and agent but, to the extent permissible under the laws of such jurisdiction, all the other provisions of this Agreement shall have full force and effect between the Parties.

29.22 Covenant to Pay

Each Obligor hereby covenants with the Security Agent as trustee for the Secured Parties that such Obligor shall on demand of the Security Agent discharge all obligations which are then due and payable and which such Obligor may at any time owe to the Security Agent (whether for its own account or as trustee or agent for the Secured Parties) or any of the other Secured Parties (whether for their own account or as trustee or agent of the persons who such Secured Parties represent or for whom they act) under or pursuant to the Finance Documents including any liability in respect of any further advances made under the Finance Documents, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or as surety or in some other capacity) and each Obligor shall pay to the Security Agent when due and payable every sum at any time owing, due or incurred by such Obligor to the Security Agent (whether for its own account or as trustee or agent for the Secured Parties) or any of the other Secured Parties (whether for their own account or as trustee or agent of the persons who such Secured Parties represent or for whom they act) in respect of any such liabilities.

29.23 Parallel Debt Obligation

- (a) Each Obligor hereby agrees and covenants with the Security Agent by way of an acknowledgement of debt that it shall pay to the Security Agent sums equal to, and in the currency of, the Secured Obligations owing by it under the Finance Documents (the "**Principal Obligations**") as and when the same fall due for payment under the Finance Documents (the "**Parallel Obligations**").
- (b) The Security Agent shall have its own independent right to demand payment of the Parallel Obligations by the Obligors (such demand to be made in accordance with, and only in the circumstances permitted under, the Finance Documents and only if permitted by this Agreement). The rights of the Finance Parties (other than the Security Agent) or any person which a Finance Party represents to receive payment of the Principal Obligations are several from the rights of the Security Agent to receive payment of the Parallel Obligations provided that the payment by an Obligor of its Parallel Obligations to the Security Agent in accordance with this Clause 29.23 (*Parallel Debt Obligation*) shall be a good discharge of the corresponding Principal Obligations and the payment by an Obligor of its Principal Obligations in accordance with the provisions of the Finance Documents shall be a good discharge of the corresponding Parallel Obligations. In the event of a good discharge of any Principal Obligations of the Security Agent shall not be entitled to demand payment of the corresponding Parallel Obligations and such Parallel Obligations shall be discharged to the same extent. In the event of a good discharge of any Parallel Obligations the Finance Parties or any person which a Finance Party represents shall not be entitled to demand payment of the corresponding Principal Obligations and such Principal Obligations shall be discharged to the same extent.

29.24 No Independent power

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security except through the Security Agent.

29.25 Reliance and engagement letters

Each Finance Party and Secured Party confirms that each of the Arranger and the Facility Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Arranger, the Security Agent or the Facility Agent) the terms of any reliance letter or engagement letters relating to the Valuation Report or any reports or letters provided by accountants in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of the Valuation Report, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

30. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

31. SHARING AMONG THE FINANCE PARTIES

31.1 Payments to Finance Parties

If a Finance Party (a “**Recovering Finance Party**”) receives or recovers any amount from an Obligor other than in accordance with Clause 32 (*Payment mechanics*) (a “**Recovered Amount**”) and applies that amount to a payment due under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Facility Agent;
- (b) the Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Facility Agent and distributed in accordance with Clause 32 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 32.6 (*Partial payments*).

31.2 Redistribution of payments

The Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the “**Sharing Finance Parties**”) in accordance with Clause 32.6 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

31.3 Recovering Finance Party’s rights

On a distribution by the Facility Agent under Clause 31.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

31.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Sharing Finance Party shall, upon request of the Facility Agent, pay to the Facility Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the “**Redistributed Amount**”); and
- (b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

31.5 Exceptions

- (a) This Clause 31 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified the other Finance Party of the legal or arbitration proceedings; and
 - (ii) the other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

**SECTION 11
ADMINISTRATION**

32. PAYMENT MECHANICS

32.1 Payments to the Facility Agent

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Facility Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in a Participating Member State or London) with such bank as the Facility Agent specifies.

32.2 Distributions by the Facility Agent

Each payment received by the Facility Agent under the Finance Documents for another Party shall, subject to Clause 32.3 (*Distributions to an Obligor*) and Clause 32.4 (*Clawback*) be made available by the Facility Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Facility Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London).

32.3 Distributions to an Obligor

The Facility Agent may (with the consent of the Obligor or in accordance with Clause 33 (*Set-Off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

32.4 Clawback

- (a) Where a sum is to be paid to the Facility Agent and/or the Security Agent (as applicable) under the Finance Documents for another Party, the Facility Agent and/or the Security Agent (as applicable) is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Facility Agent and/or the Security Agent (as applicable) pays an amount to another Party and it proves to be the case that the Facility Agent and/or the Security Agent (as applicable) had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Facility Agent and/or the Security Agent (as applicable) shall on demand refund the same to the Facility Agent and/or the Security Agent (as applicable) together with interest on that amount from the date of payment to the date of receipt by the Facility Agent and/or the Security Agent (as applicable), calculated by the Facility Agent and/or the Security Agent (as applicable) to reflect its cost of funds.

32.5 Impaired Agent

- (a) If, at any time, the Facility Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Facility Agent in accordance with Clause 32.1 (*Payments to the Facility Agent*) may instead either pay that amount direct to the required recipient or pay that amount to an interest-bearing account held with an Acceptable Bank within the meaning of paragraph (a) of the definition of “**Acceptable Bank**” and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents. In each case such payments must be made on the due date for payment under the Finance Documents.
- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the beneficiaries of that trust account *pro rata* to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 32.4 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Facility Agent in accordance with Clause 29.12 (*Replacement of the Facility Agent*), each Party which has made a payment to a trust account in accordance with this Clause 32.4 shall give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Facility Agent for distribution in accordance with Clause 32.2 (*Distributions by the Facility Agent*).

32.6 Partial payments

- (a) If the Facility Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Facility Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in the following order:
 - (i) **first**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Facility Agent and the Security Agent under those Finance Documents;

- (ii) **secondly**, in or towards payment *pro rata* of any accrued interest, fee or commission due but unpaid under those Finance Documents;
 - (iii) **thirdly**, in or towards payment *pro rata* of any principal due but unpaid under those Finance Documents; and
 - (iv) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (b) The Facility Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

32.7 Set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

32.8 Business Days

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

32.9 Currency of account

- (a) Subject to paragraphs (b) to (e) below, CZK is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- (b) A repayment of a Loan or Unpaid Sum or a part of a Loan or Unpaid Sum shall be made in the currency in which that Loan or Unpaid Sum is denominated on its due date.
- (c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (e) Any amount expressed to be payable in a currency other than CZK shall be paid in that other currency.

32.10 Change of currency

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Facility Agent (after consultation with the Borrower); and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Facility Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Facility Agent (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Prague interbank market and otherwise to reflect the change in currency.

32.11 Disruption to Payment Systems etc.

If either the Facility Agent determines (in its discretion) that a Disruption Event has occurred or the Facility Agent is notified by the Borrower that a Disruption Event has occurred:

- (a) the Facility Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facility as the Facility Agent may deem necessary in the circumstances;
- (b) the Facility Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Facility Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Facility Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 38 (*Amendments and Waivers*);
- (e) the Facility Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 32.11; and

(f) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

33. SET-OFF

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

34. NOTICES

34.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

34.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of an Original Obligor, that identified with its name below;
- (b) in the case of each Lender, or any other Obligor, that notified in writing to the Facility Agent on or prior to the date on which it becomes a Party; and
- (c) in the case of the Facility Agent or the Security Agent, that identified with its name below,

or any substitute address, fax number or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

34.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 34.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Facility Agent or the Security Agent will be effective only when actually received by the Facility Agent or Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Facility Agent's or Security Agent's signature below (or any substitute department or officer as the Facility Agent or Security Agent shall specify for this purpose).
- (c) All notices from or to an Obligor shall be sent through the Facility Agent.
- (d) Any communication or document made or delivered to the Borrower in accordance with this Clause 34.3 will be deemed to have been made or delivered to each of the Obligors.

34.4 Notification of address and fax number

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to Clause 34.2 (*Addresses*) or changing its own address or fax number, the Facility Agent shall notify the other Parties.

34.5 Communication when Facility Agent is Impaired Agent

If the Facility Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Facility Agent, communicate with each other directly and (while the Facility Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Facility Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Facility Agent has been appointed.

34.6 Electronic communication

- (a) Any communication to be made between the Facility Agent or the Security Agent and a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Facility Agent, the Security Agent and the relevant Lender:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.
- (b) Any electronic communication made between the Facility Agent and a Lender or the Security Agent will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Facility Agent or the Security Agent only if it is addressed in such a manner as the Facility Agent or Security Agent shall specify for this purpose.

34.7 Use of websites

- (a) The Parent may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the “**Website Lenders**”) who accept this method of communication by posting this information onto an electronic website designated by the Parent and the Facility Agent (the “**Designated Website**”) if:
- (i) the Facility Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
 - (ii) both the Parent and the Facility Agent are aware of the address of and any relevant password specifications for the Designated Website; and
 - (iii) the information is in a format previously agreed between the Parent and the Facility Agent.

If any Lender (a “**Paper Form Lender**”) does not agree to the delivery of information electronically then the Facility Agent shall notify the Parent accordingly and the Parent shall at its own cost supply the information to the Facility Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Parent shall at its own cost supply the Facility Agent with at least one copy in paper form of any information required to be provided by it.

- (b) The Facility Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Parent and the Facility Agent.
- (c) The Parent shall promptly upon becoming aware of its occurrence notify the Facility Agent if:
- (i) the Designated Website cannot be accessed due to technical failure;
 - (ii) the password specifications for the Designated Website change;
 - (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
 - (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
 - (v) the Parent becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Parent notifies the Facility Agent under paragraph (c)(i) or paragraph (c)(iv) above, all information to be provided by the Parent under this Agreement after the date of that notice shall be supplied in paper form unless and until the Facility Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing).

- (d) Any Website Lender may request, through the Facility Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Parent shall at its own cost comply with any such request within ten Business Days.

34.8 English language

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English; or
 - (ii) if not in English, and if so required by the Facility Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

35. CALCULATIONS AND CERTIFICATES

35.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

35.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

35.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Prague interbank market differs, in accordance with that market practice.

36. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

37. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or Secured Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

38. AMENDMENTS AND WAIVERS

38.1 Required consents

- (a) Subject to Clause 38.2 (*Exceptions*) any term of the Finance Documents (other than the Mandate Letter) may be amended or waived only with the consent of the Majority Lenders and the Borrower and any such amendment or waiver will be binding on all Parties.
- (b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 38.
- (c) Each Obligor agrees to any such amendment or waiver permitted by this Clause 38 which is agreed to by the Borrower. This includes any amendment or waiver which would, but for this paragraph (c), require the consent of all of the Guarantors.

38.2 Exceptions

- (a) An amendment or waiver that has the effect of changing or which relates to:
 - (i) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);
 - (ii) an extension to the date of payment of any amount under the Finance Documents (other than in relation to Clause 7 (*Extension of Initial Termination Date*) or Clause 9 (*Mandatory Prepayment*));
 - (iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
 - (iv) a change in currency of payment of any amount under the Finance Documents;
 - (v) an increase in or an extension of any Commitment or the Total Commitments;
 - (vi) a change to the Borrowers or Guarantors other than in accordance with Clause 28 (*Changes to the Obligors*);
 - (vii) any provision which expressly requires the consent of all the Lenders;

- (viii) Clause 2.2 (*Finance Parties' rights and obligations*), Clause 9 (*Mandatory prepayment*), Clause 26 (*Changes to the Lenders*) or this Clause 38;
- (ix) (other than as expressly permitted by the provisions of any Finance Document) the nature or scope of:
 - (A) the guarantee and indemnity granted under Clause 20 (*Guarantee and Indemnity*);
 - (B) the Charged Property;
 - (C) the manner in which the proceeds of enforcement of the Transaction Security are distributed; or
 - (D) any arrangement to the order of priority set out in paragraph 2.1 (*Order of Application*) of Schedule 13 (*Supplementary Security Agent Provisions*),
(except in the case of paragraph (B) to (D) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document); or
- (x) the release of any guarantee and indemnity granted under Clause 20 (*Guarantee and Indemnity*) or of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,

shall not be made without the prior consent of all the Lenders.

- (b) An amendment or waiver which relates to the rights or obligations of the Facility Agent, the Arranger, the Security Agent or a Hedge Counterparty (each in their capacity as such) may not be effected without the consent of the Facility Agent, the Arranger, the Security Agent or, as the case may be, that Hedge Counterparty.
- (c) If any Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any of the terms of any Finance Document or other vote of Lenders under the terms of this Agreement within 10 Business Days (unless the Borrower and the Facility Agent agree to a longer time period in relation to any request) of that request being made, its Commitment and/or participation shall not be included for the purpose of calculating the Total Commitments or participations under the Facility when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments and/or participations has been obtained to approve that request.

38.3 Replacement of Lender

- (a) If at any time:
- (i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (c) below); or
 - (ii) an Obligor becomes obliged to repay any amount in accordance with Clause 8.1 (*Illegality*) or to pay additional amounts pursuant to Clause 16.1 (*Increased Costs*) or Clause 15.2 (*Tax gross-up*) to any Lender in excess of amounts payable to the other Lenders generally,
- then the Borrower may, on 10 Business Days' prior written notice to the Facility Agent and such Lender, replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Borrower, and which is acceptable to the Facility Agent (acting reasonably), which confirms its willingness to assume and does assume all the obligations of the transferring Lender (including the assumption of the transferring Lender's participations on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Loans and all accrued interest and/or Break Costs and other amounts payable in relation thereto under the Finance Documents.
- (b) The replacement of a Lender pursuant to this Clause shall be subject to the following conditions:
- (i) the Borrower shall have no right to replace the Facility Agent or Security Agent;
 - (ii) neither the Facility Agent nor the Lender shall have any obligation to the Borrower to find a Replacement Lender;
 - (iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 30 days after the date the Non-Consenting Lender notifies the Borrower and the Facility Agent of its failure or refusal to give a consent in relation to, or agree to any waiver or amendment to the Finance Documents requested by the Borrower; and
 - (iv) in no event shall the Lender replaced under this paragraph (b) be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents.
- (c) In the event that:
- (i) the Borrower or the Facility Agent (at the request of the Borrower) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;

- (ii) the consent, waiver or amendment in question requires the approval of all the Lenders; and
- (iii) Lenders whose Commitment aggregate more than 70 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 70 per cent. of the Total Commitments prior to that reduction) have consented or agreed to such waiver or amendment,

then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a “**Non-Consenting Lender**”.

38.4 Disenfranchisement of Defaulting Lenders

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining the Majority Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments have been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, that Defaulting Lender’s Commitment will be reduced by the amount of its Available Commitment.
- (b) For the purposes of this Clause 38.4, the Facility Agent may assume that the following Lenders are Defaulting Lenders:
 - (i) any Lender which has notified the Facility Agent that it has become a Defaulting Lender;
 - (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of “**Defaulting Lender**” has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Facility Agent) or the Facility Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

38.5 Replacement of a Defaulting Lender

- (a) The Borrower may, at any time a Lender has become and continues to be a Defaulting Lender, by giving 10 Business Days’ prior written notice to the Facility Agent and such Lender:
 - (i) replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement;
 - (ii) require such Lender to (and such Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) all (and not part only) of the undrawn Revolving Commitment of the Lender; or

- (iii) require such Lender to (and such Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) all (and not part only) of its rights and obligations in respect of the Revolving Facility,

to a Lender or other bank, financial institution, trust, fund or other entity (a “**Replacement Lender**”) selected by the Borrower, and which (unless the Facility Agent is an Impaired Agent) is acceptable to the Facility Agent (acting reasonably), which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Lender (including the assumption of the transferring Lender’s participations or unfunded participations (as the case may be) on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender’s participation in the outstanding Loans and all accrued interest and/or Break Costs and other amounts payable in relation thereto under the Finance Documents.

- (b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause shall be subject to the following conditions:
 - (i) the Borrower shall have no right to replace the Facility Agent or Security Agent;
 - (ii) neither the Facility Agent nor the Defaulting Lender shall have any obligation to the Borrower to find a Replacement Lender;
 - (iii) the transfer must take place no later than 30 days after the notice referred to in paragraph (a) above; and
 - (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents.

39. CONFIDENTIALITY

39.1 Confidential Information

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 39.2 (*Disclosure of Confidential Information*) and Clause 39.3 (*Disclosure to numbering service providers*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

39.2 Disclosure of Confidential Information

Any Finance Party may disclose:

- (a) to any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

- (b) to any person:
- (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents, to any potential Additional Lender, and to any of that person's Affiliates, Representatives and professional advisers;
 - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Representatives and professional advisers;
 - (iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (d) of Clause 29.14 (*Relationship with the Lenders*));
 - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;
 - (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
 - (vi) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 26.9 (*Security over Lenders' rights*);
 - (vii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
 - (viii) who is a Party; or
 - (ix) with the consent of the Borrower;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

- (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
 - (C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrower and the relevant Finance Party;
 - (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

39.3 Disclosure to numbering service providers

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:
 - (i) names of Obligors;

- (ii) country of domicile of Obligors;
- (iii) place of incorporation of Obligors;
- (iv) date of this Agreement;
- (v) the names of the Facility Agent and the Arranger;
- (vi) date of each amendment and restatement of this Agreement;
- (vii) amount of the Total Commitments;
- (viii) currency of the Facility;
- (ix) type of the Facility;
- (x) ranking of the Facility;
- (xi) the Termination Date;
- (xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and
- (xiii) such other information agreed between such Finance Party and the Borrower,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) Each Obligor represents that none of the information set out in paragraphs (i) to (xiii) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Facility Agent shall notify the Borrower and the other Finance Parties of:
 - (i) the name of any numbering service provider appointed by the Facility Agent in respect of this Agreement, the Facility and/or one or more Obligors; and
 - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligors by such numbering service provider.

39.4 Entire agreement

This Clause 39 (*Confidentiality*) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

39.5 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

39.6 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 39.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 39 (*Confidentiality*).

39.7 Continuing obligations

The obligations in this Clause 39 (*Confidentiality*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

40. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

**SECTION 12
GOVERNING LAW AND ENFORCEMENT**

41. GOVERNING LAW

This Agreement (and any non-contractual matters arising in connection with this Agreement) is governed by English law.

42. ENFORCEMENT

42.1 Jurisdiction of English courts

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to any non-contractual matters and/or the existence, validity or termination of this Agreement) (a “**Dispute**”).
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 42 is for the benefit of the Finance Parties and Secured Parties only. As a result, no Finance Party or Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.

42.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):
 - (i) irrevocably appoints CME Development Corporation with its registered branch at 52 Charles Street, London W1J 5EU, as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
 - (ii) agrees that failure by an agent for service of process to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrower (on behalf of all the Obligors) must immediately (and in any event within ten (10) days of such event taking place) appoint another agent on terms acceptable to the Facility Agent. Failing this, the Facility Agent may appoint another agent for this purpose.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

THE ORIGINAL PARTIES

Part I
The Original Obligors

Name of Borrower	Registration number (or equivalent, if any)	Jurisdiction of Incorporation
CET 21 spol.s r.o.	45800456	Czech Republic
Name of Original Guarantor	Registration number (or equivalent, if any)	Jurisdiction of Incorporation
Central European Media Enterprises Ltd.	19574	Bermuda
CME Media Enterprises B.V.	33246826	The Netherlands
CME Romania B.V.	33289326	The Netherlands
CME Slovak Holdings B.V.	34274606	The Netherlands
MARKÍZA - SLOVAKIA, spol. s r.o.	31 444 873	Slovak Republic

Part II

The Original Lenders

Name of Original Lender

Commitment

Česká spořitelna, a.s.

1,600,000,000

or, following the Increase Date applicable to Česká spořitelna, a.s. (if any):

the amount set forth in the Increase Confirmation delivered to the Facility Agent by Česká spořitelna, a.s.

UniCredit Bank Czech Republic, a.s.

500,000,000

or, following the Increase Date applicable to UniCredit Bank Czech Republic, a.s. (if any):

the amount set forth in the Increase Confirmation delivered to the Facility Agent by UniCredit Bank Czech Republic, a.s.

BNP Paribas

400,000,000

or, following the Increase Date applicable to BNP Paribas (if any):

the amount set forth in the Increase Confirmation delivered to the Facility Agent by BNP Paribas

Schedule 2

CONDITIONS PRECEDENT

Part I

Conditions precedent required to be delivered by the Original Obligors prior to initial Utilisation

1. **Obligors**

- (a) A copy of the constitutional documents of each Original Obligor.
- (b) A copy of the resolutions of the general meeting of the Borrower approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party.
- (c) A copy of the resolution of executives of the Borrower
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party;
 - (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf;
 - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and Extension Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- (d) A copy of a resolution of the board of each Original Obligor other than the Borrower or in case of Markiza, a copy of a resolution of majority of the executive directors (*konatelia*) of Markiza:
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party; and
 - (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf.
- (e) A specimen of the signature of each person authorised by the resolutions referred to in paragraph (c) and (d) above in relation to the Finance Documents and related documents.
- (f) A copy of a resolution signed by all the holders of the issued shares in each of CME Media Enterprises B.V., CME Romania B.V., CME Slovak Holdings B.V. and Markiza, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Original Guarantor is a party.

- (g) A certificate of each Original Obligor (signed by its respective authorised signatories) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded (including, without limitation, any limit, restriction or covenant set out in any Parent Note Document or any Parent Note Instrument).
- (h) A certificate of an authorised signatory of the Borrower or other relevant Original Obligor certifying that each copy document relating to it specified in Clauses 1(a) through 1(d), Clause 1(f), Clauses 4(b) through (j) of this Part I of Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of this Agreement.

2. **Finance Documents**

- (a) This Agreement executed by the Obligors.
- (b) The Fee Letters executed by the Borrower.
- (c) The Hedging Letter in agreed form and executed by the Borrower.
- (d) At least one original of the following Transaction Security Documents executed by the relevant Obligors specified below opposite the relevant Transaction Security Document:

Name of relevant Obligor Transaction Security Document

The Borrower	<p>First ranking share pledge/charge/mortgage over all existing and further issued shares of CME Slovak Holdings B.V.</p> <p>First ranking pledge over the ownership interest representing 100% of the registered capital of Jyxo, s.r.o.</p> <p>Copy of the application to the Czech Commercial Register confirmed by the Czech Commercial Register for the registration of the pledge over the ownership interest representing 100% of the registered capital of Jyxo, s.r.o. in favour of the Security Agent</p> <p>First ranking pledge over the ownership interest representing 100% of the registered capital of BLOG Internet, s.r.o.</p> <p>Copy of the application to the Czech Commercial Register confirmed by the Czech Commercial Register for the registration of the pledge over the ownership interest representing 100% of the registered capital of BLOG Internet, s.r.o. in favour of the Security Agent</p> <p>First ranking mortgage over all immovable assets (except the Excluded Property) of the Borrower</p> <p>Copy of the applications for registration of each Transaction Security Document purporting to create a Security over the immovable assets of the Borrower with the respective cadastral registers evidencing that the applications have been duly submitted with such offices</p>
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First ranking pledge over movable assets of the Borrower determined by the Security Agent

Copy of extract from the Czech Notarial Register with respect to the above movable assets confirming that the pledge over those assets has been duly created

Pledge of receivables of the Borrower under the contracts for the sale of the advertising time and under the Factoring Facility Agreement

Copy of notices of pledge sent by the Borrower to relevant counterparties
Pledge of Required Insurance Policies

Copy of notices of pledge sent by the Borrower to relevant counterparties
First ranking pledge over bank accounts of the Borrower held with the Finance Parties

Copy of notices of pledge sent by the Borrower to relevant counterparties
First ranking pledge over the enterprise of the Borrower

Copy of extract from the Czech Notarial Register with respect to the enterprise of the Borrower confirming that the pledge over the enterprise of the Borrower has been duly created

CME Romania B.V.

