

## **The Nomination Committee of Modern Times Group MTG AB's motivated opinion regarding proposal of the Board of Directors and auditors at the Annual General Meeting in 2011**

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### **Background**

In accordance with the decision reached at the 2010 Annual General Meeting, a Nomination Committee was convened by Cristina Stenbeck in October 2010 in preparation for the 2011 Annual General Meeting consisting of the largest shareholders in Modern Times Group MTG AB (“**MTG**”). The Nomination Committee consists of Cristina Stenbeck as representative of Investment AB Kinnevik, Hans Ek as representative of SEB Fonder, Peder Hasslev as a representative of AMF and Johan Ståhl as a representative of Lannebo Fonder. The four shareholder representatives in the Nomination Committee jointly represent more than 50 percent of the voting rights in the Company.

The Board member Cristina Stenbeck has been appointed Chairman of the Nomination Committee, which deviates from what the Swedish Code of Corporate Governance (the “**Code**”) prescribes.

The other members of the Nomination Committee have explained their decision regarding election of the Chairman of the Nomination Committee as being in the Company's and shareholders' best interest and a natural consequence of Cristina Stenbeck representing the Company's largest shareholder.

### **The Nomination Committee's proposal regarding the Board of Directors and auditors of MTG**

The Nomination Committee proposes the following:

- Eight members of the Board of Directors and no deputy members of the Board of Directors.
- Re-election of the following persons as members of the Board of Directors:

David Chance	Michael Lynton
Simon Duffy	David Marcus
Alexander Izosimov	Cristina Stenbeck
Mia Brunell Livfors	

- Election of Lorenzo Grabau as a new member of the Board of Directors.
- Re-election of David Chance as Chairman of the Board of Directors.
- At the Annual General Meeting 2007 the shareholders appointed accounting firm Ernst & Young AB, with Erik Åström as auditor-in-charge, until the end of the Annual General Meeting 2011 and at the Annual General Meeting 2010 the shareholders appointed accounting firm KPMG AB, with George Pettersson as auditor-in-charge, until the end of the Annual General Meeting 2014. The Nomination Committee now proposes that the Company shall have one (1) accounting firm as auditor. Pursuant to the Nomination Committees proposal that the Company shall have one (1) accounting firm as auditor the task of appointing an auditor is not scheduled to occur until 2014, and will therefore not occur at this 2011 Annual General Meeting.

## **Motivated opinion**

The Nomination Committee has held five (5) meetings either in person or by telephone, with additional contact between meetings. As the basis for its work, the Nomination Committee has had, among other documents, an evaluation of the Board and its work. To assess the degree to which the present Board fulfils the requirements to be placed on the Board, given the Company's situation and future direction, discussion focused on the Board's overall composition with respect to experience and expertise. The existing Board of Directors maintains a good balance of financial and operational expertise as well as shareholder representation. This Board of Directors provides a strong sense of continuity as well as industry knowledge that will benefit the Board's continued agenda for the business. However, the Nomination Committee believes that the nomination of Lorenzo Grabau further strengthens both the financial and media sector expertise on the Board. Until 2011, Lorenzo Grabau was Managing Director at Goldman Sachs in London. He has over twenty years of global investment banking experience, many of which were spent working within different areas of media.

Lorenzo Grabau's career spanned both the Investment Banking and the Investment Management Divisions of Goldman Sachs. He assumed his most recent role in 2009 as a Managing Director, responsible for building the firm's relationships with Europe's largest entrepreneurial families and their corporate interests. He joined Goldman Sachs in 1994 in the Investment Banking Division where he held several roles, including responsibility for building the European consumer, retail and luxury goods practice. He was named managing director in 1999, Co-Head of EMEA Media in 2001, Head of EMEA Financial Sponsors Group from 2005 to 2007 and Head of EMEA Media in 2008. Mr. Grabau is familiar with MTG and its strategy from working with management and the Board during the course of the last ten years.

No suggestions of Board members have been received by the Nomination Committee from persons other than the members of the Nomination Committee.

In view of the evaluation made, the Nomination Committee proposes the election of eight Board members.

The Nomination Committee is of the opinion that the proposed composition of the Board of Directors reflects both strong individual credentials and suitable qualifications and relevant experience within the key strategic areas for MTG. These areas include, but are not limited to, the following: operational management of quoted and unquoted companies across a range of industries closely tied to MTG's core activities, established track records working within the media sector, experience and knowledge from content production and distribution across various platforms such as broadcast, digital, and telecommunications. Finally, the Directors' geographic expertise working within markets including the key MTG regions of Scandinavia, Eastern Europe, Russia and Africa provide a sound basis for continuing to evaluate and grow MTG's market share within its core markets as well as add on to its geographic footprint where returns are attractive.

The proposal for the composition of MTG's Board of Directors meets the requirements of the Code for independent members of the Board of Directors. Seven of the members of the Board of Directors are

independent in relation to both the Company and Company management and six are independent in relation to the Company's major shareholders.

Detailed information about all persons proposed as members of the Board of Directors of MTG, including the Nomination Committee's assessment of each member's independence, may be found on the Company's website, [www.mtg.se](http://www.mtg.se).

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April 2011

The Nomination Committee of Modern Times Group MTG AB