

CTC MEDIA, INC.

Internal Audit Charter

(As approved by the Audit Committee on behalf of the Board of Directors of CTC Media, Inc. on 21 October 2009, and endorsed by the management of CTC Media, Inc.)

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1. Objective and Mission

The Internal Audit Department (hereinafter referred to as the “Department”) is a separate structural entity in CTC Media, Inc., established within the CTC Media Group and its subsidiaries (collectively referred to as the “Company”) to independently examine and evaluate the activities of the Company as a service to the Board of Directors in particular and to the management in general.

The mission of the Department is to provide independent, objective assurance and consulting services designed to add value and improve the Company’s operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Department is to determine whether the organization’s network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

1. Risks are appropriately identified and managed;
2. Interaction with the various governance groups occurs as needed;
3. Significant financial, managerial, and operating information is accurate, reliable, and timely;
4. Employees’ actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
5. Resources are acquired economically, used efficiently, and adequately protected;
6. Programs, plans, and objectives are achieved;
7. Quality and continuous improvement are fostered in the organization’s control process;
8. Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

To this end, the Department will furnish the Board of Directors and Senior Management with analyses, appraisals and recommendations concerning the activities reviewed. Opportunities for improving management control, profitability, and the organization’s image may be identified during audits. They will be communicated to the appropriate level of management.



In its activity, the Department follows the effective legislation of the United States and the Russian Federation, provisions herein, and internal regulating documents issued by the Company and the Department, including the present IA Charter and Regulation on organization of the internal audit process an interaction throughout its execution. The Department follows the Professional Standard of Internal Audit and Ethics Code set forth by the Institute of Internal Auditors. In its operation, the Department also considers provisions of legislation of other jurisdictions, applicable to the Company wherever it does business.

2. Accountability

The Director of the Internal Audit, in the discharge of his/her duties, shall be accountable to the Audit Committee to:

1. Provide, in accordance with the IA audit plan, an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the Objective and Mission;
2. Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution;
3. Periodically provide information on the status and results of the annual audit plan and the sufficiency of activity resources;
4. Coordinate with Organizational development, SOX department, Security and other control and monitoring functions (risk management, compliance, legal, ethics, environmental, external audit).

3. Reporting

The Department, headed by the Director of Internal Audit, functionally reports to the Audit Committee of the Board of Directors and for administrative purposes will report to the CFO of the Company. Decisions on hiring, discharge, performance appraisal, compensation and benefits and bonus payment for the Director of Internal Audit will be taken solely by the Audit Committee. The CFO will provide recommendations on the above at the request of the Audit Committee.

The Department will provide assurance services to the Audit Committee and the management of the Company regarding the adequacy and the efficiency of the operational and financial systems of internal control.

The Department prepares reports on results of its reviews which are distributed to Senior and Operating Management of the Company. The Director of Internal Audit meets periodically with the Audit Committee to report on the results of audit reviews or any other matters relating to the Company's control environment.

4. Independence and objectivity

To provide for the independence of the internal auditing activity, its personnel report to the Director of the Internal Audit, who reports functionally to the Audit Committee and administratively to the CFO in a manner outlined in the above section on Reporting. It will include as part of its reports to the Audit Committee a regular report on internal audit personnel.

The Director of Internal Audit shall have no executive or managerial power and duties in the Company except those relating to the management of the Company's Internal Audit Department. The Department shall have an independent status within the Company and will not be involved in the day to day controls and internal review procedures that are the responsibility of the Company's Management. The Internal Audit function has no direct responsibility for or authority over the

activities being reviewed and its activities do not in any way relieve other persons in the organization of the responsibilities assigned to them.

The Department shall not be involved in the implementation of internal control systems but may be consulted on the adequacy of controls when they are first implemented.

5. Scope of Work

The scope of Internal Audit activity covers the processes within the entire Company. It includes but is not limited to:

1. Financial and managerial processes in the Company;
2. The adequacy, reliability and integrity of the information being provided for decision-making and accountability;
3. The degree of compliance with legislation (domestic and international) and contractual terms;
4. The degree of compliance with management plans, policies and procedures;
5. The procedures for the safeguarding of assets;
6. Arrangements for the economic and efficient use of resources and for avoiding waste;
7. The overall evaluation of effectiveness of the Company's internal control system.