English law assignment of the loan provided under the CET Loan Agreement

Dutch law pledge over the loan provided under the Markiza Loan Agreement

Notice of acknowledgement of the assignment of the loan provided under the Markiza Loan Agreement confirmed by Markiza

3. **Legal opinions**

The following legal opinions, each addressed to the Facility Agent, the Security Agent and the Original Lenders, capable of being relied upon by any persons who become Lenders pursuant to the primary syndication of the Facility and each substantially in the form distributed to the Original Lenders prior to signing this Agreement.

- (a) A legal opinion of White & Case LLP, legal advisers to the Facility Agent and the Arranger as to English law substantially in the form distributed to the Original Lenders prior to signing this Agreement.
- (b) A legal opinion of the following legal advisers to the Facility Agent and Arranger:
 - (i) White & Case, advokátní kancelář, as to Czech law;
 - (ii) White & Case s.r.o., as to Slovak law; and

- (iii) Nauta Dutilh N.V., as to Dutch law.
- (c) A capacity legal opinion of the following legal advisers to the Obligors:
 - (i) Kotrlik Bourgeault Andrusko, legal advisers to the Borrower as to Czech law;
 - (ii) Allen & Overy Bratislava, s.r.o., legal advisers to Markiza as to Slovak law;
 - (iii) Loyens & Loeff, legal advisers to the Obligors incorporated in the Netherlands as to Dutch law; and
 - (iv) Conyers Dill Pearman, legal advisers to the Parent as to Bermuda law.

4. **Other documents and evidence**

- (a) Evidence that any process agent referred to in Clause 42.2 (*Service of process*) and in the English law assignment of the loan provided under the CET Loan Agreement referred to in Clause 2 above has accepted its appointment.
- (b) A copy, certified by an authorised signatory of the Borrower to be a true copy, of the CET Loan Agreement.
- (c) A copy, certified by an authorised signatory of the CME Romania B.V. to be a true copy, of the Markiza Loan Agreement.
- (d) A copy, certified by an authorised signatory of the Parent to be a true copy, of each Parent Note Document.
- (e) A certificate signed by an authorised signatory of the Parent certifying that the Parent Note Documents are in full force and effect.
- (f) A copy of the Valuation Report.
- (g) A copy, certified by an authorised signatory of the Parent or relevant Key Obligor, as applicable, to be a true copy, of the Original Financial Statements of the Parent and each Key Obligor.
- (h) A copy of the Broadcasting Licences.
- (i) The Borrower's Business Plan.
- (j) The Parent Group Business Plan.

5. **Insurance**

All insurance policies subject to or expressed to be subject to the Transaction Security relating to the Charged Property, including, without limitation the Required Insurance Policies.

6. **Other documents and evidence**

Evidence that the fees, costs and expenses then due and demanded from the Borrower pursuant to Clause 14 (*Fees*), Clause 15.6 (*Stamp taxes*) and Clause 19 (*Costs and expenses*) have been paid or will be paid by the first Utilisation Date.

Part II
Conditions precedent required to be
delivered by an Additional Obligor

1. An Accession Deed executed by the Additional Obligor and the Parent.
2. A copy of the constitutional documents of the Additional Obligor.
3. A copy of a resolution of the board (or, in the case of a Slovak Additional Obligor, where there is no board of directors, of majority of its statutory executives) of the Additional Obligor:
 - (a) approving the terms of, and the transactions contemplated by, the Accession Deed and the Finance Documents and resolving that it execute, deliver and perform the Accession Deed and any other Finance Document to which it is party;
 - (b) authorising a specified person or persons to execute the Accession Deed and other Finance Documents on its behalf;
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and
 - (d) authorising the Borrower to act as its agent in connection with the Finance Documents
4. A specimen of the signature of each person authorised by the resolution referred to in paragraph 3 above.
5. A copy of a resolution signed by all the holders of the issued shares of the Additional Guarantor, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Additional Guarantor is a party, if applicable.
6. A certificate of the Additional Obligor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded.
7. A certificate of an authorised signatory of the Additional Obligor certifying that each copy document listed in this Part II of Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the Accession Deed.
8. A copy of any other authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration or other document, opinion or assurance which the Facility Agent considers to be necessary in connection with the entry into and performance of the transactions contemplated by the Accession Letter or for the validity and enforceability of any Finance Document.
9. If available, the latest audited financial statements of the Additional Obligor.

10. The following legal opinions, each addressed to the Facility Agent, the Security Agent and the Lenders:
- (a) A legal opinion of the legal advisers to the Facility Agent in England, as to English law in the form distributed to the Lenders prior to signing the Accession Deed.
 - (b) If the Additional Obligor is incorporated in or has its “centre of main interest” or “establishment” (as referred to in Clause 21.24 (*Centre of main interests and establishments*)) in a jurisdiction other than England and Wales or is executing a Finance Document which is governed by a law other than English law, a legal opinion of the legal advisers to the Facility Agent in the jurisdiction of its incorporation, “centre of main interest” or “establishment” (as applicable) or, as the case may be, the jurisdiction of the governing law of that Finance Document (the “**Applicable Jurisdiction**”) as to the law of the Applicable Jurisdiction and in the form distributed to the Lenders prior to signing the Accession Deed.
11. If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, evidence that the process agent specified in Clause 42.2 (*Service of process*), if not an Obligor, has accepted its appointment in relation to the proposed Additional Obligor.
12. Any security documents which are required by the Facility Agent to be executed by the proposed Additional Obligor.
13. Any notices or documents required to be given or executed under the terms of those security documents.
14. (a) If the Additional Obligor is incorporated in England and Wales or Scotland, evidence that the Additional Obligor has done all that is necessary (including, without limitation, by re-registering as a private company) to comply with sections 677 to 683 of the Companies Act 2006 in order to enable that Additional Obligor to enter into the Finance Documents and perform its obligations under the Finance Documents.
- (b) If the Additional Obligor is not incorporated in England and Wales or Scotland, such documentary evidence as legal counsel to the Facility Agent may require, that such Additional Obligor has complied with any law in its jurisdiction relating to financial assistance or analogous process.

SCHEDULE 3
UTILISATION REQUEST

From: CET 21 spol.s r.o.

To: [Facility Agent]

Dated:

Dear Sirs

**CET 21 spol.s r.o. – Up to 3,000,000,000 Term Facility Agreement
dated [●] (the “Facility Agreement”)**

1. We refer to the Facility Agreement. This is a Utilisation Request. Terms defined in the Facility Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. We wish to borrow a Loan on the following terms:
 - (a) Borrower: [●]
 - (b) Proposed Utilisation Date: [●] (or, if that is not a Business Day, the next Business Day)
 - (c) Currency of Loan: CZK
 - (d) Amount: [●] or, if less, the Available Facility
3. We confirm that each condition specified in Clause 4.2 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.
4. The proceeds of this Loan should be credited to [account].
5. This Utilisation Request is irrevocable.

Yours faithfully

.....

authorised signatory for

CET 21 spol.s r.o.

SCHEDULE 4

MANDATORY COST FORMULA

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as possible thereafter) the Facility Agent shall calculate, as a percentage rate, a rate (the "Additional Cost Rate") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Facility Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum.
3. The Additional Cost Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Facility Agent. This percentage will be certified by that Lender in its notice to the Facility Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.
4. The Additional Cost Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Facility Agent as follows:

- (a) in relation to a sterling Loan:

$$\frac{AB + C(B - D) + E \times 0.01}{100 - (A + C)} \quad \text{per cent. per annum}$$

- (b) in relation to a Loan in any currency other than sterling:

$$\frac{E \times 0.01}{300} \quad \text{per cent. per annum.}$$

Where:

- A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.
- B is the percentage rate of interest (excluding the Margin and the Mandatory Cost and, if the Loan is an Unpaid Sum, the additional rate of interest specified in paragraph (a) of Clause 11.3 (*Default interest*) payable for the relevant Interest Period on the Loan.

- C is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.
- D is the percentage rate per annum payable by the Bank of England to the Facility Agent on interest bearing Special Deposits.
- E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Facility Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Facility Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:

- (a) “**Eligible Liabilities**” and “**Special Deposits**” have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;
- (b) “**Fees Rules**” means the rules on periodic fees contained in the Financial Services Authority Fees Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;
- (c) “**Fee Tariffs**” means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and
- (d) “**Tariff Base**” has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

7. If requested by the Facility Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Facility Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.

8. Each Lender shall supply any information required by the Facility Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:

- (a) the jurisdiction of its Facility Office; and

(b) any other information that the Facility Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Facility Agent of any change to the information provided by it pursuant to this paragraph.

9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Facility Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Facility Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.
10. The Facility Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.
11. The Facility Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.
12. Any determination by the Facility Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all Parties.
13. The Facility Agent may from time to time, after consultation with the Borrower and the Lenders, determine and notify to all Parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all Parties.

SCHEDULE 5

FORM OF TRANSFER CERTIFICATE

To: [●] as Facility Agent

From: [The Existing Lender] (the “Existing Lender”) and [The New Lender] (the “New Lender”)

Dated:

**CET 21 spol.s r.o. – Up to 3,000,000,000 Term Facility Agreement
dated [●] (the “Facility Agreement”)**

1. We refer to the Facility Agreement. This agreement (the “**Agreement**”) shall take effect as a Transfer Certificate for the purpose of the Facility Agreement. Terms defined in the Facility Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to Clause 26.5 (*Procedure for transfer*) of the Facility Agreement:
 - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender’s Commitment, rights and obligations referred to in the Schedule in accordance with Clause 26.5 (*Procedure for transfer*).
 - (b) The proposed Transfer Date is [●].
 - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 34.2 (*Addresses*) are set out in the Schedule.
3. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 26.4 (*Limitation of responsibility of Existing Lenders*).
4. The New Lender confirms, for the benefit of the Facility Agent and without liability to any Obligor, that it is:
 - (a) [a Qualifying Lender (other than a Treaty Lender);]
 - (b) [a Treaty Lender;]
 - (c) [not a Qualifying Lender].
5. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
6. This Agreement (and any non-contractual matters arising in connection with this Agreement) is governed by English law.

8. This Agreement has been entered into on the date stated at the beginning of this Agreement.

Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments.]

[Existing Lender]

[New Lender]

By:

By:

This Agreement is accepted as a Transfer Certificate for the purposes of the Facility Agreement by the Facility Agent, and the Transfer Date is confirmed as [●].

[Facility Agent]

By:

SCHEDULE 6

FORM OF ASSIGNMENT AGREEMENT

To: [●] as Facility Agent and [●], [●] as Borrower, for and on behalf of each Obligor

From: [the *Existing Lender*] (the “**Existing Lender**”) and [the *New Lender*] (the “**New Lender**”)

Dated:

**CET 21 spol.s r.o. – Up to 3,000,000,000 Term Facility Agreement
dated [●] (the “Facility Agreement”)**

1. We refer to the Facility Agreement. This is an Assignment Agreement. This agreement (the “**Agreement**”) shall take effect as an Assignment Agreement for the purpose of the Facility Agreement. Terms defined in the Facility Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to Clause 26.6 (*Procedure for assignment*) of the Facility Agreement:
 - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Facility Agreement, the other Finance Documents and in respect of the Transaction Security which correspond to that portion of the Existing Lender’s Commitments and participations in Loans under the Facility Agreement as specified in the Schedule.
 - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitments and participations in Loans under the Facility Agreement specified in the Schedule.
 - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
3. The proposed Transfer Date is [●].
4. On the Transfer Date the New Lender becomes Party to the relevant Finance Documents as a Lender.
5. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 34.2 (*Addresses*) are set out in the Schedule.
6. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 26.4 (*Limitation of responsibility of Existing Lenders*).
7. The New Lender confirms, for the benefit of the Facility Agent and without liability to any Obligor, that it is:
 - (a) [a Qualifying Lender (other than a Treaty Lender);]
 - (b) [a Treaty Lender;]
 - (c) [not a Qualifying Lender].

8. This Agreement acts as notice to the Facility Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 26.7 (Copy of Transfer Certificate or Assignment Agreement), to the Borrower (on behalf of each Obligor) of the assignment referred to in this Agreement.
9. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
10. This Agreement (and any non-contractual matters arising in connection with this Agreement) is governed by English law.
11. This Agreement has been entered into on the date stated at the beginning of this Agreement.

Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/rights and obligations to be transferred by assignment, release and accession

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Existing Lender]

[New Lender]

By:

By:

This Agreement is accepted as an Assignment Agreement for the purposes of the Facility Agreement by the Facility Agent, and the Transfer Date is confirmed as [●].

Signature of this Agreement by the Facility Agent constitutes confirmation by the Facility Agent of receipt of notice of the assignment referred to in this Agreement, which notice the Facility Agent receives on behalf of each Finance Party.

[Facility Agent]

By:

SCHEDULE 7
FORM OF ACCESSION DEED

To: [●] as Facility Agent

From: [[*Subsidiary*] and [*Parent*]]/[*Additional Lender*] and [*Borrower*]]

Dated:

Dear Sirs

**CET 21 spol.s r.o. – Up to 3,000,000,000 Term Facility Agreement
dated [●] (the “Facility Agreement”)**

1. We refer to the Facility Agreement. This deed (the “**Accession Deed**”) shall take effect as an Accession Deed for the purposes of the Facility Agreement. Terms defined in the Facility Agreement have the same meaning in paragraphs 1-3 of this Accession Deed unless given a different meaning in this Accession Deed.
2. [[*Subsidiary*]] agrees to become an Additional Guarantor on and from the date of this Accession Deed and to be bound on and from the date of this Accession Deed by the terms of the Facility Agreement and the other Finance Documents as an Additional Guarantor pursuant to Clause 28.2 (*Additional Guarantors*) of the Facility Agreement. [*Subsidiary*] is a company duly incorporated under the laws of [*name of relevant jurisdiction*] and is a limited liability company and registered number [●].]

[OR]

[[*Additional Lender*]] agrees to become an Additional Lender on and from the date of this Accession Deed and to be bound on and from the date of this Accession Deed by the terms of the Facility Agreement and the other Finance Documents as an Additional Lender with a Commitment of CZK [●].]

3. [*Subsidiary*’s]/[*Additional Lender*’s] administrative details for the purposes of the Facility Agreement are as follows:

Address:

Fax No.:

Attention:

4. This Accession Deed (and any non-contractual matters arising in connection with this Agreement) is governed by English law.

THIS ACCESSION DEED has been [signed on behalf of the Parent and] executed as a deed by [[*Subsidiary*] [*Additional Lender*]] and is delivered on the date stated above.

[Subsidiary]

[EXECUTED AS A DEED

)

By: [Subsidiary][Additional Lender]

)

Director

Director/Secretary

OR

[EXECUTED AS A DEED

)

By: [Subsidiary]

Signature of Director

Name of Director

in the presence of:

Signature of witness

Name of witness

Address of witness

Occupation of witness]

[The Parent][The Borrower]

[Parent][Borrower]

By:

SCHEDULE 8

FORM OF COMPLIANCE CERTIFICATE

To: [●] as Facility Agent

From: CET 21 spol.s r.o.

Dated:

Dear Sirs

**CET 21 spol.s r.o. – Up to 3,000,000,000 Term Facility Agreement
dated [●] (the “Facility Agreement”)**

1. We refer to the Facility Agreement. This is a Compliance Certificate. Terms defined in the Facility Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that:
 - (a) Cashflow Cover is [●].
 - (b) Interest Cover is [●].
 - (c) Senior Secured Leverage is [●].
3. We confirm that no Default is continuing.*

Signed

.....
Executive of CET 21 spol.s r.o.

.....
Executive of CET 21 spol.s r.o

NOTES:

* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

SCHEDULE 9

LMA FORM OF CONFIDENTIALITY UNDERTAKING

[Letterhead of Lender]

To:

--

[insert name of Lender/potential Lender]

Re: **The Facility**

Borrower: CET 21, spol. s r.o. Amount: CZK 2,500,000,000 Agent: Česká spořitelna, a.s.

Dear Sirs

Terms used in this letter shall have the same meaning as given to them in the Agreement unless otherwise stated herein. [In connection with your proposed acquisition of an interest in the Facility by way of [assignment/transfer/sub-participation], by your signature of a copy of this letter you agree as follows:

1. *Confidentiality Undertaking.* You undertake:
 1. To keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information;
 2. to keep confidential and not disclose to anyone the fact that the Confidential Information has been made available or that discussions or negotiations are taking place or have taken place between us in connection with the Facility;
 3. to use the Confidential Information only for the Permitted Purpose;
 4. to use all reasonable endeavours to ensure that any person to whom you pass any Confidential Information (unless disclosed under paragraph 2 below) acknowledges and complies with the provisions of this letter as if that person were also a party to it; and

5. save as where otherwise permitted under the Agreement, not to make enquiries of any member of the Group or any of their officers, directors, employees or professional advisers relating directly or indirectly to the Facility.
 2. *Permitted Disclosure.* We agree that you may disclose Confidential Information:
 1. to any of your Affiliates and their officers, directors, employees and professional advisers to the extent necessary for the Permitted Purpose and to any auditors of you and your Affiliates;
 2. (i) where requested or required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, (ii) where required by the rules of any stock exchange on which the shares or other securities of you and/or your Affiliates are listed or (iii) where required by the laws or regulations of any country with jurisdiction over the affairs of you and/or your Affiliates; or
 3. with the prior written consent of us and the Borrower.
 3. *Notification of Required or Unauthorised Disclosure.* You agree (to the extent permitted by law) to inform us of the full circumstances of any disclosure under paragraph 2 or upon becoming aware that Confidential Information has been disclosed in breach of this letter.
 4. *Return of Copies.* If we so request in writing, you shall return all Confidential Information supplied to you by us and destroy or permanently erase all copies of Confidential Information made by you and use all reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body or in accordance with internal policy, or where the Confidential Information has been disclosed under paragraph 2 above.
 5. *Continuing Obligations.* The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us. Notwithstanding the previous sentence, the obligations in this letter [which have been entered into by you in connection with your proposed acquisition of an interest by way of assignment/transfer/sub-participation shall cease if you become a party to or otherwise acquire (by assignment, transfer or sub participation) an interest, direct or indirect in the Facility or] twelve months after you have returned all Confidential Information supplied to you by us and destroyed or permanently erased all copies of Confidential Information made by you (other than any such Confidential Information or copies which have been disclosed under paragraph 2 above (other than sub-paragraph 2.1) or which, pursuant to paragraph 4 above, are not required to be returned or destroyed).
-

6. *No Representation; Consequences of Breach, etc.* You acknowledge and agree that:
1. neither we nor any of our officers, employees or advisers (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any member of the Group or be otherwise liable to you or any other person in respect to the Confidential Information or any such information; and
 2. we or members of the Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each of our officers, employees or advisers or member of the Group may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you.
7. *No Waiver; Amendments, etc.* This letter sets out the full extent of your obligations of confidentiality owed to us in relation to the information the subject of this letter. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privileges under this letter. The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us.
8. *Inside Information.* You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation relating to insider dealing and you undertake not to use any Confidential Information for any unlawful purpose.
9. *Nature of Undertakings.* The undertakings given by you under this letter are given to us and (without *implying* any fiduciary obligations on our part) are also given for the benefit of the Borrower and each other member of the Group.
10. *Third party rights.* Subject to paragraph 6 and paragraph 9 the terms of this letter may be enforced and relied upon only by you and us and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded.
11. *Governing Law and Jurisdiction.* This letter (including the agreement constituted by your acknowledgement of its terms) shall be governed by and construed in accordance with the laws of England and the parties submit to the non-exclusive jurisdiction of the English courts.
12. *Definitions.* In this letter (including the acknowledgement set out below):
- “**Confidential Information**” means any information relating to the Borrower, the Group, and the Facility provided to you by us or any of our affiliates or advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that (a) is or becomes public knowledge other than as a direct or indirect result of any breach of this letter or (b) is known by you before the date the information is disclosed to you by us or any of our affiliates or advisers or is lawfully obtained by you after that date, other than from a source which is connected with the Group and which, in either case, as far as you are aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality;

“Permitted Purpose” means the general administration of the Facility in accordance with Clause 29.14 (*Relationship with the Lenders*) of the Agreement and any assignment, transfer or sub-participation in accordance with paragraphs b(i) through paragraph b(iv) of Clause 39.2 (*Disclosure of Confidential information*) of the Agreement.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

.....

For and on behalf of

[Lender]

To: [Lender]

We acknowledge and agree to the above:

.....

For and on behalf of

[potential Lender]

SCHEDULE 10

TIMETABLES

Delivery of a duly completed Utilisation Request (Clause 5.1 (*Delivery of a Utilisation Request*))

U-3

9.30 am

PRIBOR is fixed

Quotation Day as of 11:00 a.m.

“U” = date of utilisation of a Loan

“U - X” = X Business Days prior to date of utilisation of a Loan

SCHEDULE 12

EXISTING SECURITY

Pledge of receivables owed to the Borrower under the Factoring Facility Agreement in accordance with the Agreement on Pledge of Receivables No. ZP01/2644/05/LCD between Česká spořitelna, a.s. ("CSAS"), and the Borrower, dated March 22, 2007, securing the obligations owed by the Borrower to CSAS under (i) the CZK 1,200,000,000 facility agreement No. 2644/05/LCD dated 27 October 2005, as amended from time to time, and (ii) the CZK 250,000,000 facility agreement No. 2645/05/LCD dated 27 October 2005, as amended from time to time, in each case made between the Borrower as borrower and CSAS as lender.

SCHEDULE 13

SUPPLEMENTARY SECURITY AGENT PROVISIONS

1. RIGHTS, DUTIES, POWERS, DISCRETIONS AND REMUNERATION OF THE SECURITY AGENT

- (a) The Security Agent shall have such rights, powers, authorities and discretions as are conferred on it by this Agreement and the Transaction Security Documents together with such rights, powers, authorities and discretions as are reasonably incidental thereto. The Security Agent shall not be under any obligations other than those which are specifically provided for in this Agreement and/or any relevant Finance Document.
- (b) The Security Agent may, in its absolute discretion refrain from taking any (or any further) action or exercising any right, power, authority or discretion under or in respect of this Agreement or any Transaction Security Document until it has received instructions from the Facility Agent as to whether (and/or the way in which) such action, right, power, authority or discretion is to be taken or exercised.
- (c) The Security Agent shall not be required to take any action in accordance with any instructions from the Facility Agent and/or the Majority Lenders (as the case may be) in respect of this Agreement or any of the Transaction Security Documents unless it has been indemnified and/or secured to its satisfaction (in its absolute discretion) whether by way of payment in advance or otherwise, against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.
- (d) The Security Agent shall be entitled to such remuneration as it may from time to time agree with the Borrower and have approved by the Facility Agent. The Security Agent shall not by virtue of receiving any such remuneration or other payment be deprived of any rights, powers, privileges or immunities which a gratuitous trustee would have had in relation to this Agreement or any of the Transaction Security Documents.
- (e) The Security Agent may, in the absence of any instructions to the contrary and/or any relevant contrary requirement contained in this Agreement, act or refrain from acting with respect to the exercise of any of its duties under this Agreement and/or any other Finance Document which in its absolute discretion it considers to be for the protection and benefit of all the Secured Parties.
- (f) Notwithstanding the provisions of paragraph 1(b) above, at any time after receipt by the Security Agent of notice from the Facility Agent informing the Security Agent that any Transaction Security has become enforceable and directing the Security Agent to exercise all or any of its rights, remedies, powers or discretions under any of this Agreement, any Transaction Security Document and/or any other Finance Document, the Security Agent may take or refrain from taking such action as in its sole discretion it thinks fit to enforce the Transaction Security.
- (g) Each Secured Party irrevocably authorises the Security Agent to exercise the rights and powers and discretions specifically given to the Security Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities or discretions.

