

The Board of Directors' of Modern Times Group AB (publ) proposed decision on dividend of all the shares in CDON Group AB

The Board of Directors of Modern Times Group MTG AB (publ) (“**MTG**”) proposes that the Extraordinary General Meeting on 21 October 2010 resolves on a distribution in kind of all shares in the wholly-owned subsidiary CDON Group AB (“**CDON Group**”) on the following conditions. The Board of Directors proposes that shareholders for each share of class A and B respectively receives one share in CDON Group. MTG’s shares of class C are not entitled to dividend. The dividend will be equivalent to at the most SEK 4.89064 per share of class A and class B respectively and through the dividend the non-restricted equity in MTG will decrease with at the most SEK 323,637,004, based on the potential number of outstanding shares at the record day.

The Extraordinary General Meeting in CDON Group resolved on 24 September 2010 to carry out a set-off issue by which MTG is offered to subscribe for in total 65,545,122 shares in CDON Group at the price of SEK 3.646 per share against payment through set-off of MTG’s receivable on CDON Group amounting to SEK 239,000,000 (the “**Share issue**”). Through the Share issue the share capital of CDON Group increases to SEK 132,090,244 allocated on 66,045,122 shares. MTG will subscribe for the maximum amount of shares in the Share issue.

The dividend according to this proposal is conditioned on the registration of the Share issue with the Swedish Companies Registration Office, the approval for listing of the company by Nasdaq OMX Stockholm and that the Swedish Financial Supervisory Authority has reviewed and approved the prospectus not later than 28 February 2011. The intention is that the shares in CDON Group shall be subject to trade on Nasdaq OMX Stockholm after that the dividend has been carried out.

The Board of Directors is authorised to determine the record day for the dividend.

Statement by the Board of Directors in accordance with Chapter 18 § 4 of the Swedish Companies Act (2005:551)

The nature, scope and risks of the operation

The nature, scope and risks of the operation appear from the Articles of Association and from rendered Annual Reports. The company's operations do not cause any risks in addition to the risks which exist, or which can be assumed to exist, in the line of business or the risks which generally can be assumed to be associated with the carrying out of business activities.

The financial position of the parent company and the group

The economic position of the parent company and the group as per 31 December 2009 appears from the Annual Report for the financial year of 2009. The principles which have been applied for the valuation of assets, provisions and debts also appear from the Annual Report. A fair-value reserve of SEK 8 million is included in total equity. From the proposal it appears that the Board of Directors proposes that distribution in kind is made with at the most SEK 4.89064 per share, in total amounting to not more than SEK 323,637,004., based on the potential numbers of outstanding shares at the record day. The proposed dividend consists of approximately 3.7 per cent of the shareholders' equity of the parent company and approximately 5.7 per cent of the shareholders' equity of the group. The non-restricted equity in the parent company and the retained profits of the group respectively, following the cash dividend resolved on 17 May 2010, amounts to SEK 8,506 million and SEK 5,725 million respectively.

The equity/assets ratio of the group, following adjustments of shareholders' equity after 31 December 2009, corresponds to 39 per cent. The proposed dividend does not limit the possibilities for the company to carry out ongoing investments, and to carrying out value increasing investments. The financial position of the company does not give rise to any other assessment than that the company will be able to continue its operations and that it will be able to fulfil its obligations in the short and the long term.

The justification of the proposed decision on dividend

With reference to the above and to what in other respects has come to the knowledge of the Board of Directors, the Board of Directors considers that an overall evaluation of the financial position of the parent company and the group makes the proposal of dividend justifiable in accordance with Chapter 17 § 3 section 2 and 3 of the Swedish Companies Act, *i.e.* with reference to the requirements of shareholders' equity imposed by the nature, scope and

risks associated with the operations of the parent company and the group as well as the parent company's and the group's need to strengthen its balance sheet, liquidity and financial position in general.

To this proposal is attached, as Attachment 1 a copy of the 2009 Annual Report and as Attachment 2, a report from the Board of Directors regarding events of material significance for the company's financial position which have occurred subsequent to 31 December 2009 and a statement from the Auditor of the company regarding this proposed decision on dividend in accordance with Chapter 18 § 6 section 3 and 4 of the Swedish Companies Act.

Stockholm 30 September 2010
Modern Times Group MTG AB (publ)
The Board of Directors

David Chance
Chairman of the Board

Mia Brunell Livfors
Non-Executive Director

Simon Duffy
Non-Executive Director

Alexander Izosimov
Non-Executive Director

Michael Lynton
Non-Executive Director

David Marcus
Non-Executive Director

Cristina Stenbeck
Non-Executive Director