6. Responsibility

The Department is entrusted with the responsibility of appraising the policies, procedures and management controls of the Company to ensure that the activities are properly managed and to promote effective controls at reasonable cost. In discharging the responsibility, the Department shall:

1. Develop an annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management and an Annual Budget in consultation with the CFO for their submission to the Audit Committee for review and approval, as well as periodic updates;
2. Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Audit Committee; within the boundaries of its authority (see section 7. Authority) and without jeopardizing its independence and objectivity (see section 4. Independence and objectivity);
3. Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications, necessary for quality and professional performance in the key areas of the audit plan, including as needed, any special projects or audits to meet the requirements of this the management and the Audit Committee;
4. In case of planning the audits in specialized subject areas, requiring for delivery of quality and professional work to invite external experts and lack of such expertise internally - the Department should inform the management and the Audit Committee about of the need to involve external resources and get approval;
5. Issue periodic reports to the Audit Committee and management summarizing results of audit activities;
6. Keep the Audit Committee informed of emerging trends and successful practices in internal auditing;
7. Provide a list of significant performance measurement goals and results to the Audit Committee;
8. Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the audit committee of the results;
9. Draw attention to any failure to implement agreed management actions; and
10. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.

7. Authority

Internal Audit derives its authority from the Board of Directors of CTC Media, Inc. through the Audit Committee.



The Department represented by its Director is authorized to:

1. Represent the interests of the Company and its subsidiaries with third parties when it relates to audit engagements and in accordance with the provisions of this Charter, (including but not limited to the confidentiality provisions);
2. Enter all premises of the companies within the Company and have access to and inspect all documents and records;
3. Require any officer or employee of the Company to supply such information and explanations as may be needed;
4. Have full and free access to Senior Management and the Audit Committee;
5. Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives;
6. Have discussions with line managers and employees of the Company at any reasonable time; and
7. Obtain other necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.

There are no operational areas or levels within the Company precluded from Internal Audit review. The Department is expected to be free from any interference in carrying out its responsibilities.

The Director and staff of Internal Audit are not authorized to:

1. Perform any operational duties for the organization or its affiliates;
2. Initiate or approve accounting transactions external to the internal auditing activity;
3. Direct the activities of any organization employee not employed by the internal auditing activity, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

8. Access to information

The Department has full, free and unrestricted access to all property, personnel, records, accounts files, and other documentation of the Company. Information accessed by the Department is to be used only for audit and risk assessment purposes.

9. Quality assurance

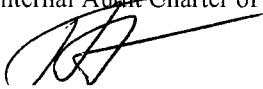
The Department shall be solely responsible for the quality of planning, implementation, reporting of audits, and conducting follow-up activities. The internal audit activity will meet or exceed the Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

For this purpose, subject to discussion with the management and approval by the Audit Committee, the Department shall:

1. Assess and recruit the necessary personnel;
2. Carry out all activities to conduct audits in an effective, professional and timely manner;
3. Develop professional training programs for employees;
4. The Internal Audit Department's work should be periodically subject to independent quality assessment at the rates, endorsed by the CFO and approved by the Audit Committee.

10. External relationships

Though the internal audit function shall have an independent status within the Company, the Department shall interact with other Departments or units. The Department shall:

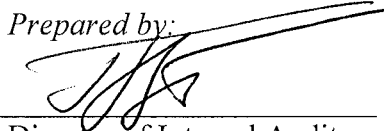
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1. Coordinate all review, evaluation and/or investigation activities within the Company;
2. Interface with external auditors to ensure that better results be obtained by both external auditors and the Company so as to inform the Audit Committee and Senior Management of the status of internal control systems in the Company.

11. Confidentiality

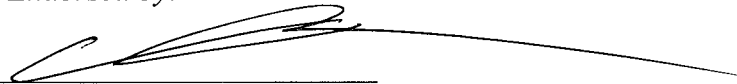
The Department has an obligation to ensure the confidentiality of all information and records accessed in the course of its work.

Prepared by:



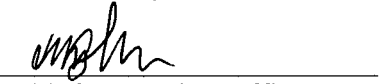
Director of Internal Audit Pavel Victorov

Endorsed by:



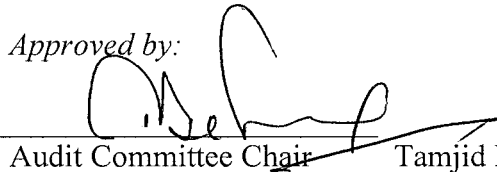
Chief Financial Officer Boris Podolsky

Endorsed by:



Chief Executive Officer Anton Kudryashov

Approved by:



Audit Committee Chair Tamjid Basunia

Date: 21 October 2009