- (h) The Security Agent may if it receives any instructions or directions from Agent or the Majority Lenders (as applicable) to take any action in relation to any Transaction Security, assume that all applicable conditions under the Transaction Security Documents for taking that action have been satisfied.
- (i) Notwithstanding anything to the contrary expressed or implied in any Finance Document the Security Agent shall not:
- (i) be obliged to make any enquiry as to any default by any Obligor in the performance or observance of any provision of any of the Transaction Security Documents or as to whether any event or circumstance has occurred as a result of which any Transaction Security shall have or may become enforceable;
 - (ii) be bound to account to any other Secured Party for any sum or the profit element of any sum received by it for its own account;
 - (iii) be liable to any of the Secured Parties for any action taken or omitted under or in connection with any of the Transaction Security Documents unless caused by its fraud, gross negligence or wilful misconduct;
 - (iv) have or be deemed to have any duty, obligation or responsibility to, or relationship of trust or agency with, any Obligor; or
 - (v) be obliged to take any action in relation to enforcing or perfecting any Security over any shares in a company registered or incorporated with unlimited liability.
- (j) Unless caused directly by its fraud or wilful misconduct, the Security Agent shall not accept responsibility or be liable for:
- (i) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to any of the Transaction Security Documents or any Transaction Security or otherwise, whether in accordance with instructions from the Secured Parties or otherwise;
 - (ii) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with any of the Transaction Security Documents, any Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, pursuant to or in connection therewith; or
 - (iii) any shortfall which arises on the enforcement of any Transaction Security,

and each of the Secured Parties agrees that it will not assert or seek to assert against any officer, employee or agent of the Security Agent any claim it might have against any of them in respect of the matters referred to in this paragraph 1(j). Any third party referred to in this paragraph 1(j) may enjoy the benefit of, or enforce the terms of, this paragraph 1(j) in accordance with the provisions of the Third Parties Act.

- (k) The Security Agent shall not be liable for any failure to:
- (i) require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Charged Property;
 - (ii) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Transaction Security Documents or the Transaction Security;
 - (iii) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any applicable laws in any jurisdiction or to give notice to any person of the execution of any of the Transaction Security Documents or of any Transaction Security;
 - (iv) take, or to require any of the Obligors to take, any steps to perfect its title to any of the Charged Property or to render any Encumbrance created under and/or pursuant to the Transaction Security Documents effective or to secure the creation of any ancillary Security under the laws of any jurisdiction; or
 - (v) require any further assurances in relation to any of the Transaction Security Documents.
- (l) The Security Agent shall not be under any obligation to insure any of the Charged Property, to require any other person to maintain any insurance or to verify any obligation to arrange or maintain insurance contained in the Transaction Security Documents. The Security Agent shall not be responsible for any loss which may be suffered by any person as a result of the lack of or inadequacy of any such insurance. Where the Security Agent is named on any insurance policy as an insured party, it shall not be responsible for any loss which may be suffered by reason of, directly or indirectly, its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Facility Agent shall have requested it to do so in writing and the Security Agent shall have failed to do so within fourteen days after receipt of that request.
- (m) The Security Agent shall, acting reasonably, be at liberty to place (at the cost of the Obligors) any of the Transaction Security Documents and any other documents or deeds relating to any Transaction Security in any safe custody selected by the Security Agent (acting reasonably) or with any financial institution, any company whose business includes the safe custody of documents or any firm of lawyers of good repute and the Security Agent shall not be responsible for, or required to insure against, any loss incurred in connection with that deposit.
- (n) The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, such right and title as each of the Obligors may have to any of the Charged Property and shall not be liable for or bound to require any Obligor to remedy any defect in its right or title.
- (o) The Security Agent may refrain from doing anything which in its opinion will or may be contrary to any relevant law of any jurisdiction which would or might otherwise render it liable to any person, and the Security Agent may do anything which is, in its opinion, necessary to comply with any such law.

- (p) In acting as agent and/or trustee (as the case may be) for the Secured Parties, the Security Agent shall be regarded as acting through its agency and/or trustee division which shall be treated as a separate entity from any of its other divisions or departments and any information received by any other division or department of the Security Agent may be treated as confidential and shall not be regarded as having been given to the Security Agent's agency and/or trustee division.
- (q) Any opinion, advice or information on which the Security Agent relies or intends to rely may be sent or communicated by letter, telex message, facsimile transmission, telephone or any other means. The Security Agent shall not be liable for acting on any opinion, advice or information which is so conveyed, even if the opinion, advice or information contains some error or is not authentic.
- (r) The Security Agent may accept deposits from, lend money to or provide advisory or other services to or engage in any kind of banking or other business with any Party or a Subsidiary or associated company of any of them and may do so without any obligation to account to or disclose any such arrangements to any person, whether or not it may or does lead to a conflict with the interests of any other Party to this Agreement. Similarly, the Security Agent may undertake business with or for third parties even though it may lead to a conflict with the interests of any Party to this Agreement.
- (s) The Security Agent may exercise any of its rights, powers, authorities and discretions and perform any of its obligations under this Agreement or any of the Transaction Security Documents through its employees or through paid or unpaid agents, which may be corporations, partnerships or individuals (whether or not lawyers or other professional persons), and shall not be responsible for any misconduct or omission on the part of, or be bound to supervise the proceedings or acts of, any such employee or agent. Any such agent which is engaged in any profession or business shall be entitled to charge and be paid all usual fees, expenses and other charges for its services.
- (t) The Security Agent may at any time and from time to time delegate, whether by power of attorney or otherwise, to any persons all or any of its rights, powers, authorities and discretions and the rights, powers, authorities and discretions which are for the time being exercisable by the Security Agent under any of the Transaction Security Documents. Any such delegation may be made upon such terms and conditions (including the power to sub delegate with the consent of the Security Agent) as the Security Agent may think fit. The Security Agent shall not be in any way liable or responsible to any Party or any other person for any loss or damage arising from any act, default, omission or misconduct on the part of any such delegate or sub delegate.
- (u) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it (a) if it considers such appointment to be in the interests of the Secured Parties or (b) for the purposes of conforming to any legal requirements, restrictions or conditions which the Security Agent deems to be relevant or (c) for obtaining or enforcing any judgment in any jurisdiction, and the Security Agent shall give prior notice to the Borrower and the Facility Agent of any such appointment. Any person so appointed (subject to the terms of this Agreement) shall have such rights, powers and discretions (not exceeding those conferred on the Security Agent by this Agreement) and such duties and obligations as are conferred or imposed by the instrument of appointment. The remuneration the Security Agent may pay to any such person, and any costs and expenses incurred by such person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

- (v) The Security Agent and every Receiver, Delegate, sub delegate, attorney, agent or other person appointed under this Agreement or any of the Transaction Security Documents may indemnify itself out of the Charged Property against all proceedings, claims and demands which may be made or taken against it and all costs, charges, damages, expenses and liabilities which it may suffer or incur unless suffered or incurred by reason of its own gross negligence or wilful misconduct.
- (w) The Security Agent shall not have any duty to ensure that any payment or other financial benefit in respect of any of the Charged Property is duly and punctually paid, received or collected as and when the same becomes due and payable or to procure that the correct amounts (if any) are paid or received or to ensure the taking up of any (or any offer of any) stocks, shares, rights, moneys or other property paid, distributed, accrued or offered at any time by way of interest, dividend, redemption, bonus, rights, preference, option, warrant or otherwise on, or in respect of or in substitution for any of the Charged Property.
- (x) Any consent given by the Security Agent for the purposes of this Agreement may be given on such terms and subject to such conditions (if any) as the Security Agent may require.
- (y) Nothing contained in this Agreement shall require the Security Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.
- (z) The Security Agent, as between itself and the other Parties, shall have full power to determine all questions and doubts arising in relation to the provisions of this Schedule or any Transaction Security Document and any such determination shall in the absence of manifest error, be conclusive and binding on the Parties.
- (aa) Nothing in this Agreement (other than express terms to the contrary in this Agreement) shall limit the ability of the Security Agent to exercise any rights, powers and discretions it may have in its capacity as a Secured Party.

2. APPLICATION OF PROCEEDS

2.1 Order of Application

All amounts from time to time received or recovered by the Security Agent in connection with the realisation or enforcement of all or any part of the Transaction Security shall be held by the Security Agent as agent and trustee to apply them promptly to the extent permitted by applicable law, in the following order of priority:

- (a) first, in or towards payment of amounts payable (including interest thereon provided for under any of the Finance Documents) to the Security Agent, any Receiver and/or any Delegate (in each case, including any receiver, administrator, delegate, adviser, agent or co-trustee appointed by any of them) under any of the Finance Documents;
- (b) second, in or towards payment of unpaid costs and expenses incurred by or on behalf of any of the Finance Parties (other than the Security Agent) in connection with the realisation or enforcement of the Transaction Security;
- (c) third, in payment to the Facility Agent (for itself and the other Finance Parties) for application pro rata in the same order of priority between all of the Secured Parties, in and towards discharge of each unpaid and outstanding obligation, sum or liability of the Obligors, any member of the Parent Group or any one of more of them to any Finance Party under or in connection with any of the Finance Documents (whether in respect of principal, interest or any other sum and including any amount which would constitute such a liability but for any discharge, non-provability, unenforceability or non-allowability of the same in insolvency or other proceedings);
- (d) fourth, if none of the Obligors is under any further actual or contingent liability under any Finance Document, in payment of the balance, if any, to any person to whom the Security Agent is obliged to pay in priority to any Obligor; and
- (e) fifth, the balance, if any, in payment to the relevant Obligor,

and pending such application, once received by the Security Agent, such amounts shall be held on trust by the Security Agent for the persons entitled in them.

2.2 Investment of Proceeds

Prior to the application of the proceeds of the applicable Transaction Security in accordance with paragraph 2.1 (*Order of Application*) the Security Agent may, at its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) for so long as the Security Agent shall think fit (acting reasonably) (the interest being credited to the relevant account) pending the application from time to time of those monies in accordance with the provisions of this Paragraph 2 (*Application of Proceeds*).

2.3 Currency Conversion

For the purpose of or pending the discharge of any of the Secured Obligations the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at the spot rate at which the Security Agent is able to purchase the currency in which the Secured Obligations are due with the amount received.

2.4 Permitted Deductions

The Security Agent shall be entitled (a) to set aside by way of reserve amounts required to meet, and (b) to make and pay, any deductions and withholdings (on account of Taxes or otherwise), which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement, and to pay all Taxes which may be assessed against it in respect of any of the Charged Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any Finance Document or otherwise (other than in connection with its remuneration for performing its duties under the Finance Documents).

2.5 Discharge of Secured Obligations

Any payment to be made in respect of the Secured Obligations by the Security Agent may be made to the Facility Agent (on behalf of the Secured Parties) and any payment so made shall be a good discharge to the extent of such payment, to the Security Agent.

2.6 Clawback

- (a) If any Secured Party has received an amount as a result of the enforcement of any Transaction Security and the Security Agent on its behalf is subsequently required to pay that amount (a "**Clawback Amount**") to a liquidator (or any other party) pursuant to a court order, that Secured Party will immediately pay an amount equal to such Clawback Amount to the Security Agent for payment to the liquidator (or other relevant party).
- (b) Each Secured Party that has received a Clawback Amount shall indemnify the Security Agent against any and all costs, claims, losses, expenses (including legal fees) and liabilities together with any VAT thereon which the Security Agent may incur with respect to that Clawback Amount otherwise than by reason of the Security Agent's own gross negligence or wilful misconduct.

2.7 Sums received by Obligors

If any of the Obligors receives any sum which, pursuant to any Finance Document, should have been paid to the Security Agent, that sum shall (to the extent legally possible) be held by that Obligor on trust for the Secured Parties and shall promptly be paid to the Security Agent for application in accordance with this Paragraph 2 (*Application of Proceeds*).

2.8 Non cash Distributions

If the Security Agent receives any distribution otherwise than in cash in respect of any of the Secured Obligations, the Security Agent may realise such distributions as it sees fit and shall apply the proceeds of such realisation in accordance with paragraph 2.1 (*Order of Application*).

2.9 Certificates

The Security Agent may (in the absence of manifest error) rely on any certificate made or given by the Facility Agent as to the existence and amount of any Secured Obligation.

2.10 Preservation of Liabilities

None of the Secured Obligations shall be deemed reduced:

- (a) by the receipt of any amount by any Finance Party, if and to the extent that, by virtue of the operation of this Agreement, such amount is required to be paid over to (and pending such payment held upon trust for) the Security Agent for application and distribution pursuant to the terms hereof; or
- (b) by the receipt of any amount by the Security Agent pursuant to the terms of this Agreement for application pursuant to the terms hereof,

unless and until such amount is actually applied and distributed by the Security Agent pursuant to and in accordance with Paragraph 2.1 (*Order of Application*).

2.11 Obligors' Waiver

Each of the Obligors hereby waives, to the fullest extent permitted under applicable law, all rights it may otherwise have to require that any Transaction Security be enforced in any particular order or manner or at any particular time or that any sum received or recovered from any person, or by virtue of the enforcement of any of any Transaction Security or any other encumbrance, which is capable of being applied in or towards discharge of any of the Secured Obligations is so applied other than in accordance with this Agreement.

3. ENFORCEMENT OF SECURITY

3.1 The Security Agent shall act in relation to the Transaction Security Documents in accordance with the instructions of the Majority Lenders.

3.2 A Finance Party shall not be responsible to any other Finance Party with respect to any instructions given or not given to the Security Agent in relation to or in connection with any of the Transaction Security Documents, provided in each case such Finance Party acts in good faith and in accordance with their obligations under this Agreement and the applicable Finance Documents.

3.3 If any assets are to be sold or otherwise disposed of by or on behalf of the Security Agent (or by an Obligor at the request of the Security Agent), either as a result of the enforcement of the Transaction Security or a disposal by an Obligor after any enforcement action, the Security Agent may (at the cost of the Obligors) release the relevant assets from the Security and may enter into, on behalf of, and without the need for any further consent or authority from, any other Party:

- (a) any release of the Transaction Security or any other claim over that asset (including any claim of contribution or subrogation by any other Obligor) and to issue any certificate of non crystallisation of any floating charge that may, in the absolute discretion of the Security Agent, be considered necessary or desirable;
- (b) if the asset disposed of consists of all of the shares (being shares held by an Obligor) in the share capital of an Obligor or any Holding Company of an Obligor, any release of that Obligor or Holding Company or any of its Subsidiaries from any liabilities it may have to any Finance Party or other Obligor, whether actual or contingent, in its capacity as a guarantor or borrower; or

(c) if the asset disposed of consists of all of the shares in the share capital of an Obligor or any holding company of that Obligor and if the Security Agent wishes to sell, transfer, assign or otherwise dispose of any intercompany loans, receivables or other liabilities owed by or to that Obligor, any agreement to dispose of all or any part of those intercompany loans, receivables or other liabilities on behalf of the relevant Finance Party and Obligors (with the proceeds thereof being applied as if they were the proceeds of enforcement of the Transaction Security).

3.4 Each Finance Party hereby undertakes in favour of the Security Agent to execute any releases or other documents and take any action which the Security Agent may reasonably require in order to give effect to the provisions of this Paragraph 3 (*Enforcement of Security*), provided that any such release, document or action shall be without representation or warranty from, or recourse to, any other Finance Party.

3.5 The release of any member of the Parent Group as contemplated in this Paragraph 3 (*Enforcement of Security*) will not affect or otherwise reduce the obligations and/or liabilities of any other member of the Parent Group to any of the Finance Parties.

4. AMENDMENTS TO TRANSACTION SECURITY DOCUMENTS

4.1 Any provision of a Transaction Security Document may be amended or waived by the written agreement of the relevant Obligor(s) and the Security Agent (acting pursuant to Paragraph 4.2 below).

4.2 In agreeing to amend, release or waive the provisions of any Transaction Security Document, the Security Agent shall act (unless otherwise provided in this Agreement) in accordance with the instructions of:

(i) each Lender affected thereby, if within the circumstances envisaged by Clause 38.2 (*Exceptions*); or

(ii) the Majority Lenders.

5. SECURED PARTIES' INFORMATION

The Secured Parties shall furnish to the Facility Agent, for transmission to the Security Agent, such information as the Security Agent may reasonably specify (through the Facility Agent) as being necessary or desirable to enable the Security Agent to perform its functions as trustee or agent (as applicable).

6. WINDING-UP OF TRUST AND PERPETUITY PERIOD

6.1 Winding up of Trust

If the Security Agent, with the approval of the Secured Parties, determines that (a) all of the Secured Obligations and all other obligations secured by any of the Security Documents have been fully and finally discharged and (b) none of the Secured Parties are under any commitment, obligation or liability (whether actual or contingent) to make advances or provide other financial accommodation to any Obligor and/or any member of the Parent Group (as applicable) pursuant to the Finance Documents the trusts set out in this Agreement shall be wound up. At that time the Security Agent shall (at the Obligor's cost and expense) release, without recourse or warranty, any Transaction Security then held by it and the rights of the Security Agent under each of the Transaction Security Documents.

6.2 Perpetuity Period

The perpetuity period under the rule against perpetuities, if applicable to this Agreement, shall be the period of eighty years from the date of this Agreement.

7. CONFLICT WITH TRANSACTION SECURITY DOCUMENTS

If there is any conflict between the provisions of this Agreement and any Transaction Security Documents with regard to instructions to or other matters affecting the Security Agent, this Agreement will prevail.

SIGNATURES

THE BORROWER

CET 21, spol. s r.o.

/s/ Petr Dvorak

By: Ing. Petr Dvořák

Title: Statutory Executive

Address: Prague 5, Kříženeckého nám. 1078/5, Post Code 152 00, Czech Republic

Attention: Mr. Milan Cimirot, Statutory Executive

Fax: +420 233 100 143

With a copy to:

CME Media Services Limited

Address: Prague 5, Kříženeckého nám. 1078/5, Post Code 152 00, Czech Republic

Attn: Treasury Department

Fax: +420 242 466 010

/s/ Milan Cimirot

By: Milan Cimirot

Title: Statutory Executive

THE ORIGINAL GUARANTORS

Central European Media Enterprises Ltd.

By: /s/ Charles Frank
Title: Chief Financial Officer
Address: Mintflower Place
4th Floor
8 Par-La-Ville Road
Hamilton
Bermuda
Attn: Assistant Secretary
Fax: + 1 441 295 0992

With a copy to:

CME Development Corporation
52 Charles Street
London W1J 5EU
Attn: Legal Department
Fax: +44 207 127 5801

CME Media Enterprises B.V.

By: /s/ Alphons van Spaendonck

/s/ Henk van Wijlen

Title: Managing Director

On behalf of Pan-Invest B.V.
Managing Director

Address: Dam 5B
1012 JS Amsterdam
The Netherlands

Attn: Finance Officer
Fax: +312 042 31404

With a copy to:

CME Development Corporation
52 Charles Street
London W1J 5EU
Attn: Legal Department
Fax: +44 207 127 5801

CME Romania B.V.

By: /s/ Alphons van Spaendonck

/s/ Henk van Wijlen

Title: Managing Director

On behalf of Pan-Invest B.V.
Managing Director

Address: Dam 5B
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The Netherlands

Attn: Finance Officer
Fax: +312 042 31404

With a copy to:

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Attn: Legal Department
Fax: +44 207 127 5801

CME Slovak Holdings B.V.

By: /s/ Alphons van Spaendonck

/s/ Henk van Wijlen

Title: Managing Director

On behalf of Pan-Invest B.V.
Managing Director

Address: Dam 5B
1012 JS Amsterdam
The Netherlands

Attn: Finance Officer
Fax: +312 042 31404

With a copy to:

CME Development Corporation
52 Charles Street
London W1J 5EU
Attn: Legal Department
Fax: +44 207 127 5801

MARKÍZA - SLOVAKIA, spol. s r.o.

/s/ Václav Mika

By: Václav Mika

Title: Executive

Address: Bratislavská 1/a
843 56 Bratislava – Záhorská Bystrica

Slovak Republic

Attn: Finance Director

Fax: +421 2 6595 6829

With a copy to:

CME Development Corporation

52 Charles Street

London W1J 5EU

Attn: Legal Department

Fax: +44 207 127 5801

/s/ Radka Doehring

By: Radka Doehring

Title: Executive

THE ARRANGER

ERSTE GROUP BANK AG

/s/ Harold Mueller

By: Harald Mueller
Title: Head of Structuring & Credit Markets

/s/ Sergiy Loban

By: Sergiy Loban
Title: Senior Manager
Loan Syndication & Corporate Solutions

Address: Václavské náměstí 16, 110 00 Prague 1, Czech Republic

Fax: +420 224 402 560

Attention: Corporate and Acquisition Finance Praha

THE FACILITY AGENT

Česká spořitelna, a.s.

/s/ František Havrda

By: František Havrda

Title: Authorised Signatory

Address: Prague 6, Evropská 2690/17, Post Code: 160 00, Czech Republic

Fax: +420 224 641 080

Attention: Václav Šnýdr/František Havrda

/s/ Václav Šnýdr

By: Václav Šnýdr

Title: Authorised Signatory

THE SECURITY AGENT

Česká spořitelna, a.s.

/s/ František Havrda

By: František Havrda

Title: Authorised Signatory

Address: Prague 6, Evropská 2690/17, Post Code: 160 00, Czech Republic

Fax: +420 224 641 080

Attention: Václav Šnýdr/František Havrda

/s/ Václav Šnýdr

By: Václav Šnýdr

Title: Authorised Signatory

THE ORIGINAL LENDERS

Česká spořitelna, a.s.

/s/ František Havrda

By: František Havrda

Title: Authorised Signatory

Address: Prague 6, Evropská 2690/17, Post Code: 160 00, Czech Republic

Fax: +420 224 641 080

Attention: Václav Šnýdr/František Havrda

/s/ Václav Šnýdr

By: Václav Šnýdr

Title: Authorised Signatory

UniCredit Bank Czech Republic, a.s.

/s/ Petr Hanák

By: Petr Hanák

Title: proxy

Address: nám. Republiky 3a, 110 00 Praha 1, Czech Republic

Fax: +420 221 119 115

Attention: Petr Hanák / Jan Nosek

/s/ Jan Nosek

By: Jan Nosek

Title: proxy

BNP PARIBAS

/s/ Ali El Amari

By: Ali El Amari

Title: Associate

Address: 37, Place du Marché St Honoré, Paris, France

Fax: 33 (01) 42 98 10 65

Attention: Sandra Sitbon/Ali El Amari

INVESTOR RIGHTS AGREEMENT

This INVESTOR RIGHTS AGREEMENT (this "Agreement") is made as of May 18, 2009, by and among Central European Media Enterprises Ltd., a Bermuda company (the "Company"), Ronald S. Lauder, RSL Savannah LLC, a Delaware limited liability company ("RSL Savannah"), RSL Investment LLC, a Delaware limited liability company ("RSL CME GP"), RSL Investments Corporation, a Delaware corporation ("RSL CME LP") and, together with Ronald S. Lauder, RSL Savannah, RSL CME GP and the RSL Permitted Transferees (as defined herein), the "RSL Investors", Time Warner Media Holdings B.V., a *besloten vennootschap met beperkte aansprakelijkheid* organized under the laws of the Netherlands ("TW") and, together with the TW Permitted Transferees (as defined herein), the "TW Investors", and any other subsequent parties to this Agreement upon such Party's execution of a joinder to this Agreement in the form annexed hereto as Exhibit A. The Company, the RSL Investors and the TW Investors, together with any subsequent parties hereto, are sometimes referred to herein individually by name or as a "Party" and collectively as the "Parties", and the RSL Investors and the TW Investors, together with any subsequent parties hereto, are sometimes referred to herein as an "Investor" and collectively as the "Investors". The meanings of certain capitalized terms used herein are set forth in Section 2 hereof.

1. Recitals.

1.1. WHEREAS, the Company and TW Media Holdings LLC, a Delaware limited liability company ("TWMH") are parties to that certain Subscription Agreement, dated as of March 22, 2009 (the "Subscription Agreement");

1.2. WHEREAS, TWMH has assigned its rights and obligations under the Subscription Agreement to TW, pursuant to the terms of that certain Assignment and Assumption Agreement, dated May 1, 2009, by and between TWMH and TW;

1.3. WHEREAS, as of the date hereof, the Company issued to TW four million five hundred thousand (4,500,000) Class B Common Shares and fourteen million five hundred thousand (14,500,000) Class A Common Shares (collectively, the "TW Shares") in exchange for an aggregate of US\$241,500,000, on the terms and conditions set forth in the Subscription Agreement;

1.4. WHEREAS, as of the date hereof, Ronald S. Lauder is the beneficial owner of 2,961,205 Class B Common Shares (excluding the RSL Excluded Shares) through his direct or indirect control of CME Holdco;

1.5. WHEREAS, each of RSL Savannah, Ronald S. Lauder, TW and the Company is a party to that certain Irrevocable Voting Deed and Corporate Representative Appointment, dated as of the date hereof (the "TW Voting Agreement"); and

1.6. WHEREAS, the Parties desire to enter into this Agreement to provide for certain matters with respect to the issuance, ownership, voting and transfer of the Class A Common Shares and the Class B Common Shares (and any direct and indirect interest therein) held by them.

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements set forth herein and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

2. Defined Terms. As used herein, the following terms have the meanings set forth below:

“Affiliate” of any Person, means any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. As used in this definition, the term “control,” including the correlative terms “controlling,” “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise); provided, however that (a) none of the Company or its subsidiaries shall be deemed to be an “Affiliate” of any Investor, (b) CME Holdco shall not be deemed an “Affiliate” of any TW Investor and (c) none of the RSL Excluded Persons shall be deemed to be an “Affiliate” of any RSL Investor for any purpose hereunder.

“Agreement” has the meaning set forth in the preamble.

“Amended Tag-Along Notice” has the meaning set forth in Section 5.1.

“Annual Information Statement” has the meaning set forth in Section 6.7.

“Board” has the meaning set forth in Section 3.3(c).

“Change of Control Transaction” means (i) any merger, consolidation, amalgamation, tender offer, recapitalization, reorganization, scheme of arrangement or any other transaction resulting in the shareholders of the Company immediately before such transaction owning, directly or indirectly, less than a majority of the aggregate voting power of the resultant entity or (ii) any sale of all or substantially all of the assets of the Company, in each case, in one transaction or in a series of related transactions.

“Class A Common Shares” means the shares of Class A Common Stock, par value \$0.08 per share, of the Company, having such rights associated with such Class A Common Shares as set forth in the governing documents of the Company, including the Company’s Bye-laws, and any Equity Securities issued or issuable in exchange for or with respect to such Class A Common Shares (i) by way of dividend, split, subdivision, conversion or consolidation of shares or (ii) in connection with a reclassification, recapitalization, merger, consolidation, going private, tender offer, amalgamation, change of control, other reorganization or similar transaction.

“Class B Common Shares” means the shares of Class B Common Stock, par value \$0.08 per share, of the Company, having such rights associated with such Class B Common Shares as set forth in the governing documents of the Company, including the Company’s Bye-laws, and any Equity Securities issued or issuable in exchange for or with respect to such Class B Common Shares (i) by way of dividend, split, subdivision, conversion or consolidation of shares or (ii) in connection with a reclassification, recapitalization, merger, consolidation, going private, tender offer, amalgamation, change of control, other reorganization or similar transaction. Notwithstanding the foregoing, for purposes of this Agreement, the term “Class B Common Shares” shall never include the Class A Common Shares into which they are convertible pursuant to the Company’s Bye-laws.

“Closing Date” has the meaning set forth in the Subscription Agreement.

“CME Holdco” means CME Holdco, L.P., a Cayman Islands exempted limited partnership.

“Company” has the meaning set forth in the preamble and includes any successor entity thereto.

“Designated Securities” has the meaning set forth in Section 7.3.

“Effective Date” has the meaning set forth in the Subscription Agreement.

“Equity Securities” means (i) shares or other equity interests (including the Class A Common Shares and the Class B Common Shares) of the Company and (ii) options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, shares or other equity interests of the Company.

“Excluded Securities” has the meaning set forth in Section 7.1.

“Fair Market Value” has the meaning set forth in Section 10.14.

“Governmental Approval” means, with respect to any Transfer of Equity Securities, any consent, clearance or other action by, or filing with, any Governmental Authority required in connection with such Transfer and the expiration or early termination of any applicable statutory waiting period in connection with such action or filing.

“Governmental Authority” means any nation or government or multinational body, any state, agency, commission, or other political subdivision thereof or any entity (including a court) exercising executive, legislative, judicial or administration functions of or pertaining to government, any stock exchange or self regulatory entity supervising, organizing and supporting any stock exchange.

“Group” means, with respect to a Person, such Person and (i) such Person’s spouse, (ii) a lineal descendant of such Person or such Person’s parents, the spouse of any such descendant or a lineal descendant of any such spouse, (iii) The Ronald S. Lauder Foundation, The Neue Galerie New York or a charitable institution controlled (whether by funding or otherwise) by such Person and/or other members of such Person’s Group, (iv) a trustee of a trust (whether inter vivos or testamentary), all of the current beneficiaries and presumptive remaindermen of which are such Person and/or one or more Persons described in clauses (i) through (iii) of this definition, (v) a corporation, limited liability company, trust, cooperative or partnership or any other entity of which all of the outstanding shares of capital stock or interests therein are owned by such Person and/or Persons described in clauses (i) through (iv) of this definition, (vi) an individual covered by a qualified domestic relations order with such Person or any Person described in clauses (i) or (ii) of this definition or (vii) a legal or personal representative of such Person or any Person described in clause (i), (ii) or (vi) in the event of any such Person’s death or disability. For purposes of this definition, “presumptive remaindermen” refers to those Persons entitled to a share of a trust’s assets if it were then to terminate.

“Investor” and “Investors” have the meanings set forth in the preamble.

“Involuntary Transfer” means any Transfer (i) by seizure under levy of attachment or execution, (ii) in connection with any voluntary or involuntary bankruptcy or other court proceeding to a debtor in possession, trustee in bankruptcy or receiver or other officer or agency, (iii) pursuant to any statute pertaining to escheat or abandoned property, (iv) pursuant to a divorce or a separation agreement or a final decree of a court in a divorce action, (v) to a legal representative of any person occasioned by the incompetence of such person and (vi) to a Person upon the death of an RSL Investor (who is a natural Person), by will (as in effect on the Effective Date) or intestacy or pursuant to the laws governing descent and distribution. Any transferee of Equity Securities pursuant to an Involuntary Transfer shall remain bound by and subject to the obligations and restrictions applicable to such Equity Securities to the fullest extent permissible under applicable Law.

“Law(s)” means all laws, statutes, ordinances, rules, regulations, judgments, injunctions, orders and decrees.

“Negotiation Period” has the meaning set forth in Section 3.3(c).

“New Stock” has the meaning set forth in Section 6.3.

“New York Court” has the meaning set forth in Section 10.10.

“Offer Notice” has the meaning set forth in Section 4.1.

“Offered Shares” has the meaning set forth in Section 4.1.

“Offering Investor” has the meaning set forth in Section 4.1.

“Other Investor” means, for purposes of Section 5 with respect to any Selling Investor, all Investors other than such Selling Investor.

“Party” and “Parties” have the meanings set forth in the preamble.

“Permitted Transfer” means Transfers among the RSL Investors or Transfers among the TW Investors, as the case may be.

“Person” means any individual, corporation, partnership, limited liability company, association or trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Potential Acquiror” has the meaning set forth in Section 3.3(c).

“Proposed Securities” has the meaning set forth in Section 7.1(a).

“QEF Election” has the meaning set forth in Section 6.7.

“Registration Rights Agreement” means that certain Registration Rights Agreement by and between the Company and TW, dated as of the date hereof.

“ROFO Recipients” has the meaning set forth in Section 4.1.

“RSL CME GP” has the meaning set forth in the preamble.

“RSL CME LP” has the meaning set forth in the preamble.

“RSL Excluded Persons” means Adele Guernsey L.P., Leonard Lauder, LWG Family Partners, L.P., RAJ Family Partners, L.P. and Richard Rich.

“RSL Excluded Shares” means (i) the TW Shares, (ii) the 3,138,566 Class B Common Shares beneficially owned by Adele Guernsey L.P., (iii) the 72,620 Class B Common Shares beneficially owned by Leonard Lauder, (iv) the 110,717 Class B Common Shares beneficially owned by LWG Family Partners, L.P., (v) the 29,999 Class A Common Shares beneficially owned by Adele Guernsey L.P., (vi) the 30,000 Class A Common Shares beneficially owned by LWG Family Partners, L.P., (vii) the 1 Class A Common Share beneficially owned by Richard Rich and (viii) the 105,231 Class B Common Shares beneficially owned by RAJ Family Partners, L.P.

“RSL Investors” has the meaning set forth in the preamble.

“RSL Permitted Transferee” means (A) any Person that (i) is in the same Group as Ronald S. Lauder and (ii) is a transferee in connection with a Transfer pursuant to a bona fide estate planning purpose or (B) any Person that is a transferee in connection with an Involuntary Transfer; provided, that any Class B Common Shares Transferred pursuant to clauses (i), (ii), (iii) and (iv) of the definition of Involuntary Transfer shall first be converted to Class A Common Shares. No Person shall be an RSL Permitted Transferee pursuant to clause (A) until such transferee has executed and delivered to TW and the Company (x) a joinder to this Agreement in the form annexed hereto as Exhibit A pursuant to which such transferee agrees to be bound by this Agreement, and to be treated as, and be entitled to the benefits of, and subject to the obligations and restrictions applicable to, the RSL Investors for all purposes of this Agreement; and (y) a joinder to the TW Voting Agreement in the form annexed to the TW Voting Agreement as Exhibit A pursuant to which such transferee agrees to be bound by the TW Voting Agreement, and to be treated as, and be entitled to the benefits of, and subject to the obligations and restrictions applicable to, the RSL Investors for all purposes of the TW Voting Agreement; and provided further that, in the case of clause (A) above, any such Person remains in the same Group as Ronald S. Lauder (and if such Person ceases to be in the same Group as Ronald S. Lauder, an RSL Investor shall give notice promptly to TW and the Company of the change in circumstances and such former Group member of Ronald S. Lauder shall immediately and unconditionally Transfer any Equity Securities held by it back to Ronald S. Lauder or an RSL Permitted Transferee). No Person shall be an RSL Permitted Transferee pursuant to clause (B) above until such Transferee has executed and delivered to TW and the Company a joinder as set forth in clause (x) and clause (y) to the fullest extent permitted under applicable Law. For the avoidance of doubt, any Person that is a transferee pursuant to a Permitted Transfer from an RSL Investor shall be an RSL Permitted Transferee.

“RSL Savannah” has the meaning set forth in the preamble.

“Securities Act” means the Securities Act of 1933.

“Selling Investor” has the meaning set forth in Section 5.1.

“Standstill Period” has the meaning set forth in Section 3.3(d).

“Subscription Agreement” has the meaning set forth in the recitals.

“Tag-Along Notice” has the meaning set forth in Section 5.1.

“Tag-Along Rights” has the meaning set forth in Section 5.2.

“Tag-Along Transaction” means the Transfer by any Investor of any Equity Securities held by such Investor (in a Transfer permitted pursuant to Section 3 hereof), whether in one transaction or in a series of related transactions. A Tag-Along Transaction shall not include any Transfer (a) that constitutes a Permitted Transfer, (b) effected in connection with the consummation of a Change of Control Transaction, (c) that constitutes a TW Upstream Transfer, (d) effected pursuant to Section 4 or (e) that constitutes 1% or less in any single transaction (or 3% or less in the case of all such Transfers in the aggregate) of the Equity Securities beneficially owned by such Investor and its Affiliates in the aggregate, on the Closing Date.

“Tag-Along Transferee” has the meaning set forth in Section 5.2.

“Takeover Proposal” has the meaning set forth in Section 3.3(c).

“Time Warner” means Time Warner Inc., a Delaware corporation (including any successor entity thereto).

“Transfer” means a direct or indirect transfer in any form, including a sale, assignment, conveyance, pledge, charge, mortgage, encumbrance, securitization, hypothecation or other disposition, or any purported severance or alienation of any beneficial interest (including the creation of any derivative or synthetic interest) or “beneficial ownership” (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as in effect on the date hereof), or the act of so doing, as the context requires, other than any bona fide mortgage, encumbrance, pledge or hypothecation of capital stock to a financial institution in connection with any bona fide loan to an RSL Investor or a TW Investor from such financial institution in which such financial institution does not have the power to vote or dispose of such capital stock other than in the case of a default caused by the actions or inactions of such Investor and provided that such financial institution executes a joinder to this Agreement in the form annexed hereto as Exhibit A; provided, that the following shall not constitute a Transfer: (x) a transfer of voting power by a TW Investor to the Voting Rights Holder (as defined in the TW Voting Agreement) pursuant to the TW Voting Agreement and (y) any distribution of Equity Securities of the Company by any RSL Investor or any of its Affiliates (including CME Holdco and, for purposes of this clause (y), the RSL Excluded Persons) to any shareholder, member or partner of such RSL Investor or such Affiliate, pursuant to the terms of such RSL Investor’s or such Affiliate’s governing documents.

“TW” has the meaning set forth in the preamble.

“TW Investors” has the meaning set forth in the preamble.

“TW Permitted Transferee” means (i) any Person that is a direct or indirect wholly owned subsidiary of Time Warner or (ii) any Person that is a transferee in connection with clause (ii) of the definition of Involuntary Transfer; provided that any Class B Common Shares Transferred pursuant to clause (ii) of the definition of Involuntary Transfer shall first be converted to Class A Common Shares. No Person shall be a TW Permitted Transferee hereunder pursuant to clause (i) above until such Person has executed and delivered to the Company (x) a joinder to this Agreement in the form annexed hereto as Exhibit A pursuant to which such transferee agrees to be bound by this Agreement, and to be treated as, and be entitled to the benefits of, and subject to the obligations and restrictions applicable to, the TW Investors for all purposes of this Agreement and (y) a joinder to the TW Voting Agreement in the form annexed to the TW Voting Agreement as Exhibit A pursuant to which such transferee agrees to be bound by the TW Voting Agreement, and to be treated as, and be entitled to the benefits of, and subject to the obligations and restrictions applicable to, the TW Investors for all purposes of the TW Voting Agreement; and, provided further that, in the case of clause (i) above, any such Person remains a direct or indirect wholly owned subsidiary of Time Warner (and if such Person ceases to a direct or indirect wholly owned subsidiary of Time Warner, TW shall give notice promptly to RSL Savannah and the Company of the change in circumstances and such former direct or indirect wholly owned subsidiary of Time Warner shall immediately and unconditionally Transfer any Equity Securities held by it back to TW or a TW Permitted Transferee). No Person shall be a TW Permitted Transferee pursuant to clause (ii) above until such Transferee has executed and delivered to the Company a joinder as set forth in clause (x) and clause (y) to the fullest extent permitted under applicable Law.

“TW Shares” has the meaning set forth in the recitals.

“TW Upstream Transfer” means Transfers of the securities of Time Warner, including a Change of Control Transaction (provided that, for purposes of this definition, “the Company” in the definition of Change of Control Transaction shall be replaced with “Time Warner”), and issuances of securities of Time Warner by Time Warner.

“TW Voting Agreement” has the meaning set forth in the recitals.

“TWMH” has the meaning set forth in the recitals.

3. Transfer Restrictions.

- 3.1. Subject in all respects to compliance with Sections 3.2 and 3.3:

(a) On or prior to the earliest of (i) May 18, 2013, (ii) the date on which the RSL Investors and their Affiliates in the aggregate have Transferred more than 10% (measured as of the first day of such period) of the Equity Securities beneficially owned by the RSL Investors and their Affiliates in the aggregate in any given 365 day period and (iii) the date on which the RSL Investors and their Affiliates in the aggregate have Transferred more than 30% (measured as of the date hereof) of the Equity Securities beneficially owned by the RSL Investors and their Affiliates in the aggregate, no TW Investor shall Transfer any Equity Securities (which Equity Securities for purposes of this clause shall not include any Class A Common Shares acquired by any TW Investor after the date hereof from any Person other than any RSL Investors or any of their respective Affiliates) at any time other than with respect to Transfers (A) that constitute Permitted Transfers, (B) that are approved by each of RSL Savannah, TW and the Company, it being understood that the Company's consent shall (x) not be unreasonably withheld and (y) be required only to the extent such Transfer would cause a default under the outstanding indebtedness of the Company as in effect on the Effective Date as set forth on Schedule A to the TW Voting Agreement, (C) effected in connection with the consummation of a Change of Control Transaction, (D) by any TW Investor in compliance with the terms and conditions of Section 5 (Tag-Along Rights) pursuant to a Tag-Along Transaction initiated by an RSL Investor or (E) that constitute TW Upstream Transfers; it being understood that with respect to any Transfer by any TW Investor that is permitted pursuant to this Section 3.1(a) (except with respect to Transfers pursuant to clauses (A) through (E) hereof) prior to May 18, 2013, such transferring TW Investor must first comply with the terms and conditions of Section 4 (Right of First Offer) and Section 5 (Tag-Along Rights) hereof.

(b) Each RSL Investor shall be permitted to freely Transfer any Equity Securities without restriction, subject to compliance with the terms and conditions of Section 4 (Right of First Offer) and Section 5 (Tag-Along Rights) hereof; it being understood that with respect to Transfers (A) that constitute Permitted Transfers, (B) that are approved by each of RSL Savannah, TW and the Company, it being understood that the Company's consent shall (x) not be unreasonably withheld and (y) be required only to the extent such Transfer would cause a default under the outstanding indebtedness of the Company as in effect on the Effective Date as set forth on Schedule A to the TW Voting Agreement or (C) that are effected in connection with the consummation of a Change of Control Transaction, such RSL Investor shall not be required to comply with the terms and conditions of Section 4 (Right of First Offer) and Section 5 (Tag-Along Rights) hereof.

(c) Any transferee pursuant to any Permitted Transfer shall agree in writing with the Parties to be bound by, to comply with all applicable provisions of, and to be deemed to be an Investor for purposes of, this Agreement, and shall be made a Party hereto by executing a joinder agreement in the form attached as Exhibit A hereto. Any purported Transfer in violation of the provisions of this Section 3 or the Company's Bye-laws shall be null and void and of no force and effect. For the avoidance of doubt, each Investor hereby agrees and acknowledges that the Company shall not be obligated to recognize or register any Transfer that is in violation of this Agreement or the Company's Bye-laws, and the Company shall not be obligated to, at any meeting of the Company, recognize the vote(s) applicable to any Equity Security that has been so Transferred in violation of this Agreement or the Company's Bye-laws.

3.2. Conversion of Shares.

(a) Each TW Investor agrees and acknowledges that should such TW Investor seek to Transfer any Class B Common Shares (except in connection with a TW Upstream Transfer) held by such TW Investor to a third party that is not a TW Permitted Transferee, prior to, and as a condition to, such Transfer, such TW Investor shall cause the Class B Common Shares that are proposed to be Transferred to be converted into Class A Common Shares and such Transfer shall be treated as an automatic election by such TW Investor to convert such Class B Common Shares into Class A Common Shares under Section 3(4) of the Company's Bye-laws and the Company hereby agrees that, upon any such deemed election, it shall amend its register of shareholders to reflect that conversion.

(b) Except with respect to (i) Transfers to other RSL Permitted Transferees or (ii) during the term of the TW Voting Agreement, Transfers to any TW Investors, each RSL Investor agrees and acknowledges that should such RSL Investor or any Affiliate of such RSL Investor, at any time, propose to Transfer any Class B Common Shares held by such RSL Investor or any Affiliate of such RSL Investor, prior to, and as a condition to such Transfer, such RSL Investor shall cause the Class B Common Shares that are proposed to be Transferred to be converted into Class A Common Shares and such Transfer shall be treated as an automatic election by such RSL Investor to convert such Class B Common Shares into Class A Common Shares under Section 3(4) of the Company's Bye-laws and the Company hereby agrees that, upon any such deemed election, it shall amend its register of shareholders to reflect that conversion. All Class B Common Shares Transferred by an RSL Investor or any Affiliate of such RSL Investor to a TW Investor pursuant to the terms of this Agreement shall be converted into Class A Common Shares immediately prior to the expiration of the TW Voting Agreement and the expiration of the TW Voting Agreement shall be treated as an automatic election by such TW Investor to convert such Class B Common Shares into Class A Common Shares under Section 3(4) of the Company's Bye-laws and the Company hereby agrees that, upon any such deemed election, it shall amend its register of shareholders to reflect that conversion.

(c) Notwithstanding anything to the contrary herein, prior to May 18, 2013, each RSL Investor agrees and acknowledges that it shall not, and it shall cause all of its Affiliates not to, Transfer any Class B Common Shares held by any such RSL Investor or Affiliate thereof if (i) as a result or consequence of such Transfer or (ii) assuming the conversion, exercise or exchange of other securities of the Company that are issued and outstanding after giving effect to such Transfer that are vested, exercisable or convertible (in all cases, excluding any vested options or convertible securities that have an exercise or conversion price per share greater than the Fair Market Value of the Class A Common Shares at such time) immediately after giving effect to such Transfer, all Class B Common Shares issued and outstanding would automatically convert into Class A Common Shares pursuant to the Company's Bye-laws; provided, that this Section 3.2(c) shall not apply to any Transfers made by any RSL Investor in connection with (i) a Change of Control Transaction or (ii) an Involuntary Transfer.

(d) Each TW Investor agrees and acknowledges that immediately prior to the termination of the TW Voting Agreement, such TW Investor shall cause the conversion of all Class B Common Shares received by any TW Investor from any RSL Investor into Class A Common Shares and that such conversion will be treated as an automatic election by such TW Investor to convert such Class B Common Shares into Class A Common Shares under Section 3(4) of the Company's Bye-laws and the Company hereby agrees that, upon any such deemed election, it shall amend its register of shareholders to reflect that conversion.

(e) Prior to May 18, 2013, each TW Investor agrees and acknowledges that it shall not, and it shall cause its Affiliates not to, without the prior written consent of RSL Savannah, cause the conversion of any Class B Common Shares held by the RSL Investors and their Affiliates into Class A Common Shares by converting any of the Class B Common Shares held by the TW Investors and their Affiliates into Class A Common Shares for so long as such Class B Common Shares are held by the TW Investors and their Affiliates.

3.3. Change of Control Transaction.

(a) Notwithstanding anything to the contrary herein, prior to May 18, 2012, each TW Investor agrees and acknowledges that, without the prior written consent of RSL Savannah, it shall not, and it shall cause all of its Affiliates not to, initiate, solicit, knowingly facilitate or enter into any discussions, negotiations, arrangements or understandings with respect to a Change of Control Transaction or similar corporate transaction. Between May 18, 2012 and May 18, 2013, TW shall consult with RSL Savannah and the Company on a current basis and in good faith with respect to any discussions, negotiations, arrangements or understandings undertaken by a TW Investor or any of their respective Affiliates in connection with a Change of Control Transaction, and TW shall notify RSL Savannah and the Company in writing within thirty (30) days prior to the initiation of a sale process or the entry into negotiations by TW or any Affiliate thereof in connection with a Change of Control Transaction or similar corporate transaction.

(b) Prior to May 18, 2013, RSL Savannah and the Company, as the case may be, shall consult with TW on a current basis and in good faith with respect to any discussions, negotiations, arrangements or understandings undertaken by an RSL Investor or any of their respective Affiliates or the Company, as the case may be, in connection with a Change of Control Transaction, and it, as the case may be, shall notify TW in writing within thirty (30) days prior to the initiation of a sale process or the entry into negotiations by an RSL Investor or any of its Affiliates or the Company, as the case may be, in connection with a Change of Control Transaction or similar corporate transaction, subject to TW's entry into a customary confidentiality agreement in such form and substance reasonably acceptable to RSL Savannah or the Company, as the case may be.

(c) In the event that at any time the Board of Directors of the Company (the "Board") has determined to approve and/or recommend to the shareholders of the Company an offer or proposal from any Person with respect to a Change of Control Transaction (a "Takeover Proposal"), and at such time the TW Investors beneficially own, directly or indirectly, not less than 25% of the TW Shares (as adjusted for splits, combination of shares, reclassification, recapitalization or like changes in capitalization and whether such TW Shares are in the form of Class A Common Shares or Class B Common Shares), the Company shall: (i) give each TW Investor prompt written notice of (A) such determination by the Board with respect to such Takeover Proposal and (B) the material terms and conditions of the Takeover Proposal, including the identity of the party making such Takeover Proposal (the "Potential Acquiror"), subject to any agreements between the Company and the Potential Acquiror with respect to an obligation of the Company to maintain the confidentiality of the identity of the Potential Acquiror, and, if available, a copy of the relevant proposed transaction agreements with such party and any other material information necessary for the TW Investor to understand the terms and conditions of the Takeover Proposal (including any relevant non-public information provided to the Potential Acquiror or its Affiliates or representatives), (ii) give each TW Investor ten (10) days after delivery of such notice (the "Negotiation Period") to propose to the Company an alternate transaction constituting a Change of Control Transaction involving such TW Investor or its Affiliates and (iii) negotiate in good faith with such TW Investor or its Affiliates with respect to such alternate proposal. If such alternate proposal is more favorable to the shareholders of the Company from a financial point of view than the Takeover Proposal, (I) the Board shall approve and recommend to the shareholders of the Company the transaction that is the subject of such alternate proposal made by a TW Investor or an Affiliate thereof and (II) each RSL Investor shall, and shall cause its Affiliates to, accept such alternate proposal made by a TW Investor or Affiliate thereof (whether by vote or tender) in respect of all Equity Securities that are beneficially owned by such RSL Investor; provided that, the Board and each RSL Investor shall be under no obligation to approve, recommend to shareholders or accept, as the case may be, any alternate proposal to the extent that a Person has offered a subsequent Takeover Proposal that is more favorable to the shareholders of the Company from a financial point of view than such alternate proposal; provided, however, in the event of such subsequent Takeover Proposal, the Company shall comply with clauses (i), (ii) and (iii) of this Section 3.3(c) with respect thereto and the Negotiation Period shall recommence. Subject to the foregoing sentence, the good faith determination of the majority of the disinterested directors of the Board as to whether any alternate proposal is more favorable to the shareholders of the Company from a financial point of view, compared to the most recent Takeover Proposal, shall be conclusive. In the event that no TW Investor or any Affiliate thereof makes an alternate proposal to the Company as provided by the foregoing, each TW Investor shall accept such Takeover Proposal (whether by vote or tender) in respect of all Equity Securities that are beneficially owned by such TW Investor within the time period required by such Takeover Proposal, unless the Board withdraws, withholds, qualifies or modifies or fails to promptly reconfirm (in the case of the public announcement of an alternate Change of Control Transaction to the Takeover Proposal) its recommendation of the Takeover Proposal.

(d) The TW Investors agree that until the termination of the TW Voting Agreement (the "Standstill Period"), without the prior written consent of the Board, none of the TW Investors shall, alone or as part of a "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as in effect on the date hereof) or in concert with others, in any manner acquire, directly or indirectly, any Equity Securities that would result in the TW Investors and their Affiliates owning Equity Securities representing more than 49.9% of the aggregate voting power of all Equity Securities outstanding at the time of any such acquisition and without regard to any possible subsequent changes in the capitalization of the Company. Notwithstanding anything contained herein to the contrary, this Section 3.3(d) shall not prohibit or limit the ability of the TW Investors to (A) acquire Class A Common Shares upon (x) the conversion of any Class B Common Shares held by the TW Investors or (y) receive Equity Securities issued or issuable by way of dividend, split, subdivision, conversion or consolidation of shares or in connection with a reclassification, recapitalization, amalgamation, merger, consolidation, going private, tender offer, amalgamation, change of control, other reorganization or otherwise in exchange for or with respect to Equity Securities owned by the TW Investors, (B) acquire any Equity Securities in any transaction or series of transactions approved and/or recommended to the shareholders of the Company by the Board pursuant to which the TW Investors acquire a controlling interest in the Company (whether by merger, consolidation, amalgamation, tender offer, recapitalization, reorganization, scheme of arrangement or any other transaction, including pursuant to Section 3.3(c)), or (C) make any proposal to the Board to acquire, or acquire, any Equity Securities in any transaction or series of transactions pursuant to which the TW Investors would acquire a controlling interest in the Company (whether by merger, consolidation, amalgamation, tender offer, recapitalization, reorganization, scheme of arrangement or any other transaction, including pursuant to Section 3.3(c)).

4. Right of First Offer.

4.1. Prior to any Transfer by the RSL Investors or their Affiliates or the TW Investors or their Affiliates of any Equity Securities (such transferring Person, an "Offering Investor"), the Offering Investor shall deliver to the TW Investors or the RSL Investors, as applicable (such Investors, the "ROFO Recipients"), written notice (the "Offer Notice") stating such Offering Investor's intention to effect such a Transfer, the number of Equity Securities subject to such Transfer (the "Offered Shares"), and the material terms and conditions of the proposed Transfer. Notwithstanding the foregoing, Transfers that (i) constitute Permitted Transfers, (ii) are approved by each of RSL Savannah, TW and the Company, it being understood that the Company's consent shall not be unreasonably withheld and shall only be required only to the extent such Transfer would cause a default under the outstanding indebtedness of the Company as in effect on the Effective Date as set forth on Schedule A to the TW Voting Agreement, (iii) are effected in connection with the consummation of a Change of Control, (iv) convey 1% or less in any single transaction (or 3% or less in the case of all such Transfers in the aggregate per annum) of the Equity Securities beneficially owned by the RSL Investors and their Affiliates in the aggregate or owned by the TW Investors and their Affiliates in the aggregate, as applicable, on the date hereof, (v) occur following May 18, 2013 or (vi) constitute TW Upstream Transfers, shall not be subject to compliance with this Section 4. The Offer Notice may require that the signing of any sale documentation relating to the Offered Shares to the ROFO Recipients occur on a date that is no less than fifteen (15) days, and no more than thirty (30) days, after the date of the Offer Notice.

4.2. Upon receipt of the Offer Notice, the ROFO Recipients shall have an irrevocable, non-transferable option for fifteen (15) days to purchase from the Offering Investor on the terms and conditions described in the Offer Notice all, but not less than all, of the Offered Shares, by sending irrevocable written notice of such acceptance to the Offering Investor and the Company stating the ROFO Recipients' intention to collectively purchase all of the Offered Shares and the ROFO Recipients shall then be obligated to purchase, and the Offering Investor shall then be obligated to sell the Offered Shares on the terms and conditions set forth in the Offer Notice.

4.3. If the ROFO Recipients do not elect to purchase all of the Offered Shares pursuant to this Section 4, then the Offered Shares set forth in the Offer Notice shall be deemed declined and the Offering Investor shall be free for a period of thirty (30) days from the date the written notice from the ROFO Recipients was due to be received by the Offering Investor to enter into customary definitive agreements to Transfer the Offered Shares to any Person for consideration having a Fair Market Value equal to or greater than the consideration set forth in the Offer Notice, and otherwise on terms and conditions no more favorable, in any material respect, to the transferee than the terms and conditions contained in the Offer Notice, and to transfer to such Person the Offered Shares pursuant to such definitive agreements. The Fair Market Value of any non-cash consideration shall be determined in accordance with the Pricing Procedure set forth in Section 10.14.

4.4. If the ROFO Recipients do not elect to purchase all of the Offered Shares pursuant to this Section 4, and the Offering Investor has not entered into a definitive agreement described in Section 4.3 within thirty (30) days and consummated an alternative Transfer within one hundred and eighty (180) days, in each case, from the date the written notice from the ROFO Recipients was due to be received by the Offering Investor, then the provisions of this Section 4 shall again apply, and such Offering Investor shall not Transfer or offer to Transfer such Equity Securities without again complying with this Section 4.

4.5. Upon exercise by the ROFO Recipients of their right of first offer, the ROFO Recipients and the Offering Investor shall be legally obligated to consummate the purchase contemplated thereby, on the terms and conditions set forth in the Offer Notice and shall use their commercially reasonable efforts to (i) secure any Governmental Approvals required to comply with all applicable Laws as soon as reasonably practicable, (ii) take all such other actions and to execute such additional documents as are reasonably necessary or appropriate in connection therewith and (iii) consummate the purchase of the Offered Shares as promptly as practicable.

4.6. The restrictions set forth in this Section 4 are in addition to (and not in lieu of) the restrictions set forth in Section 3. All Class B Common Shares subject to Transfer to any TW Investor in connection with the exercise of the right of first offer described in this Section 4 during the term of the TW Voting Agreement shall be automatically converted into Class A Common Shares immediately prior to the expiration of the TW Voting Agreement, and such Transfer shall be treated as an automatic election by such TW Investor to convert such Class B Common Shares into Class A Common Shares under Section 3(4) of the Company's Bye-laws and the Company hereby agrees that, upon any such deemed election, it shall amend its register of shareholders to reflect that conversion.

4.7. If the ROFO Recipients consist of more than one TW Investor or RSL Investor, each TW Investor or RSL Investor, as applicable, shall be entitled to acquire its pro rata portion (based on the number of Equity Securities held by each such TW Investor or RSL Investor, respectively, on the date of receipt of the Offer Notice) of the Offered Shares, or such other proportion as the TW Investors or the RSL Investors, as applicable, may agree mutually.

4.8. Notwithstanding the foregoing, prior to any Transfer of any Equity Securities by an Offering Investor pursuant to this Section 4, the Offering Investor shall, after complying with the provisions of this Section 4, comply with the provisions of Section 5 hereof, if applicable.

5. Tag-Along Rights.

5.1. Subject to complying with the provisions of Section 4 above, if any Investor(s) or any Affiliate of such Investor(s) (for purposes of this Section 5, a “Selling Investor”) proposes to effect a Tag-Along Transaction prior to and including May 18, 2013, then such Selling Investor(s) shall give written notice (a “Tag-Along Notice”) to each Other Investor setting forth in reasonable detail the terms and conditions of such proposed Transfer, including the proposed amount and form of consideration, terms and conditions of payment and a summary of any other material terms pertaining to the Transfer. In the event that the terms and/or conditions set forth in the Tag-Along Notice are thereafter amended in any respect, the Selling Investor(s) shall give written notice (an “Amended Tag-Along Notice”) of the amended terms and conditions of the proposed Transfer to each Other Investor. The Selling Investor(s) shall provide additional information with respect to the proposed Transfer as reasonably requested by the Other Investors.

5.2. The Other Investors shall have the right, exercisable upon written notice to the Selling Investor(s) within twenty (20) days after receipt of any Tag-Along Notice, or, if later, within seven (7) days of such receipt of the most recent Amended Tag-Along Notice, to participate in the proposed Transfer by the Selling Investor(s) to the proposed purchaser (the “Tag-Along Transferee”) on the terms and conditions set forth in such Tag-Along Notice or the most recent Amended Tag-Along Notice, as the case may be (such participation rights being hereinafter referred to as “Tag-Along Rights”). Any Other Investor that has not notified the Selling Investor(s) of its intent to exercise Tag-Along Rights within twenty (20) days of receipt of a Tag-Along Notice (or, if applicable, within seven (7) days of receipt of an Amended Tag-Along Notice) shall be deemed to have elected not to exercise such Tag-Along Rights with respect to the Transfer contemplated by such Tag-Along Notice. Each Other Investor may participate with respect to Equity Securities owned by such Party in an amount equal to the product of (i) a fraction, the numerator of which is equal to the total number of Equity Securities owned by such Other Investor, and the denominator of which is the aggregate number of Equity Securities collectively owned by the Selling Investor(s), all participating Other Investors, all other holders of Equity Securities who have exercised a Tag-Along Right similar to the rights granted to the Other Investors in this Section 5 that are in existence on the Effective Date (excluding any vested options or convertible securities that have an exercise or conversion price per share greater than the price per share to be paid by the Tag-Along Transferee) and (ii) the total number of Equity Securities that the Tag-Along Transferee has agreed or committed to purchase.

5.3. At the closing of the Transfer to any Tag-Along Transferee pursuant to this Section 5, the Tag-Along Transferee shall remit to each Other Investor the consideration for the Equity Securities of such Investor sold pursuant hereto (less each Other Investor’s pro rata portion of the consideration to be escrowed or held back, if any, as described below), against delivery by such Other Investor of certificates (if any) or other instruments evidencing such Equity Securities, duly endorsed for Transfer or with duly executed stock powers, instruments of transfer or similar instruments, or such other instrument of Transfer of such Equity Securities as may be reasonably requested by the Tag-Along Transferee and the Company, with all stock transfer taxes paid and stamps affixed. Additionally, each Other Investor shall comply with any other conditions to closing generally applicable to such Selling Investor(s) and all Other Investors selling Equity Securities in such transaction. The consummation of such proposed Transfer shall be subject to the sole discretion of the Selling Investor(s), who shall have no liability or obligation whatsoever to any Other Investor participating therein other than to obtain for such Other Investor the same terms and conditions as those set forth in the Tag-Along Notice or any Amended Tag-Along Notice. Each Other Investor shall receive the same amount and form of consideration received by the Selling Investor for each Share. To the extent that the Parties are to provide any indemnification or otherwise assume any other post-closing liabilities, the Selling Investor(s) and all Other Investors selling Equity Securities in a transaction under this Section 5 shall do so severally and not jointly (and on a pro rata basis in accordance with their Equity Securities being sold and solely with respect to the representations, warranties and covenants that are applicable to such Selling Investor in connection with such Transfer), and their respective potential liability thereunder shall not exceed the proceeds received, subject to customary exceptions in excess of such limits.

6. Other Agreements.

6.1. RSL Voting.

(a) Subject to Section 6.3 below, for so long as the TW Investors and their Affiliates beneficially own, directly or indirectly, at least 25% of the TW Shares (as adjusted for splits, combination of shares, reclassification, recapitalization or like changes in capitalization and whether such TW Shares are in the form of Class A Common Shares or Class B Common Shares), the RSL Investors shall not, and shall cause their respective Affiliates not to, vote any Equity Securities beneficially owned by such Persons, respectively, in favor of, or consent to (except in connection with approving the transactions contemplated by the Subscription Agreement), (i) an increase (via stock split, recapitalization, reclassification or otherwise) in the number of Class B Common Shares authorized by the Company's Bye-laws as in existence on the Effective Date, (ii) the issuance by the Company of any Class B Common Shares, (iii) the issuance by the Company of any preferred stock (or any other securities) with general or specific voting rights superior to those of the Class A Common Shares, (iv) the authorization or issuance by the Company or any of its subsidiaries of any securities exercisable for or convertible or exchangeable into (A) Class B Common Shares or (B) preferred stock of the Company (or any other securities of the Company) with general or specific voting power superior to those of the Class A Common Shares or (v) a modification of the terms of the Class B Common Shares as such terms existed on Effective Date. For avoidance of doubt, a class of securities the holders of which are entitled to vote as a separate class on any matter submitted to the shareholders of the Company, other than as required by Law (except in the case of a Change of Control Transaction), shall be deemed, for purposes of this Agreement, to constitute securities with general or specific voting rights superior to those of the Class A Common Shares.

(b) The RSL Investors shall use their best efforts to vote, and shall use their best efforts to cause their Affiliates to vote, all Equity Securities beneficially owned by them as of the date thereof at each annual or special general meeting of the shareholders of the Company called for the purpose of filling positions on the Board, or by written consent executed in lieu of such a meeting of shareholders, in favor of, the election to the Board of (A) two Persons designated by the TW Investors as long as the TW Investors and their Affiliates beneficially own at least a majority of the TW Shares (as adjusted for splits, combination of shares, reclassification, recapitalization or like changes in capitalization and whether such TW Shares are in the form of Class A Common Shares or Class B Common Shares) or (B) one Person designated by the TW Investors as long as the TW Investors and their Affiliates beneficially own at least 25% of the TW Shares (as adjusted for splits, combination of shares, reclassification, recapitalization or like changes in capitalization and whether such TW Shares are in the form of Class A Common Shares or Class B Common Shares), and the RSL Investors shall take all such other actions reasonably within their power as shareholders of the Company to cause such Persons to be elected to the Board. The right of the TW Investors set forth in this Section 6.1(b) may not be Transferred to any Person except a TW Permitted Transferee.

6.2. Issuance of New Securities.

(a) Subject to Section 6.3 below, for so long as the TW Investors and their Affiliates beneficially own, directly or indirectly, at least 25% of the TW Shares (as adjusted for splits, combination of shares, reclassification, recapitalization or like changes in capitalization and whether such TW Shares are in the form of Class A Common Shares or Class B Common Shares), the Company shall not, without the consent of TW (which consent shall not be subject to the TW Voting Agreement) (except in connection with the transactions contemplated by the Subscription Agreement), (i) propose or authorize an increase (via stock split, recapitalization, reclassification or otherwise) in the number of Class B Common Shares authorized by the Company's governing documents as in existence on the Effective Date, (ii) issue any Class B Common Shares, (iii) issue any preferred stock (or any other securities) with general or specific voting rights superior to those of the Class A Common Shares or (iv) issue, or authorize the issuance of, by the Company or any of its subsidiaries, of any securities exercisable for or convertible or exchangeable into (A) Class B Common Shares or (B) any preferred stock of the Company (or any other securities of the Company) with general or specific voting power superior to those of the Class A Common Shares; provided, that the Company may issue options to purchase Class B Common Shares to RSL Savannah or any RSL Permitted Transferee (including Ronald S. Lauder) in connection with Ronald S. Lauder's compensation for serving on the Board, including (i) any options that have been granted prior to the Effective Date and (ii) after the Effective Date, in an amount not to exceed options to purchase 5,000 Class B Common Shares per year.

(b) Subject to Section 6.3 below, for so long as the RSL Investors and their Affiliates beneficially own, directly or indirectly, at least 25% of the Equity Securities (excluding the RSL Excluded Shares, and as adjusted for splits, combination of shares, reclassification, recapitalization or like changes in capitalization and whether such Equity Securities are in the form of Class A Common Shares or Class B Common Shares) held by them at the Closing Date, the Company shall not, without the consent of RSL Savannah (except in connection with the transactions contemplated by the Subscription Agreement), (i) propose or authorize an increase (via stock split, recapitalization, reclassification or otherwise) in the number of Class B Common Shares authorized by the Company's governing documents as in existence on the Effective Date, (ii) issue any Class B Common Shares, (iii) issue any preferred stock (or any other securities) with general or specific voting rights superior to those of the Class A Common Shares or (iv) issue, or authorize the issuance of, by the Company or any of its subsidiaries, of any securities exercisable for or convertible or exchangeable into (A) Class B Common Shares or (B) any preferred stock of the Company (or any other securities of the Company) with general or specific voting power superior to those of the Class A Common Shares; provided, that the Company may issue options to purchase Class B Common Shares to RSL Savannah or any RSL Permitted Transferee (including Ronald S. Lauder) in connection with Ronald S. Lauder's compensation for serving on the Board, including (i) any options that have been granted prior to the Effective Date and (ii) after the Effective Date, in an amount not to exceed options to purchase 5,000 Class B Common Shares per year.

6.3. Issuance of New Stock. Notwithstanding anything to the contrary herein, the Company may create, issue or authorize the issuance of, by the Company or any of its subsidiaries, any preferred stock, or any securities exercisable for or convertible or exchangeable into, preferred stock (collectively, the “New Stock”) of the Company with a market rate liquidation preference superior to the liquidation preference rights attached to the Class A Common Shares; provided, that such shares of New Stock shall not have general or specific voting rights superior to those of the Class A Common Shares and that the holders of such shares of New Stock shall not be entitled to vote as a separate class on any matter submitted to the shareholders of the Company for approval relating to a Change of Control Transaction, or, except as required by Law, on any other matter; provided, further that the Company may grant holders of any shares of New Stock the right to designate directors to the Board in such number which shall not exceed an amount of directors reasonably proportionate to such holders’ ownership interest in the Company (except in the case of a default by the Company of the payment of dividends due to be paid to such holders of shares of New Stock pursuant to the terms of such New Stock, and in such case, such right to designate directors to the Board shall only survive for so long as such default is not cured).

6.4. Agreement to Cooperate. In connection with any Transfer of Class B Common Shares by the RSL Investors or their Affiliates to the TW Investors in accordance with the terms of this Agreement at any time prior to the termination of the TW Voting Agreement, the RSL Investors shall, and shall cause their respective Affiliates to, cooperate with TW in structuring such Transfer in such a manner as to avoid the conversion of such Class B Common Shares into Class A Common Shares. All such Class B Common Shares Transferred in accordance with this Section 6.4 shall be (a) subject to the TW Voting Agreement and (b) converted by the applicable TW Investor into Class A Common Shares immediately prior to the expiration of the TW Voting Agreement.

6.5. Permitted Holder. In the event the Company proposes to enter into any third party financing agreements or any other agreement (or amend any financing agreement or other agreement in existence on the Effective Date) in which a default or fundamental change by the Company is triggered by the beneficial ownership of Equity Securities by a shareholder of the Company or the Transfer of Equity Securities by a shareholder of the Company, the Company shall use commercially reasonable efforts to qualify the TW Investors as “permitted holders” (or the applicable similar term) of Class B Common Shares and other Equity Securities pursuant to any such agreement or amended agreement.

6.6. Conduct of Business. The Company and its Subsidiaries will not use or offer to use, directly or indirectly, any funds for any unlawful contribution, gift, entertainment or other unlawful payment to any foreign or domestic government official or employee, or any political party, party official, political candidate or official of any public international organization in violation of any applicable Law, including, as applicable, the U.S. Foreign Corrupt Practices Act of 1977, as amended. The Company has and will continue to enforce its anti-bribery compliance program, which is designed to detect and prevent any violations of applicable anti-bribery laws, which includes, among other things and as appropriate, the adoption and implementation of a policy against violations of applicable anti-bribery laws, periodic training of appropriate officers and employees, appropriate due diligence requirements on the retention and oversight of agents and business partners, and periodic testing of the effectiveness in detecting and reducing violations of applicable anti-bribery laws and the Company’s internal controls system and compliance policy. The Company will promptly inform Time Warner of any activity that the Company has reasonably determined may constitute a potential violation of any applicable anti-bribery law or a material violation of the Company’s anti-bribery compliance policy by the Company or its personnel, and in such instances will promptly investigate and address such potential violation and shall cooperate with Time Warner and any relevant law enforcement authorities. The Company also will inform Time Warner if any of its directors, officers, agents or senior managers becomes a foreign or domestic government official or employee, except for such an official or employee in a governmental position that has no relevance to the business of the Company.

6.7. Tax Information. By March 31 of each calendar year, the Company shall provide the RSL Investors and the TW Investors, to the extent any such Investor or a direct or indirect shareholder, partner or member thereof is considered a “United States shareholder” of the Company within the meaning of Section 951(b) of the Code, the information necessary to allow such shareholder to comply with the applicable U.S. federal income tax reporting requirements with respect to its investment in the Company, including information sufficient to complete IRS Form 5471. If in any taxable year the Company is treated as a passive foreign investment company within the meaning of Section 1297 of the Code with respect to an RSL Investor or a TW Investor, or a direct or indirect shareholder, partner or member thereof, the Company shall prepare a statement described in U.S. Treasury Regulations Section 1.1295-1(g)(1) (an “Annual Information Statement”), so as to allow such RSL Investor or TW Investor or such shareholder, partner or member thereof to file a “qualified electing fund” election under Section 1295 of the Code (a “QEF Election”) with respect to the Company or to comply with any U.S. federal, state or local income tax reporting or filing requirements of such RSL Investor or such TW Investor or shareholder, partner or member thereof in connection with such election. If in any taxable year an entity in which the Company invests is treated as a passive foreign investment company within the meaning of Section 1297 of the Code and an RSL Investor or a TW Investor, or a direct or indirect shareholder, partner or member thereof, is deemed to own the shares of such entity under Section 1298(a) of the Code and the U.S. Treasury Regulations thereunder, the Company will use its best commercial efforts to (i) cause such entity to comply with the information disclosure requirements necessary for such entity to be a “qualified electing fund” under Section 1295 of the Code, (ii) obtain the necessary information to prepare an Annual Information Statement with respect to such entity and (iii) deliver the Annual Information Statement to the Person deemed to own the shares of such entity.

7. Preemptive Rights.

7.1. If at any time, the Company determines to issue Equity Securities (other than: (i) to employees, officers, directors, agents or consultants of the Company or any subsidiary of the Company pursuant to employee benefit, stock option and stock purchase plans maintained by the Company, in such amounts as are approved by the Board; (ii) as consideration in connection with a bona fide acquisition (of assets or otherwise), merger, consolidation or amalgamation by the Company provided such acquisition, merger, consolidation or amalgamation has been approved by the Board; (iii) in connection with splits, combination of shares, reclassification, recapitalization or like changes in capitalization; (iv) the conversion of any Class B Common Shares into Class A Common Shares; or (v) any Class A Common Shares or Class B Common Shares issued upon conversion, exchange or exercise of any Equity Securities outstanding as of the Effective Date or issued pursuant to clause (i) above (collectively, “Excluded Securities”)) the Company shall:

(a) give written notice to each TW Investor setting forth in reasonable detail (i) the designation and all of the terms and provisions of the Equity Securities proposed to be issued (the "Proposed Securities"), including, where applicable, the voting powers, preferences and relative participating, optional or other special rights, and the qualification, limitations or restrictions thereof and interest rate and maturity; (ii) the price and other terms of the proposed sale of such Equity Securities; (iii) the amount of such Proposed Securities; and (iv) such other information as a TW Investor may reasonably request in order to evaluate the proposed issuance; and

(b) offer to issue pro rata to each TW Investor upon the terms described in the notice delivered pursuant to Section 7.1(a), a portion of the Proposed Securities equal to the product of (i) the percentage of the Equity Securities owned by such TW Investor immediately prior to the issuance of the Proposed Securities relative to the total number of Equity Securities outstanding immediately prior to the issuance of the Proposed Securities, multiplied by (ii) the total number of Proposed Securities.

7.2. A TW Investor must exercise its respective purchase rights under Section 7.1 within fifteen (15) days after receipt of such notice from the Company by giving written notice to the Company within such offering period. The closing for such transaction shall take place as proposed by the Company (but in no event (a) prior to the closing of the sale of the Proposed Securities to other purchasers thereof or (b) less than fifteen (15) days after a TW Investor shall have exercised its right to purchase Proposed Securities). Upon the expiration of such offering period, the Company will be free to sell such Proposed Securities that TW Investors have not elected to purchase during the sixty (60) days following such expiration on terms and conditions no more favorable to the purchasers thereof than those offered to TW Investors.

7.3. Notwithstanding the foregoing, if at any time, the Company intends to issue Proposed Securities to the public in a registered underwritten public offering or an offering pursuant to Rule 144A or Regulation S under the Securities Act, the Company shall give each TW Investor written notice of such intention (including, to the extent possible, a copy of the prospectus included in the registration statement filed in respect of such public offering or an offering circular relating to such Rule 144A or Regulation S offering, as the case may be) describing, to the extent then known, the anticipated amount of Equity Securities, range of prices, timing and other material terms of such offering. The Company shall give such written notice no less than three (3) business days prior to the commencement of the marketing efforts with respect to such Rule 144A, Regulation S or registered public offering, which notice shall constitute an offer to sell pro rata to each TW Investor an amount of Proposed Securities as calculated pursuant to Section 7.1(b) (the “Designated Securities”). A TW Investor must exercise its respective purchase rights under this Section 7.3 prior to the commencement of marketing efforts with respect to such offering, which commencement shall not be earlier than three business days following the delivery of written notice to the TW Investors of such offering, by providing a binding indication of interest (which shall be subject to customary conditions with respect to the offering, including the pricing of the Proposed Securities) of such TW Investor to purchase the Designated Securities within the range of prices and consistent with the other terms set forth in the Company’s notice to it. In the event the pricing of the offer of Proposed Securities is not yet consummated, any binding indication of interest will expire after the second trading day subsequent to the anticipated pricing date set forth in the Company’s notice. If a TW Investor exercises its respective purchase rights provided in this Section 7.3, the Company shall agree to sell to such TW Investor, at the time of pricing of the offering of Proposed Securities, the Designated Securities (as adjusted to reflect the actual size of such offering when priced) at the same price as the Proposed Securities are offered to the public or the purchasers, as the case may be. Contemporaneously with the execution of any underwriting agreement entered into between the Company and the underwriters of an underwritten public offering or purchase agreement entered into between the Company and the initial purchasers in a Rule 144A offering, each such TW Investor shall enter into an instrument in form and substance reasonably satisfactory to the Company acknowledging such TW Investor’s binding obligation to purchase the Designated Securities to be acquired by it and containing representations, warranties and agreements of such TW Investor that are customary in private placement transactions that are necessary to demonstrate the suitability of such TW Investor to participate in private placement transactions. The failure by any TW Investor to provide a binding indication of interest with respect to a Rule 144A, Regulation S or registered public offering of Proposed Securities shall constitute a waiver of the preemptive rights only in respect of such offering. If any TW Investor waives its preemptive rights with respect to a public offering or Rule 144A or Regulation S offering, the Company agrees to use reasonable best efforts to allocate to such TW Investor, at such TW Investor’s request, Proposed Securities up to the amount of Designated Securities such TW Investor would be entitled to purchase pursuant to its preemptive rights had they not been waived, on the same terms as the other purchasers in such offering.

7.4. The exercise of the TW Investors’ rights under this Section 7 and the obligations of the Company to issue Equity Securities to the TW Investors pursuant to this Section 7 shall be subject to compliance with applicable Laws, rules and regulations, including the federal securities laws and the rules and regulations of The NASDAQ Stock Market LLC.

7.5. The election by a TW Investor not to exercise its rights under this Section 7 in any one instance shall not affect its right (other than in respect of a reduction in its percentage holdings) as to any subsequent proposed issuance.

8. Securities Law Restrictions. To the extent required by the Subscription Agreement, the Parties acknowledge and agree that the TW Shares (and any Class A Common Shares issued upon conversion of any Class B Common Shares constituting TW Shares) shall bear restrictive legends substantially in the forms set forth in the Subscription Agreement for so long as such Equity Securities or holders thereof remain subject to the restrictions described in this Agreement as set forth herein.

9. Duration of Agreement. This Agreement shall become effective, binding and operative immediately, and shall terminate and become void and of no further force and effect upon the earlier to occur of (i) the mutual agreement of the Parties and (ii) the date on which the RSL Investors and the TW Investors cease to beneficially own any Equity Securities; provided, that Sections 2, 9 and 10 (other than Section 10.15) shall survive any termination of this Agreement.

10. Miscellaneous.

10.1. Amendments. This Agreement may be amended, modified or supplemented only by a written instrument executed by each of the parties hereto.

10.2. Notices. All notices, consents, requests, instructions, approvals and other communications provided for in this Agreement shall be in writing and shall be deemed validly given upon personal delivery or one day after being sent by overnight courier service or on the date of transmission if sent by facsimile (so long as for notices or other communications sent by facsimile, the transmitting facsimile machine records electronic conformation of the due transmission of the notice), at the following address or facsimile number, or at such other address or facsimile number as a Party may designate to the other parties:

(a) if to the RSL Investors, at:

Ronald S. Lauder
767 Fifth Avenue, Suite 4200
New York, NY, 10153
Facsimile: (212) 572-4093

With a copy to (which shall not constitute notice):

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
Facsimile: (212) 751-4864
Attention: Raymond Y. Lin
Taurie M. Zeitzer

(b) if to TW and Time Warner, to:

Time Warner Media Holdings B.V.
c/o Time Warner Inc.
One Time Warner Center
New York, NY 10019
Facsimile: 212-484-7167/212-484-7299
Attention: General Counsel/Senior Vice President – Mergers and Acquisitions

with a copy to (which shall not constitute notice):

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Facsimile: (212) 728-8111
Attention: Gregory B. Astrachan
William H. Gump

c) if to the Company, to:

Central European Media Enterprises Ltd.
c/o CME Development Corporation
52 Charles Street
London W1J 5EU
United Kingdom
Facsimile: +44 871 911 6275
Attention: General Counsel

with a copy to (which shall not constitute notice):

Dewey & LeBoeuf LLP
1301 Avenue of the Americas
New York, NY 10019
Facsimile: (212) 259-6333
Attention: John J. Altorelli
Jeffrey A. Potash

10.3. Successors and Assigns. This Agreement shall inure to the benefit of the parties, and shall be binding upon the parties and their respective successors, permitted assigns, heirs and legal representatives.

10.4. No Third-Party Beneficiaries. Nothing in this Agreement will confer any rights upon any person that is not a Party or a successor or permitted assignee of a Party to this Agreement.

10.5. Descriptive Headings. The headings of the articles, sections and subsections of this Agreement are inserted for convenience of reference only and shall not be deemed to constitute a part hereof or affect the interpretation hereof.

10.6. Applicable Law. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAWS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. This Agreement, once executed by a Party, may be delivered to the other Parties hereto by facsimile or electronic transmission of a copy of this Agreement bearing the signature of the Party so delivering this Agreement.

10.8. Entire Agreement. This Agreement, together with the Subscription Agreement, the Registration Rights Agreement, the TW Voting Agreement, that certain letter agreement by and between Ronald S. Lauder and TWMH dated as of March 22, 2009, and that certain letter agreement by and between the Company and TWMH, dated as of the date hereof, contain the entire agreement of the parties with respect to the subject matter hereof and supersede all other prior agreements, understandings, statements, representations and warranties, oral or written, express or implied, between the parties and their respective affiliates, representatives and agents in respect of such subject matter.

10.9. TW Voting Agreement. Subject to Section 6.1, in the event of any inconsistency or conflict between this Agreement and the TW Voting Agreement with respect to the voting of the TW Shares, each Party hereto agrees that the TW Voting Agreement shall prevail to the extent of the inconsistency or conflict.

10.10. SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT SHALL BE BROUGHT EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK LOCATED IN NEW YORK COUNTY, NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK (EACH, A "NEW YORK COURT"), AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND APPELLATE COURTS FROM ANY THEREOF. EACH PARTY HERETO HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF TO SUCH PARTY BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO SUCH PARTY AT ITS ADDRESS SPECIFIED IN SECTION 10.2. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE TRIAL BY JURY, AND EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

10.11. Severability. Every term and provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision will be enforced to the maximum extent permitted by law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

10.12. Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Investor shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and such transactions.

10.13. Tax Withholding. The Company shall be entitled to require payment in cash or deduction from other compensation payable to any Investor of any sums required by Federal, state or local tax law to be withheld with respect to the issuance, vesting, exercise, repurchase or cancellation of, or with respect to any distribution in respect of, any Class B Common Shares, Class A Common Shares or other equity securities of the Company.

10.14. Pricing Procedure. The “Fair Market Value” of any non-cash consideration offered or received in connection with a Transfer under Section 4 as of any given date shall be determined as follows:

(a) If such security is listed on any established stock exchange or a national market system (other than The Pink Sheets), its Fair Market Value shall be the closing sales price of such security (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination, as reported in *The Wall Street Journal* or such other source as the Offering Investor deems reliable;

(b) If such security is regularly quoted by a recognized securities dealer but its selling price is not reported, its Fair Market Value shall be the mean between the high bid and low asked prices for such security on the day of determination; or

(c) In the absence of an established market for such security or other asset, its Fair Market Value shall be the price at which such security or asset would be sold in a current, arms-length transaction between a willing buyer and willing seller, as determined by an independent internationally recognized investment bank using customary valuation methods and procedures.

10.15. Representations and Warranties.

(a) Each Party hereto represents and warrants to each other Party that, as of the date hereof: (i) such Party that is not a natural person is duly organized, validly existing and in good standing under the jurisdiction of its formation or organization, (ii) such Party has all requisite power and authority to enter into and to perform its obligations under this Agreement and the TW Voting Agreement and to consummate the transactions contemplated hereby and thereby, (iii) this Agreement and the TW Voting Agreement has been duly executed and delivered by such Party and constitutes a valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as such enforceability may be limited by (A) applicable bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or similar Laws in effect which affect the enforcement of creditor’s rights generally or (B) general principles of equity, whether considered in a proceeding at Law or in equity and (iv) the execution and delivery by such Party of this Agreement and the TW Voting Agreement nor the performance by such Party of any of its obligations hereunder or thereunder, nor the consummation of the transactions contemplated hereby or thereby, will violate, conflict with, result in a breach, or constitute a default (with or without notice or lapse of time or both) under, give to others any rights of consent, termination, amendment, acceleration or cancellation of, (A) any provision of the governing documents of such Party that is not a natural person, (B) any trust agreement, loan or credit agreement, note, bond, mortgage, indenture, lease, license or other agreement, contract, instrument, permit or concession to which such Party or any of its Affiliates is a party or (C) any Law applicable to such Party or its Affiliates.

(b) Ronald S. Lauder hereby represents and warrants to TW that, as of the date hereof, (i) Ronald S. Lauder beneficially owns all of the equity interests in each of RSL Savannah, RSL CME LP and RSL CME GP and (ii) other than the RSL Excluded Shares, 2,961,205 Class B Common Shares are the only securities of the Company beneficially owned by Ronald S. Lauder.

10.16. Specific Performance. The Parties agree that irreparable damage would occur in the event that any of the provisions this Agreement were not performed in accordance with their specific terms of were otherwise breached. It is accordingly agreed that the Parties shall be entitled to, in addition to the other remedies provided herein, specific performance of this Agreement and to enforce specifically the terms and provisions of this Agreement in any New York Court in addition to the other remedies to which such Parties are entitled.

10.17. Construction. Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine, and neuter. All references to Articles and Sections refer to articles and sections of this Agreement, and all references to Exhibits and Schedules are to exhibits and schedules attached hereto, each of which is made a part hereof for all purposes. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision will be applicable whether such action is taken directly or indirectly by such Person, including actions taken by or on behalf of any Affiliate of such Person. Where any provision of this Agreement refers to a "Transfer of Class B Common Shares" or a "Transfer of Equity Securities", such provision shall also refer to a Transfer of an interest in any Person that holds, directly or indirectly, an interest in such underlying Class B Common Shares or Equity Securities. All accounting terms used herein and not otherwise defined herein will have the meanings accorded them in accordance with U.S. generally accepted accounting principles and, except as expressly provided herein, all accounting determinations will be made in accordance with such accounting principles in effect from time to time. Unless the context otherwise requires: (i) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document, (ii) the use of the term "including" means "including, without limitation", (iii) the word "or" shall be disjunctive but not exclusive, (iv) unless expressly provided otherwise, the measure of a period of one month or year for purposes of this Agreement shall be that date of the following month or year corresponding to the starting date; provided, that if no corresponding date exists, the measure shall be that date of the following month or year corresponding to the next day following the starting date (for example, one month following February 18 is March 18, and one month following March 31 is May 1) (v) a reference to a statute, regulations, proclamation, ordinance or by-law includes all statutes, regulations, proclamation, ordinances or by-laws amending, consolidating or replacing it, whether passed by the same or another Governmental Authority with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under the statute, (vi) a reference to a successor entity includes any successor entity, whether by way of merger, amalgamation, consolidation or other business combination and (vii) calculations based on "beneficial ownership" shall be determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as in effect on the date hereof. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers hereunto duly authorized as of the date first above written.

RSL SAVANNAH LLC

By: /s/ Ronald Lauder
Name: Ronald S. Lauder
Title: Sole Member

RSL INVESTMENT LLC

By: /s/ Ronald Lauder
Name: Ronald S. Lauder
Title: Sole Member and President

RSL INVESTMENTS CORPORATION

By: /s/ Ronald Lauder
Name: Ronald S. Lauder
Title: Chairman

/s/Ronald Lauder
Ronald S. Lauder

Signature Page to Investor Rights Agreement

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

By: /s/ Wallace Macmillan
Name: Wallace Macmillan
Title: Chief Financial Officer

Signature Page to Investor Rights Agreement

TIME WARNER MEDIA HOLDINGS B.V.

By: /s/ Stephen Kapner

Name: /s/ Stephen N. Kapner

Title: Director

Signature Page to Investor Rights Agreement

EXHIBIT A

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT (this "Joinder") to that certain Investor Rights Agreement, dated as of May 18, 2009 (the "Investor Rights Agreement"), by and among Central European Media Enterprises Ltd., a Bermuda company (the "Company"), Ronald S. Lauder, RSL Savannah LLC, a Delaware limited liability company ("RSL Savannah"), RSL Investment LLC, a Delaware limited liability company ("RSL CME GP"), RSL Investments Corporation, a Delaware corporation ("RSL CME LP") and, together with Ronald S. Lauder, RSL Savannah, RSL CME GP and the RSL Permitted Transferees (as defined herein), the "RSL Investors", Time Warner Media Holdings B.V., a *besloten vennootschap met beperkte aansprakelijkheid* organized under the laws of the Netherlands ("TW" and, together with the TW Permitted Transferees (as defined therein), the "TW Investors"), and any parties to the Investor Rights Agreement who agree to be bound by the terms of the Investor Rights Agreement, is made and entered into as of [•] by [•] ("Holder"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Investor Rights Agreement.

WHEREAS, Holder has acquired certain Equity Securities of the Company, and as a condition to acquiring such Equity Securities, the Investor Rights Agreement and the Company require Holder, as a holder of Equity Securities, to become a Party to the Investor Rights Agreement, and Holder agrees to do so in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements set forth herein and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

- (a) Agreement to be Bound. Holder hereby agrees that upon execution of this Joinder, that Holder shall become a Party to the Investor Rights Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Investor Rights Agreement, as if Holder had signed the Investor Rights Agreement and been an original party thereto. Holder agrees that [he/she/it] shall be [an "RSL"]a "TW] Investor" for all purposes under the Investor Rights Agreement.
 - (b) Representations and Warranties. Holder hereby represents and warrants as follows: (i) Holder has all requisite power and authority to enter into this Joinder and to carry out his, her or its obligations hereunder; (ii) this Joinder has been duly executed by Holder, and constitutes a valid and binding obligation enforceable against Holder in accordance with its terms; and (iii) Holder has received a copy of the Investor Rights Agreement and any and all other information and materials that Holder deems reasonably necessary or appropriate to enable Holder to make an informed decision concerning the transactions contemplated by the Investor Rights Agreement.
 - (c) Successors and Assigns. This Joinder shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and Holder and any subsequent holder of Equity Securities, and the respective successors and assigns of each of them, for so long as they hold Equity Securities.
-

(d) Applicable Law. THIS JOINDER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAWS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

IN WITNESS WHEREOF, the parties have caused this Joinder to be executed and delivered by their respective officers hereunto duly authorized as of the date first above written.

Holder

By:

Name:
Title:

**IRREVOCABLE VOTING DEED AND
CORPORATE REPRESENTATIVE APPOINTMENT**

This IRREVOCABLE VOTING DEED AND CORPORATE REPRESENTATIVE APPOINTMENT (this "**Deed**") is made on May 18, 2009, by and among (1) RSL Savannah LLC, a Delaware limited liability company ("**RSL Savannah**") (RSL Savannah together with all RSL Permitted Transferees (including Ronald S. Lauder ("**RSL**")) and their respective successors, permitted assigns, heirs and legal representatives are herein referred to as the "**RSL Investors**"), (2) Time Warner Media Holdings B.V., a *besloten vennootschap met beperkte aansprakelijkheid* organized under the laws of the Netherlands ("**TW**") (TW together with all TW Permitted Transferees and their respective successors, permitted assigns, heirs and legal representatives are herein referred to as the "**TW Investors**") and (3) Central European Media Enterprises Ltd., a Bermuda company (the "**Company**"). Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Investor Rights Agreement, dated as of the date hereof, by and among RSL, RSL Savannah, RSL Investment LLC, a Delaware limited liability company, RSL Investments Corporation, a Delaware corporation, TW, the Company and the other parties set forth therein (as such may amended, modified, or supplemented from time to time, the "**Investor Rights Agreement**").

Recitals.

WHEREAS, the Company and TW Media Holdings LLC, a Delaware limited liability company ("**TWMH**") entered into that certain Subscription Agreement, dated as of March 22, 2009 (the "**Subscription Agreement**");

WHEREAS, TWMH has assigned its rights and obligations under the Subscription Agreement to TW, pursuant to the terms of that certain Assignment and Assumption Agreement, dated May 1, 2009, by and between TWMH and TW;

WHEREAS, the Company has, at the same time as entering into this Deed, issued to TW four million five hundred thousand (4,500,000) Class B Common Shares (the "**TW Class B Common Shares**") and fourteen million five hundred thousand (14,500,000) Class A Common Shares (the "**TW Class A Common Shares**" and, together with the TW Class B Common Shares, the "**TW Shares**"), on the terms and conditions set forth in the Subscription Agreement;

WHEREAS, RSL is the sole member of RSL Savannah LLC;

WHEREAS, TW hereby agrees that RSL Savannah or such other Permitted Holder (as defined below) as RSL Savannah may from time to time nominate for such purpose (the "**Voting Rights Holder**") shall have the exclusive right, and RSL Savannah hereby accepts such right, on the terms and conditions set forth herein, to exercise the power to vote, except in connection with any action, vote or consent to be taken or given in respect of the exclusions to the appointment described in Section 4 below, (a) any and all TW Shares owned by the TW Investors, (b) any and all Class A Common Shares, Class B Common Shares or any other Equity Securities owned by the TW Investors that any TW Investor may acquire hereafter and (c) any Equity Securities owned by the TW Investors issued or issuable in exchange for or with respect to or otherwise deriving from any such TW Shares, Class A Common Shares, Class B Common Shares or such other Equity Securities, whether (i) by way of dividend, split, subdivision, conversion or consolidation of shares or (ii) in connection with a reclassification, recapitalization, amalgamation, merger, consolidation, going private, tender offer, change of control, other reorganization or similar transaction, and in each case in clauses (a) through (c) above, whether owned beneficially or of record, after the date hereof (including, without limitation, all Class A Common Shares and/or Class B Common Shares Transferred to any TW Investor by an RSL Investor or an Affiliate thereof) (collectively, the "**Subject Shares**");

WHEREAS, in connection therewith, the parties hereto desire to enter into this Deed to provide for certain matters with respect to voting of the Subject Shares; and

WHEREAS, TW hereby agrees and acknowledges that the entry by it into this Deed, on the terms and conditions set forth herein, is a condition to the entry by the Company into the Subscription Agreement.

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements set forth herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Right to Vote the Subject Shares. Effective as of the Closing Date, each TW Investor hereby irrevocably agrees in relation to the Subject Shares that the Voting Rights Holder shall be entitled to exercise, in its absolute discretion and to the exclusion of the TW Investors in respect of the Subject Shares, all the voting rights of each of the TW Investors with respect to the Subject Shares (the "**TW Voting Rights**") until such time as this Deed terminates in accordance with its terms; provided, however, that the TW Voting Rights with respect to the Subject Shares shall remain with the TW Investors in connection with any action, vote or consent to be taken or given in respect of the exclusions to the appointment described in Section 4 below (only to the extent of such exclusion and only in respect of the Subject Shares). The Voting Rights Holder shall take any and all steps that it deems reasonably necessary in order to carry out its appointment hereunder and TW hereby agrees to take, and agrees to procure that each TW Investor takes, upon the request of the Voting Rights Holder, such further action and to execute and to cause to be executed such other instruments as necessary to effectuate the intent of this Deed. TW hereby irrevocably undertakes, to the Voting Rights Holder and the Company, and agrees to procure that each TW Investor undertakes to the Voting Rights Holder and the Company, not to appoint any Person (other than a Voting Rights Holder) as its representative, proxy or attorney to attend any general meeting of the Company or to sign any written resolution of shareholders of the Company or otherwise to exercise any of the TW Voting Rights except, with respect to the Subject Shares only, in connection with any action, vote or consent to be taken or given in respect of the exclusions to the appointment described in Section 4 below (only to the extent of such exclusion and only in respect of the Subject Shares). Prior to the Transfer of any Subject Shares, to the fullest extent permitted by applicable Law in the case of any Involuntary Transfer, TW shall cause any TW Permitted Transferee of any Subject Shares, as a condition of its receipt of the Subject Shares, to execute a joinder to this Deed in the form attached hereto as Exhibit A, whereby such transferee agrees to be bound by this Deed, and to be treated as, and be entitled to the benefits of, and subject to the obligations and restrictions applicable to, TW and a TW Investor for all purposes of this Deed. The Company shall be entitled to refuse to (i) register any Transfer of any Subject Shares if the relevant recipient has not executed such a joinder to this Deed and (ii) recognize any vote not in accordance with the terms of this Deed.

2. Irrevocable Appointment of Representative. Effective as of the Closing Date, as security for their respective obligations hereunder, and subject to the provisions of Section 5 herein, each TW Investor hereby irrevocably (to the fullest extent permitted by Bermuda Law) constitutes and appoints (and will procure that each registered holder from time to time of any of the Subject Shares will constitute and appoint), except in connection with any action, vote or consent to be taken or given in respect of the exclusions to the appointment described in Section 4 below (only to the extent of such exclusion), the Voting Rights Holder's designee (which designee shall be a Person set forth on Schedule B hereto) as the true and lawful corporate representative of each TW Investor (the "**Representative**"), to the fullest extent of each such Person's voting rights with respect to the Subject Shares held by them, until such time as this Deed terminates in accordance with its terms. It is acknowledged that the appointment of the Representative under this Deed takes effect as a corporate representative appointment for the purposes of the Bye-laws of the Company.

3. Power to Appoint Proxy. Effective as of the Closing Date, and subject to Section 5 below, each TW Investor hereby irrevocably authorizes the Voting Rights Holder to appoint from time to time on its behalf any of the Persons set forth on Schedule B hereto as its true and lawful proxy that shall be deemed to be coupled with a proprietary interest of the Voting Rights Holder (the "**Proxies**"), to exercise the TW Voting Rights, except in connection with any action, vote or consent to be taken or given in respect of the exclusions to the appointment described in Section 4 below (only to the extent of such exclusion). Such power shall continue until such time as this Deed terminates in accordance with its terms. As further security for their respective obligations hereunder each TW Investor hereby constitutes and appoints (and will procure that each registered holder from time to time of any of the relevant Subject Shares will constitute and appoint) the Voting Rights Holder as its lawful attorney in fact with power to appoint and execute proxies to vote on its behalf at any general meeting of the Company in respect of any and all Subject Shares owned by it from time to time and to sign any shareholder resolutions in lieu of a meeting and any other consents or waivers in relation to any or all such Subject Shares and to sign and give any required notices of the appointments under this Deed, except in connection with any action, vote or consent to be taken or given in respect of the exclusions to the appointment described in Section 4 below.

4. Exclusions to the Appointments. The rights to vote 50% of the TW Class A Common Shares and 50% of the TW Class B Common Shares (and 50% of all Equity Securities owned by the TW Investors issued or issuable in exchange for or with respect to or otherwise deriving from the TW Class A Common Shares and the TW Class B Common Shares, respectively, whether (i) by way of dividend, split, subdivision, conversion or consolidation of shares or (ii) in connection with a reclassification, recapitalization, merger, consolidation, going private, tender offer, amalgamation, change of control, other reorganization or similar transaction) and any other Class A Common Shares acquired by a TW Investor after the date hereof (collectively, the "**TW Excluded Shares**") and the appointment of the Representative and the Proxies related to the TW Excluded Shares pursuant to this Deed shall not apply to any action, vote or consent to be taken or given by any TW Investor in respect of any Change of Control Transaction. For the avoidance of doubt, the Voting Rights Holder shall have the sole right to vote, and the Proxies will apply to, with respect to a Change of Control Transaction, any Class B Common Shares that were Transferred to any TW Investor by any RSL Investor pursuant to the Investor Rights Agreement. The rights to vote the Subject Shares and the appointment of the Representative and the Proxies related to the Subject Shares pursuant to this Deed shall not apply to any action, vote or consent to be taken or given by any TW Investor in respect of any actions of the Company described in Section 6.2(a) of the Investor Rights Agreement. The voting of the Subject Shares pursuant to this Deed, shall be subject to the obligations of the RSL Investors set forth in Section 6.1 of the Investor Rights Agreement.

5. Provisions applying to the Voting Rights Holder.

5.1 The Voting Rights Holder shall at all times be a “**Permitted Holder**.” For the purposes of this Deed, a “Permitted Holder” means (a) RSL Savannah, (b) RSL and (c) any Person in the same Group as RSL for so long as such Person remains in the same Group as RSL, provided that such Person is also a “Permitted Holder” under each of the agreements set forth on Schedule A hereto (as such term is defined therein).

5.2 RSL Savannah hereby warrants and represents to the other parties hereto that RSL Savannah is, on the date hereof, a Permitted Holder.

5.3 RSL Savannah hereby undertakes to procure that at all times the TW Voting Rights are exercised by or on the instructions of a Permitted Holder.

5.4 Each of RSL and the Voting Rights Holder shall jointly and severally indemnify and hold harmless the TW Investors against any and all losses, liabilities, damages and expenses (including all reasonable costs and expenses related thereto or incurred in enforcing this Section 5.4) suffered or sustained by the TW Investors arising from claims asserted by any Person with respect to the exercise of the TW Voting Rights by the Voting Rights Holder; provided, however, that under no circumstances shall RSL or the Voting Rights Holder have any obligation to indemnify or hold harmless the TW Investors for any losses, liabilities, damages or expenses arising from (x) any claims asserted by the TW Investors or any of their Affiliates or (y) the exercise of the TW Voting Rights by any Person (including the TW Investors) other than the Voting Rights Holder; provided, further, that the provisions of clauses (x) and (y) above shall not limit any right of the TW Investors to make a claim for a breach of this Deed or otherwise enforce the terms of this Deed.

6. Representations and Warranties. Each TW Investor hereby severally represents and warrants to the Voting Rights Holder and the Company solely in respect of the Subject Shares held by it as follows:

6.1 Ownership of Subject Shares. The Voting Rights Holder has sole voting power and sole power to issue instructions with respect to the Subject Shares except in connection with any action, vote or consent to be taken or given in respect of the exclusions to the appointment described in Section 4 (only to the extent of such exclusion).

6.2 Power; Binding Agreement. It has all requisite power and authority to enter into and perform all of its obligations under this Deed. The execution, delivery and performance of this Deed by it shall not violate any agreement to which it is a party, including, without limitation, any voting agreement, proxy arrangement, pledge agreement, shareholders agreement, voting trust or trust agreement. This Deed has been duly and validly executed and delivered by it and constitutes a legally valid and binding obligation of it, enforceable against it in accordance with its terms. There is no beneficiary or holder of a voting trust certificate or other interest of any trust of which it is a trustee whose consent is required for the execution and delivery of this Deed or the compliance by it with the terms hereof.

6.3 No Conflicts. Neither the execution and delivery of this Deed by it, nor the compliance by it, with any of the provisions hereof shall (a) conflict with or violate any agreement, Law, rule, regulation, order, judgment or decision or other instrument binding upon it, or any of its properties or assets, nor require any consent, notification, regulatory filing or approval which has not been obtained, (b) result in any violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give to any third party a right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which it is a party or by which it or any of its properties or assets, as the case may be, may be bound or affected, or (c) conflict with, or result in any breach of, any organizational documents applicable to it.

7. Specific Performance. Each TW Investor hereby severally acknowledges and agrees that damages would be an inadequate remedy for any breach of the provisions of this Deed and agrees that the obligations of a TW Investor shall be specifically enforceable by (a) the Voting Rights Holder and (b) the Company, and that the Voting Rights Holder and the Company shall each be entitled to seek injunctive or other equitable relief upon a breach by a TW Investor without the necessity or obligation to prove actual damages. This provision is without prejudice to any other rights the Voting Rights Holder may have against a TW Investor whether pursuant to this Deed, applicable Law or otherwise.

8. Term.

8.1 Subject to Section 8.2 hereof, this Deed (and the appointments and Proxies hereunder) shall terminate and be of no further force and effect on the date that is the later of (a) May 18, 2013 and (b) the date that there are no longer any Class B Common Shares outstanding. Notwithstanding the foregoing, but subject to Section 8.2 hereof, at anytime after May 18, 2013, TW may elect to terminate this Deed (and the appointments and Proxies hereunder). Upon termination of this Deed, 50% of the TW Class B Common Shares held by the TW Investors and their Affiliates thereof (and any Class B Common Shares owned by any TW Investor issued or issuable in exchange for or with respect to or otherwise deriving from such TW Class B Common Shares, whether (i) by way of dividend, split, subdivision, conversion or consolidation of shares or (ii) in connection with a reclassification, recapitalization, amalgamation, merger, consolidation, going private, tender offer, change of control, other reorganization or similar transaction)), including without limitation all Class B Common Shares Transferred to any TW Investor or Affiliate thereof by an RSL Investor or any Affiliate thereof, shall automatically and without the need of any further action on the part of the holder of such Class B Common Shares, convert to Class A Common Shares and the Company hereby agrees that such event will be treated as an automatic election by such Person to convert such Class B Common Shares into Class A Common Shares under Section 3(4) of the Company's By-laws and that, upon any such deemed election, the Company shall amend its register of shares to reflect that conversion.

8.2 Notwithstanding any other provision to the contrary, this Deed (and the appointments and Proxies hereunder) shall not terminate prior to the date that is the latest maturity date of the outstanding indebtedness of the Company as in effect as of the Effective Date (or the earlier repayment thereof (without giving effect to any extension thereof or amendment thereto)), as set forth on Schedule A hereto or, if earlier, on such date that the ownership of the Subject Shares by the TW Investors would not result in a default, a "Fundamental Change" or the making of a "Change of Control Offer" as such terms are defined in the documents evidencing the outstanding indebtedness of the Company as in effect as of the Effective Date, as set forth on Schedule A hereto, under such indebtedness.

9. Legend.

9.1 Subject to Section 9.2, the Parties acknowledge and agree that the Subject Shares shall bear a restrictive legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE RESTRICTIONS CONTAINED IN AN IRREVOCABLE VOTING DEED AND CORPORATE REPRESENTATIVE APPOINTMENT, DATED AS OF MAY 18, 2009, BY AND AMONG THE COMPANY, RSL SAVANNAH LLC, RONALD S. LAUDER AND TIME WARNER MEDIA HOLDINGS B.V., AS MODIFIED OR SUPPLEMENTED FROM TIME TO TIME (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY).

9.2 The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of any such Subject Shares upon the earlier of (i) the termination of this Deed in accordance with Section 8 hereof or (ii) such time as such shares (or the holder thereof) shall no longer be subject to the terms of this Deed.

10. Miscellaneous.

10.1 Amendments. This Deed may be amended, modified or supplemented only by a written instrument executed by each of the parties hereto.

10.2 Notices. All notices, consents, requests, instructions, approvals and other communications provided for in this Deed shall be in writing and shall be deemed validly given upon personal delivery or one day after being sent by overnight courier service or on the date of transmission if sent by facsimile (so long as for notices or other communications sent by facsimile, the transmitting facsimile machine records electronic confirmation of the due transmission of the notice), at the following address or facsimile number, or at such other address or facsimile number as a party may designate to the other parties:

(a) if to RSL Savannah, to:

Ronald S. Lauder
767 Fifth Avenue, Suite 4200
New York, New York, 10153
Facsimile: (212) 572-4093

with a copy to (which shall not constitute notice):

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Facsimile: (212) 751-4864
Attention: Raymond Y. Lin
Taurie M. Zeitzer

(b) if to TW, to:

Time Warner Media Holdings B.V.
c/o Time Warner Inc.
One Time Warner Center
New York, NY 10019
Facsimile: 212-484-7167
Attention: General Counsel
Facsimile: 212-484-7299

Attention: Senior Vice President – Mergers and Acquisitions

with a copy to (which shall not constitute notice):

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
Facsimile: (212) 728-8111
Attention: William H. Gump
Gregory B. Astrachan

(c) if to the Company, to:

Central European Media Enterprises Ltd.
c/o CME Development Corporation
52 Charles Street
London W1J 5EU
United Kingdom
Facsimile: +44 871 911 6275
Attention: General Counsel

with a copy to (which shall not constitute notice):

Dewey & LeBoeuf LLP
1301 Avenue of the Americas
New York, New York 10019
Attention: John J. Altorelli
Jeffrey A. Potash
Facsimile: (212) 259-6333

10.3 Successors and Assigns. This Deed shall inure to the benefit of the parties, and shall be binding upon the parties and their respective successors, permitted assigns, heirs and legal representatives.

10.4 Third Party Beneficiaries. The parties hereto agree that nothing herein expressed or implied is intended to confer upon or give any rights or remedies to any other person under or by reason of this Deed.

10.5 Descriptive Headings. The headings of the articles, sections and subsections of this Deed are inserted for convenience of reference only and shall not be deemed to constitute a part hereof or affect the interpretation hereof.

10.6 Applicable Law. THIS DEED SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS AND RELATIONSHIP HEREUNDER OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF BERMUDA WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAWS.

10.7 Counterparts. This Deed may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. This Deed, once executed by a party, may be delivered to the other parties hereto by facsimile or electronic transmission of a copy of this Deed bearing the signature of the party so delivering this Deed.

10.8 Entire Agreement. This Deed, together with the Investor Rights Agreement, the Subscription Agreement, the Registration Rights Agreement, that certain letter agreement by and between Ronald S. Lauder and TWMH dated as of March 22, 2009, and that certain letter agreement by and between the Company and TWMH, dated as of the date hereof, contain the entire agreement of the parties with respect to the subject matter hereof and supersede all other prior agreements, understandings, statements, representations and warranties, oral or written, express or implied, between the parties and their respective affiliates, representatives and agents in respect of such subject matter.

10.9 SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS DEED SHALL BE BROUGHT EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK LOCATED IN NEW YORK COUNTY, NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK (EACH, A "NEW YORK COURT"), AND, BY EXECUTION AND DELIVERY OF THIS DEED, EACH PARTY HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND APPELLATE COURTS FROM ANY THEREOF. EACH PARTY HERETO HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF TO SUCH PARTY BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO SUCH PARTY AT ITS ADDRESS SPECIFIED IN SECTION 10.2. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE TRIAL BY JURY, AND EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

10.10 Severability. Every term and provision of this Deed is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision will be enforced to the maximum extent permitted by Law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this Deed. For the avoidance of doubt, in the event that an appointment in the capacity as a proxy or a corporate representative, as the case may be, is deemed unlawful or invalid, the parties hereto agree that the appointment shall be deemed to be in the capacity that was not deemed unlawful or invalid, and any and all actions previously taken, or taken thereafter, shall be deemed to have been taken, and will be taken, in such other capacity.

10.11 Further Assurances. In connection with this Deed and the transactions contemplated hereby, each party shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary, helpful or appropriate to effectuate and perform the provisions of this Deed and such transactions.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Deed to be executed and delivered by their respective officers hereunto duly authorized as of the date first above written.

RSL SAVANNAH LLC

By: /s/ Ronald Lauder

Name: Ronald S. Lauder

Title: Sole Member

/s/ Ronald Lauder

Ronald S. Lauder (for purposes of Section 5.4 only)

Signature Page to Irrevocable Voting Deed and Corporate Representative Appointment

TIME WARNER MEDIA HOLDINGS B.V.

By: /s/ Stephen Kapner

Name: Stephen N. Kapner

Title: Director

Signature Page to Irrevocable Voting Deed and Corporate Representative Appointment

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

By: /s/ Wallace Macmillan

Name: Wallace Macmillan

Title: Chief Financial Officer

Signature Page to Irrevocable Voting Deed and Corporate Representative Appointment

EXHIBIT A

This JOINDER AGREEMENT (this "**Joinder**") to that certain Irrevocable Voting Deed and Corporate Representative Appointment, dated as of May 18, 2009 (the "**Deed**"), by and among (1) RSL Savannah LLC, a Delaware limited liability company ("**RSL Savannah**") (RSL Savannah together with all RSL Permitted Transferees (including Ronald S. Lauder ("**RSL**")) and their respective successors, permitted assigns, heirs and legal representatives are herein referred to as the "**RSL Investors**"), (2) Time Warner Media Holdings B.V., a *besloten vennootschap met beperkte aansprakelijkheid* organized under the laws of the Netherlands ("**TW**") (TW together with all TW Permitted Transferees and their respective successors, permitted assigns, heirs and legal representatives are herein referred to as the "**TW Investors**") and (3) Central European Media Enterprises Ltd., a Bermuda company (the "**Company**"), and any parties to the Deed who agree to be bound by the terms of the Deed, is made and entered into as of [•] by [•] ("**Holder**"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Deed.

WHEREAS, Holder has acquired certain Subject Shares, and as a condition to acquiring such Subject Shares, the Deed requires Holder, as a holder of Subject Shares, to become a party to the Deed, and Holder agrees to do so in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements set forth herein and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Holder, intending to be legally bound, hereby agrees as follows:

Agreement to be Bound. Holder hereby agrees that upon execution of this Joinder, Holder shall become a party to the Deed and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Deed applicable to a holder of Subject Shares, as if Holder had signed the Deed and been an original party thereto.

Representations and Warranties. Holder hereby represents and warrants as follows: (i) Holder has all requisite power and authority to enter into this Joinder and to carry out his, her or its obligations hereunder; (ii) this Joinder has been duly executed by Holder, and constitutes a valid and binding obligation enforceable against Holder in accordance with its terms; and (iii) Holder has received a copy of the Deed and any and all other information and materials that Holder deems reasonably necessary or appropriate to enable Holder to make an informed decision concerning the transactions contemplated by the Deed.

Applicable Law. THIS JOINDER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF BERMUDA WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAWS.

IN WITNESS WHEREOF, Holder has caused this Joinder to be executed and delivered by its officer hereunto duly authorized as of the date first above written.

Holder

By: _____
Name:
Title:

DATED

June 19, 2009

CME Media Services Limited

- and -

Dave Sturgeon

CONTRACT OF EMPLOYMENT

CONTRACT OF EMPLOYMENT AND STATEMENT OF PARTICULARS PURSUANT TO SECTION 1 OF THE EMPLOYMENT RIGHTS ACT 1996 (the "Contract")

Name and Address of Employer: CME Media Services Limited, 5 Fleet Place, London EC4M 7RD, United Kingdom (the "**Company**")
Name and Address of Employee: Dave Sturgeon [address redacted]
Date this Contract takes effect: July 1, 2009

1 COMMENCEMENT OF AND CONDITIONS TO EMPLOYMENT

- 1.1 Your employment with the Company shall commence on July 1, 2009 or such other date as agreed between you and the Chief Financial Officer of the CME group (the "**Commencement Date**").
- 1.2 You represent and warrant that you are not bound by or subject to any contract, court order, agreement, arrangement or undertaking which in any way restricts or prohibits you from entering into this Contract or performing your duties under it.

2 JOB TITLE AND DUTIES

- 2.1 Your job title is Finance Director of CME Media Services Limited and Deputy Chief Financial Officer of the CME group reporting to the Chief Financial Officer of the CME group.
- 2.2 Your main duties are:
 - 2.2.1 management of all aspects of the Company's financial activities;
 - 2.2.2 management and oversight of the group finance and tax functions of the CME group, including but not limited to directing activities in the areas of financial reporting, accounting, tax, financial systems and process for the CME group;
 - 2.2.3 acting as statutory director of such entities of the CME group as may be determined from time to time;
 - 2.2.4 undertaking tasks or duties delegated by the Chief Financial Officer of the CME group from time to time;
 - 2.2.5 undertaking such additional tasks in respect of the business of the Company as the President and Chief Operating Officer or the Chief Financial Officer of the CME group directs from time to time; and
 - 2.2.6 travelling to such countries as directed by the President and Chief Operating Officer or the Chief Financial Officer of the CME group to undertake tasks specified by him. In addition to your main duties you will be required to carry out such other duties consistent with your position as the Company may from time to time reasonably require.
- 2.3 You shall use your best endeavours to promote and protect the interests of the Company and shall not do anything that is harmful to those interests.

- 2.4 You shall devote the whole of your working time (unless prevented by ill-health or accident or otherwise directed by the Company) to the duties of this Contract and you shall not be directly or indirectly interested or concerned in any manner in any other business (other than holding as a bona-fide personal investment equity in any company whose shares are listed on any recognised exchange or is otherwise not a Restricted Business as defined in clause 19.1) except with the Company's prior written consent. If such consent is given, you must provide the Company with the number of hours worked for any other employer each month.

3 PLACE OF WORK

- 3.1 You will be based in the Company's London office or at such other place as the Company may from time to time reasonably require. If you are required by the Company to work outside the United Kingdom for a period of more than one month, the Company will confirm in writing any terms relating to such period.
- 3.2 The duties of this appointment shall relate primarily the countries in which the CME group holds interests in television stations. You may also be required to travel to other destinations from time to time as reasonably required by the Company for the proper performance of your duties.

4 REMUNERATION

- 4.1 From the Commencement Date, your basic salary is 250,000 pounds (£) per year, payable monthly in arrears by credit transfer into your bank account after all necessary deductions for relevant taxes and social security payments. Your salary will be reviewed on an annual basis. The first review will take place on or about the first anniversary of your Commencement Date. Any increase is entirely at the Company's discretion.
- 4.2 You shall be entitled to participate in such annual discretionary bonus scheme as may be in place from time to time and on such terms as may be determined by the Company. The amount, if any, of such a bonus shall be determined by the President and Chief Operating Officer of the CME group, pursuant to the rules of any such discretionary bonus scheme. Any bonus awarded will be based on a figure representing 50% of your gross annual salary.

5 OTHER BENEFITS

- 5.1 You are entitled to membership of such insurance schemes (each referred to below as an "insurance scheme") provided by the Company from time to time, including:
- 5.1.1 a medical and dental expenses insurance scheme providing such cover for you and your spouse/partner and any children under the age of eighteen (18) as the Company may from time to time notify to you;
- 5.1.2 a salary continuance on long-term disability insurance scheme providing such cover for you as the Company may from time to time notify to you; and
- 5.1.3 a life insurance scheme providing such cover for you as the Company may from time to time notify to you.

- 5.2 Benefits shall be subject to the terms of any applicable insurance policy and are conditional upon your complying with and satisfying any applicable requirements of the insurers or other benefits provider. Copies of these rules and policies and particulars of the requirements shall be provided to you on request. The Company shall not have any liability to pay any benefit to you under any insurance scheme unless it receives payment of the benefit from the insurer under the scheme.
- 5.3 Any insurance scheme which is provided for you is also subject to the Company's right to alter the cover provided or any term of the scheme or to cease to provide (without replacement) the scheme at any time if in the reasonable opinion of the Company your state of health is or becomes such that the Company is unable to insure the benefits under the scheme at the normal premiums applicable.
- 5.4 The provision of any insurance scheme or any benefits hereunder does not in any way prevent the Company from lawfully terminating this Contract in accordance with the provisions in clause 10 even if to do so would deprive you of membership of or cover under any such scheme or benefit.

6 EXPENSES

The Company shall reimburse you for all reasonable expenses incurred by you in the proper performance of your duties under this Contract on production of appropriate receipts in accordance with the CME group's Employee Handbook, as amended from time to time (the "**Company's Employee Handbook**").

7 HOURS OF WORK

Your normal working hours are 40 hours per week/from 9:00am to 6:00pm Monday to Friday together with such additional hours as may be necessary for the proper performance of your duties. This may include working in the evenings, outside normal office hours, at weekends or on public holidays.

8 HOLIDAYS

- 8.1 You are entitled to 30 days' holiday per annum (in addition to public holidays) and such other days as may be provided in the Company's Employee Handbook, as such number may be modified by an election to purchase or sell days of holiday under the Company's Flexible Benefits Plan.
- 8.2 Your entitlement to holiday accrues pro rata on an annual basis as calculated from 1 April until 31 March (inclusive) each year (the "**Holiday Year**").
- 8.3 On termination, you will be paid only for accrued vacation in the relevant Holiday Year and not for vacation carried over from the previous year.
- 8.4 If your employment is terminated without notice, you will not be entitled to holiday pay for holiday that would have accrued during the notice period, had you continued to be employed throughout that time.
- 8.5 The Company may also refuse to allow you to take holiday in circumstances where it would be inconvenient to the business of the Company.

9 SICKNESS

- 9.1 You will be entitled to sick pay in accordance with the Company's sick leave policy set out in the Company's Employee Handbook.
- 9.2 The Company may from time to time in its reasonable discretion and at its expense require you to be examined by a medical advisor nominated by the Company and you agree to provide such formal consents as may be reasonably necessary for the results of such examinations to be disclosed to the Company. Such information obtained from you shall be held in accordance with the data protection provision as set out in clause 16 of this Contract.

10 TERMINATION

- 10.1 The Company may terminate this Contract on giving you twelve months' notice in writing to expire at any time. You are required to give the Company six months' notice.
- 10.2 The Company may at any time and in its absolute discretion (whether or not any notice of termination has been given under clause 10.1 above) terminate this Contract with immediate effect and make a payment in lieu of notice. This payment will be comprised solely of your basic salary (at the rate payable when this option is exercised) in respect of the portion of the notice period remaining at the time the Company exercises this option and shall be subject to deductions for income tax and social security as appropriate. You will not, under any circumstances, have any right to payment in lieu unless the Company has exercised its option to pay in lieu of notice.
- 10.3 At the election of the Company, the payment in lieu of notice will be made at the times the Company would have made payments to you had notice not been given or on expiry of the remainder of the period of notice.
- 10.4 Your employment may be terminated by the Company without notice or payment in lieu of notice by reason of your gross misconduct. Examples of gross misconduct are set out in the Company's Employee Handbook.
- 10.5 Upon the termination by whatever means of this Contract you shall immediately return to the Company all documents, computer media and hardware, credit cards, mobile phones and communication devices, keys and all other property belonging to or relating to the business of the Company which is in your possession or under your power or control and you must not retain copies of any of the above.

11 SUSPENSION

- 11.1 The Company may suspend you from your duties on full pay to allow the Company to investigate any bona-fide complaint made against you in relation to your employment with the Company.
- 11.2 Provided you continue to enjoy your full contractual benefits and receive your pay in accordance with this Contract, the Company may in its absolute discretion do all or any of the following during the notice period or any part of the notice period, after you or the Company have given notice of termination to the other, without breaching this Contract or incurring any liability or giving rise to any claim against it:

- 11.2.1 exclude you from the premises of the Company;
 - 11.2.2 require you to carry out only specified duties (consistent with your status, role and experience) or to carry out no duties;
 - 11.2.3 announce to any of its employees, suppliers, customers and business partners that you have been given notice of termination or have resigned (as the case may be);
 - 11.2.4 prohibit you from communicating in any way with any or all of the suppliers, customers, business partners, employees, agents or representatives of the Company until your employment has terminated except to the extent that you are authorised by the General Counsel of CME in writing; and
 - 11.2.5 require you to comply with any other reasonable conditions imposed by the Company.
- 11.3 You will continue to be bound by all obligations owed to the Company under this Contract until termination of this Contract in accordance with clause 10 or such later date as provided herein.

12 CONFIDENTIAL INFORMATION

- 12.1 You agree during and after the termination of your employment not to use or disclose to any person (and shall use your best endeavours to prevent the use, publication or disclosure of) any confidential information:
- 12.1.1 concerning the business of the Company and which comes to your knowledge during the course of or in connection with your employment or your holding office with the Company; or
 - 12.1.2 concerning the business of any client or person having dealings with the Company and which is obtained directly or indirectly in circumstances where the Company is subject to a duty of confidentiality.
- 12.2 For the purposes of clause 12.1.1 above, information of a confidential or secret nature includes but is not limited to information disclosed to you or known, learned, created or observed by you as a consequence of or through your employment with the Company, not generally known in the relevant trade or industry about the Company's business activities, services and processes, including but not limited to information concerning advertising, sales promotion, publicity, sales data, research, programming and plans for programming, finances, accounting, methods, processes, business plans (including prospective or pending licence applications or investments in licence holders or applicants), client or supplier lists and records, potential client or supplier lists, and client or supplier billing.
- 12.3 This clause shall not apply to information which is:
- 12.3.1 used or disclosed in the proper performance of your duties or with the consent of the Company;

- 12.3.2 ordered to be disclosed by a court of competent jurisdiction or otherwise required to be disclosed by law or pursuant to the rules of any applicable stock exchange; or
- 12.3.3 or comes into the public domain (otherwise than due to a default by you).

13 INTELLECTUAL PROPERTY

- 13.1 You shall assign with full title your entire interest in any Intellectual Property Right (as defined below) to the Company to hold as absolute owner.
- 13.2 You shall communicate to the Company full particulars of any Intellectual Property Right in any work or thing created by you and you shall not use, license, assign, purport to license or assign or disclose to any person or exploit any Intellectual Property Right without the prior written consent of the Company.
- 13.3 In addition to and without derogation of the covenants imposed by the Law of Property (Miscellaneous Provisions) Act 1994, you shall prepare and execute such instruments and do such other acts and things as may be necessary or desirable (at the request and expense of the Company) to enable the Company (or its nominee) to obtain protection of any Intellectual Property Right vested in the Company in such parts of the world as may be specified by the Company (or its nominee) and to enable the Company to exploit any Intellectual Property Right vested in it to its best advantage.
- 13.4 You hereby irrevocably appoint the Company to be your attorney in your name and on your behalf to sign, execute or do any instrument or thing and generally to use your name for the purpose of giving to the Company (or its nominee) the full benefit of the provisions of this clause and a certificate in writing signed by any director or the secretary of the Company that any instrument or act relating to such Intellectual Property Right falls within the authority conferred by this clause shall be conclusive evidence that such is the case in favour of any third party.
- 13.5 You hereby waive all of your moral rights (as defined in the Copyright, Designs and Patents Act 1988) in respect of any act by the Company and any act of a third party done with the Company's authority in relation to any Intellectual Property Right which is or becomes the property of the Company.
- 13.6 **"Intellectual Property Right"** means a copyright, know-how, trade secret and any other intellectual property right of any nature whatsoever throughout the world (whether registered or unregistered and including all applications and rights to apply for the same) which:
- 13.6.1 relates to the business or any product or service of the Company; and
- 13.6.2 is invented, developed, created or acquired by you (whether alone or jointly with any other person) during the period of your employment with the Company;
- and for these purposes and for the purposes of the other provisions of this clause 13, references to the Company shall be deemed to include references to any Associated Company (as defined in clause 19.6 below).

14 DISCIPLINARY AND GRIEVANCE PROCEDURES

The Company's disciplinary and grievance procedure is set out in the Company's Employee Handbook. It does not form part of your contract of employment and may be applied at the Company's sole discretion.

15 COLLECTIVE AGREEMENTS/WORKFORCE AGREEMENTS

There are no collective agreements or workforce agreements applicable to you or which affect your terms of employment.

16 DATA PROTECTION

16.1 You acknowledge that the Company will hold personal data relating to you. Such data will include your employment application, address, references, bank details, performance appraisals, work, holiday and sickness records, next of kin, salary reviews, remuneration details and other records (which may, where necessary, include sensitive data relating to your health and data held for equal opportunities purposes). The Company will hold such personal data for personnel administration and management purposes and to comply with its obligations regarding the retention of your records. Your right of access to such data is as prescribed by law.

16.2 By signing this Contract, you agree that the Company may process personal data relating to you for personnel administration and management purposes and may, when necessary for those purposes, make such data available to its advisors, to third parties providing products and/or services to the Company and as required by law.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Unless the right of enforcement is expressly granted, it is not intended that a third party should have the right to enforce the provisions of this Contract pursuant to the Contracts (Rights of Third Parties) Act 1999.

18 MONITORING OF COMPUTER SYSTEMS

18.1 The Company will monitor messages sent and received via the email and voicemail system to ensure that employees are complying with the Company's Information Technology policy (as detailed in the Company's Employee Handbook).

18.2 The Company reserves the right to retrieve the contents of messages for the purpose of monitoring whether the use of the email system is in accordance with the Company's best practice, whether use of the computer system is legitimate, to find lost messages or to retrieve messages lost due to computer failure, to assist in the investigations of wrongful acts or to comply with any legal obligation.

18.3 You should be aware that no email or voicemail sent or received through the Company's system is private. The Company reserves and intends to exercise its right to review, audit, intercept, access and disclose on a random basis all messages created from it or sent over its computer system for any purpose. The contents of email or voicemail so obtained by the Company in the proper exercise of these powers may be disclosed without your permission. You should be aware that the emails or voicemails or any document created on the Company's computer system, however confidential or damaging, may have to be disclosed in court or other proceedings. An email which has been trashed or deleted can still be retrieved.

18.4 The Company further reserves and intends to exercise its right to monitor all use of the internet through its information technology systems, to the extent authorised by law. By your signature to this Contract, you consent to any such monitoring.

19 POST-EMPLOYMENT RESTRICTIONS

19.1 You agree for a period of six months after the termination of your employment that you shall not either on your own account or on behalf of any other person, firm or company directly or indirectly, carry on or be engaged, concerned or interested in any business which is competitive with the business of securing television licences, operating television stations and/or programming services in which Central European Media Enterprises Ltd. and/or any Associated Company (as defined below) is engaged and with which you were actively involved at any time in the twelve months preceding the termination of your employment (the "**Restricted Business**") within the territories of operation of Central European Media Enterprises Ltd. and/or any Associated Company.

19.2 You agree, in connection with the carrying on of the Restricted Business that for a period of six months after the termination of your employment, you shall not, either on your own account or on behalf of any other person, firm or company, directly or indirectly, seek to do business and/or do business with any person, firm or company who at any time during the twelve months preceding the termination of your employment had material dealings with the Company or any Associated Company in the ordinary course of business.

19.3 You agree for a period of six months following the termination of your employment, that you shall not solicit or employ or cause to be employed, whether directly or indirectly, any employee of the Company who has substantial knowledge of confidential aspects of the business of the Company, and with whom at any time during the period of twelve months prior to such termination you had material dealings.

19.4 Each of the restrictions in this clause shall be enforceable independently of each other and its validity shall not be affected if any of the others is invalid. If any of the restrictions is void but would be valid if some part of the restriction were deleted, the restriction in question shall apply with such modification as may be necessary to make it valid.

19.5 The restrictions set forth in this clause 19 shall not apply if the Company is in breach of this Contract.

19.6 For the purposes of this Contract, "**Associated Company**" shall mean a subsidiary (as defined by the Companies Act 1985 as amended) and any other company which is for the time being a holding company (as defined by the Companies Act 1985 as amended) of the Company or another subsidiary of such holding company.

20 INDEMNITY

20.1 The Company will indemnify you and pay on your behalf all Expenses (as defined below) incurred by you in any Proceeding (as defined below), whether the Proceeding which gave rise to the right of indemnification pursuant to this Contract occurred prior to or after the date of this Contract provided that you shall promptly notify the Company of such Proceeding and the Company shall be entitled to participate in such Proceeding and, to the extent that it wishes, jointly with you, assume the defence thereof with counsel of its choice. This indemnification shall not apply if it is determined by a court of competent jurisdiction in a Proceeding that any losses, claims, damages or liabilities arose primarily out of your gross negligence, wilful misconduct or bad faith.

- 20.2 The term "**Proceeding**" shall include any threatened, pending or completed action, suit or proceeding, or any inquiry or investigation, whether brought in the name of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, including, but not limited to, actions, suits or proceedings brought under or predicated upon any securities laws, in which you may be or may have been involved as a party or otherwise, and any threatened, pending or completed action, suit or proceeding or any inquiry or investigation that you in good faith believe might lead to the institution of any such action, suit or proceeding or any such inquiry or investigation, by reason of the fact that you are or were serving at the request of the Company as a director, officer or manager of any other Associated Company, whether or not you are serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement can be provided under this Contract.
- 20.3 The term "**Expenses**" shall include, without limitation thereto, expenses (including, without limitation, attorneys fees and expenses) of investigations, judicial or administrative proceedings or appeals, damages, judgments, fines, penalties or amounts paid in settlement by or on behalf of you and any expenses of establishing a right to indemnification under this Contract.
- 20.4 The Expenses incurred by you in any Proceeding shall be paid by the Company as incurred and in advance of the final disposition of the Proceeding at your written request. You hereby agree and undertake to repay such amounts if it shall ultimately be decided in a Proceeding that you are not entitled to be indemnified by the Company pursuant to this Contract or otherwise.
- 20.5 The indemnification and advancement of Expenses provided by this Contract shall not be deemed exclusive of any other rights to which you may be entitled under the Company's Certificate of Incorporation or the constituent documents of any other Associated Company for which you are serving as a director, officer or manager at the request of the Company, the laws under which the Company was formed, or otherwise, and may be exercised in any order you elect and prior to, concurrently with or following the exercise of any other such rights to which you may be entitled, including pursuant to directors and officers insurance maintained by the Company, both as to action in official capacity and as to action in another capacity while holding such office, and the exercise of such rights shall not be deemed a waiver of any of the provisions of this Contract. To the extent that a change in law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded under this Contract, it is the intent of the parties hereto that you shall enjoy by this Contract the greater benefit so afforded by such change. The provisions of this clause shall survive the expiration or termination, for any reason, of this Contract and shall be separately enforceable.

21 GENERAL

- 21.1 You hereby authorize the Company to deduct from any salary payable to you any sums owing by you to the Company.

- 21.2 As from the effective date of this Contract, all other agreements or arrangements between you and the Company shall cease to have effect.
- 21.3 This Contract shall be governed by and construed in accordance with English law.
- 21.4 The terms set out in this Contract should be read in conjunction with the various rules and procedures set out in the Company's Employee Handbook. The Company's Employee Handbook does not form part of this Contract. For the avoidance of doubt, in the event that there is any conflict between the terms of this Contract and the Company's Employee Handbook, this Contract shall prevail.

The Company and Dave Sturgeon agree to the terms set out above.

Signed as a Deed by CME Media Services Limited acting by:

Daniel Penn, Director

/s/ Daniel Penn

Mark Wyllie, Attorney

/s/ Mark Wyllie

Signed as a Deed by Dave Sturgeon

/s/ Dave Sturgeon

in the presence of:

Witness signature:

/s/ Wallace Macmillan

Name:

Wallace Macmillan

Address:

Occupation:

Chief Financial Officer

Subsidiaries, Equity Accounted Affiliates and Cost Investments as at February 24, 2010

Company Name	Effective Voting Interest	Jurisdiction of Organization	Type of Affiliate (1)
Top Tone Media S.A.	80.00%	Luxembourg	Subsidiary
Zopal S.A.	80.00%	Luxembourg	Subsidiary
PRO BG MEDIA EOOD	80.00%	Bulgaria	Subsidiary
LG Consult EOOD	80.00%	Bulgaria	Subsidiary
Top Tone Media Bulgaria EOOD	80.00%	Bulgaria	Subsidiary
Ring TV EAD	80.00%	Bulgaria	Subsidiary
Nova TV d.d.	100.00%	Croatia	Subsidiary
Operativna Kompanija d.o.o.	100.00%	Croatia	Subsidiary
Media House d.o.o.	100.00%	Croatia	Subsidiary
Internet Dnevnik d.o.o.	100.00%	Croatia	Subsidiary
CET 21 spol. s r.o.	100.00%	Czech Republic	Subsidiary
Jyxo, s.r.o.	100.00%	Czech Republic	Subsidiary
BLOG Internet, s.r.o.	100.00%	Czech Republic	Subsidiary
Mediafax s.r.o.	100.00%	Czech Republic	Subsidiary
Media Pro International S.A.	95.00%	Romania	Subsidiary
Media Vision S.R.L.	95.00%	Romania	Subsidiary
Pro TV S.A.	95.05%	Romania	Subsidiary
Sport Radio TV Media S.R.L.	95.04%	Romania	Subsidiary
Music Television System S.R.L.	95.05%	Romania	Subsidiary
Campus Radio S.R.L.	19.01%	Romania	Equity-Accounted Affiliate
CME Slovak Holdings B.V.	100.00%	Netherlands	Subsidiary
A.R.J., a.s.	100.00%	Slovak Republic	Subsidiary
MARKÍZA-SLOVAKIA, spol. s r.o.	100.00%	Slovak Republic	Subsidiary
GAMATEX, spol. s r.o.	100.00%	Slovak Republic	Subsidiary (in liquidation)
A.D.A.M., a.s.	100.00%	Slovak Republic	Subsidiary (in liquidation)
MEDIA INVEST, spol. s r.o.	100.00%	Slovak Republic	Subsidiary

EMAIL.SK s.r.o.	80.00%	Slovak Republic	Subsidiary
PMT, s.r.o.	31.50%	Slovak Republic	Cost Investment
MMTV 1 d.o.o.	100.00%	Slovenia	Subsidiary
Produkcija Plus d.o.o.	100.00%	Slovenia	Subsidiary
POP TV d.o.o.	100.00%	Slovenia	Subsidiary
Kanal A d.o.o.	100.00%	Slovenia	Subsidiary
Euro 3 TV d.o.o.	42.00%	Slovenia	Equity-Accounted Affiliate
TELEVIDEO d.o.o. (trading as TV Pika)	100.00%	Slovenia	Subsidiary
CME Cyprus Holding II Ltd.	100.00%	Cyprus	Subsidiary
TV Media Planet Ltd.	100.00%	Cyprus	Subsidiary
CME Cyprus Holding Ltd.	100.00%	Cyprus	Subsidiary
International Media Services Ltd.	100.00%	Bermuda	Subsidiary
CME Ukraine Holding II B.V.	100.00%	Netherlands	Subsidiary
Grizard Investments Limited	100.00%	Cyprus	Subsidiary
Grintwood Investments Limited	100.00%	Cyprus	Subsidiary
Innova Film GmbH	100.00%	Germany	Subsidiary
1+1 Production	100.00%	Ukraine	Subsidiary
Studio 1+1 LLC	100.00%	Ukraine	Subsidiary
Ukrainian Media Services LLC	100.00%	Ukraine	Subsidiary
Ukrpromptorg-2003 LLC	100.00%	Ukraine	Subsidiary
Gravis-Kino LLC	100.00%	Ukraine	Subsidiary
TV Stimul LLC	100.00%	Ukraine	Subsidiary
TOR LLC	100.00%	Ukraine	Subsidiary
ZHYSA LLC	100.00%	Ukraine	Subsidiary
Glavred-Media LLC	10.00%	Ukraine	Cost Investment
CME Media Pro B.V.	100.00%	Netherlands	Subsidiary
Media Pro Pictures s.r.o.	100.00%	Czech Republic	Subsidiary
Změna, s.r.o.	51.00%	Czech Republic	Subsidiary
Taková normální rodinka, s.r.o.	51.00%	Czech Republic	Subsidiary
Media Pro Pictures S.A.	100.00%	Romania	Subsidiary
Media Pro Distribution S.R.L.	100.00%	Romania	Subsidiary
Media Pro Music and Entertainment S.R.L.	100.00%	Romania	Subsidiary
Pro Video S.R.L.	100.00%	Romania	Subsidiary
Hollywood Multiplex Operation S.R.L.	100.00%	Romania	Subsidiary

Domino Production S.R.L.	51.00%	Romania	Subsidiary
Studiourile Media Pro S.A.	92.20%	Romania	Subsidiary
Promance International S.R.L.	100.00%	Romania	Subsidiary
Pro Video Film and Distribution Kft	100.00%	Hungary	Subsidiary
Central European Media Enterprises N.V.	100.00%	Netherlands Antilles	Subsidiary
Central European Media Enterprises II B.V.	100.00%	Netherlands Antilles	Subsidiary
CME Media Enterprises B.V.	100.00%	Netherlands	Subsidiary
CME Investments B.V.	100.00%	Netherlands	Subsidiary
CME Programming B.V.	100.00%	Netherlands	Subsidiary
CME Ukraine Holding B.V.	100.00%	Netherlands	Subsidiary
CME Development Financing B.V.	100.00%	Netherlands	Subsidiary
CME Ukraine Holding GmbH	100.00%	Austria	Subsidiary
CME Development Corporation	100.00%	Delaware (USA)	Subsidiary
CME Media Services Limited	100.00%	United Kingdom	Subsidiary
CME Services s.r.o.	100.00%	Czech Republic	Subsidiary
CME SR d.o.o.	100.00%	Serbia	Subsidiary

(1) All subsidiaries have been consolidated in our Financial Statements. All equity-accounted affiliates have been accounted for using the equity method. All cost investments have been accounted for using the cost method.

Exhibit 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-157692 on Form S-3 and Registration Statement Nos. 333-60295, 333-110959, 333-130405 and 333-160444 on Form S-8 of our reports dated February 24, 2010, relating to the financial statements and financial statement schedule of Central European Media Enterprises Ltd. (which report expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of Statement of Financial Accounting Standards No. 160, *Non-Controlling Interests in Consolidated Financial Statements – an amendment of ARB 51* (included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810, *Consolidation*) and the adoption of FASB Staff Position APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)* (included in FASB ASC Topic 470, *Debt*)) and the effectiveness of Central European Media Enterprises Ltd.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Central European Media Enterprises Ltd. for the year ended December 31, 2009.

DELOITTE LLP
London, United Kingdom
February 24, 2010

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Adrian Sarbu, certify that:

1. I have reviewed this annual report on Form 10-K of Central European Media Enterprises Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Adrian Sarbu

Adrian Sarbu

President and Chief Executive Officer

February 24, 2010

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Charles Frank, certify that:

1. I have reviewed this annual report on Form 10-K of Central European Media Enterprises Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles Frank

Charles Frank

Chief Financial Officer

February 24, 2010

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Central European Media Enterprises Ltd (the "Company") on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Adrian Sarbu, President and Chief Executive Officer of the Company, and Charles Frank, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1 the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods explained in the report.

/s/ Adrian Sarbu

/s/ Charles Frank

Adrian Sarbu

Charles Frank

President and Chief Executive Officer

Chief Financial Officer

(Principal Executive Officer)

(Principal Financial Officer)

February 24, 2010

February 24, 2010
