



MODERN TIMES GROUP MTG AB (PUBL)

DOCUMENTS FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS –
2.00 P.M. CET, TUESDAY 13 MAY 2014

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1. Modern Times Group MTG AB Nomination Committee's explanatory statement regarding the proposal for election of the Board at the 2014 Annual General Meeting

MTG Nomination Committee

In accordance with the procedure of the Nomination Committee adopted at the 2013 Annual General Meeting a Nomination Committee was convened by Cristina Stenbeck in October 2013 to prepare the proposals for the 2014 Annual General Meeting.

The Nomination Committee consists of members appointed by the largest shareholders in MTG (who accepted to participate in the nomination work during this past year). The Nomination Committee for the 2014 Annual General Meeting comprised Cristina Stenbeck, Investment AB Kinnevik; Marianne Nilsson, Swedbank Robur funds and Hans Ek, SEB Funds. The members of the Committee elected Cristina Stenbeck to be Chairman of the Nomination Committee at their first meeting. The three members of the Nomination Committee are appointed by shareholders that jointly represents more than 55 percent of the votes in MTG.

The Nomination Committee's proposal for election of the Board

The Nomination Committee proposes that:

- The Board shall consist of seven members.
- The re-election of all current members of the Board.
- The re-election of David Chance as Chairman of the Board.

The Nomination Committee's proposal is thus that the following persons are elected to the Board of MTG for a term of office until the end of the next Annual General Meeting:

- David Chance, Chairman of the Board
- Blake Chandlee
- Simon Duffy
- Lorenzo Grabau
- Michelle Guthrie
- Alexander Izosimov
- Mia Brunell Livfors

The Nomination Committee's explanatory statement regarding the proposal

The Nomination Committee has held four meetings, with the customary additional contact between meetings. As the basis for its work, the Nomination Committee has had the benefit of a thorough and formal evaluation of the Board and the Chairman of the Board. In order to assess the degree to which the current Board fulfils the requirements placed on the Board and facing the Company, and in consideration of the changes in the past years, the Nomination Committee's discussion focused on areas for continued development and succession planning. The Nomination Committee has concluded that the current Board composition represents a strong mix of highly relevant backgrounds and experiences from Scandinavia, Central and Eastern Europe, Russia and Africa.

The Nomination Committee proposes the re-election of all of the current members of the Board. The Committee is of the opinion that the Board composition reflects the right skills and commitment from the individuals to take MTG forward in its next phase of investment and operational and financial performance.

In its work, the Nomination Committee has considered and discussed the importance of diversity on the Board, including gender, age, nationality, and professional backgrounds and business disciplines. In the view of the Nomination Committee, the composition of the proposed Board is fit-for-purpose in

this respect, as it reflects a wide range of nationalities and backgrounds, and a solid mix of men and women with highly relevant skill-sets to match the priorities of the Company.

Finally, it is noted that the Nomination Committee evaluates each Board member's independence in the work of preparing its proposals, and has found that the proposed Board is in compliance with relevant requirements for independence.

Information about the proposed members of the Board

Information about the proposed members of the Board, including the Nomination Committee's assessment of each member's independence, may be found on the MTG's website at www.mtg.se.

April 2014

MODERN TIMES GROUP MTG AB (PUBL)

THE NOMINATION COMMITTEE

2. Information on the proposed members of the Board

David Chance

Chairman of the Board American and British

Born 1957. Chairman of the Board of Directors since May 2003, and a member of the Board since 1998. David was Deputy Managing Director of the BSkyB Group between 1993 and 1998. David is Chairman of Top Up TV and is a Non-Executive Director of PCCW Limited (Hong Kong) and Chairman of its NOW TV media group. He has also served as a Non-Executive Director of ITV plc and O2 plc. David graduated with a BA, BSc and MBA from the University of North Carolina.

Member of the Remuneration Committee.

Direct or related person ownership: 3,565 Class B shares.

Independent of the Company and management and independent of major shareholders.

Mia Brunell Livfors

Non-Executive Director Swedish

Born 1965. Member of the Board of Directors since 2007. Mia has been Chief Executive Officer of Investment AB Kinnevik since 2006 (but will step-down as Chief Executive Officer on 30 April 2014). Mia previously held various managerial positions at Modern Times Group MTG AB from 1992 including Chief Financial Officer from 2001. Mia is a Non-Executive Director of Millicom International Cellular S.A., Tele2 AB, BillerudKorsnas AB and CDON Group AB, and was a member of the Board of H&M Hennes & Mauritz AB between 2008 and 2013. Mia studied Business Administration at Stockholm University.

Member of the Remuneration Committee.

Direct or related person ownership: 5,505 Class B shares.

Not independent of the Company, management or major shareholders.

Blake Chandlee

Non-Executive Director American

Born in 1966. Member of the Board of Directors since 2012. Blake currently serves as Vice President Global Partnerships at Facebook and oversees the relationships with partners across the digital marketing ecosystem. Prior to his current role Blake built out a series of business groups within Facebook since joining the company in 2007 as its first international employee based out of London. These teams included the EMEA, APAC, Latam and Emerging market sales and marketing organizations, the Global Agency team and the Global Account teams serving the world's largest agency holding companies and largest global accounts. Prior to Facebook Blake was a Vice President at Yahoo and with his last role being Vice President of Yahoo's UK business. Blake graduated with a bachelor's degree in management from Gettysburg College in the United States.

Direct or related person ownership: 0

Independent of the Company and management and independent of the major shareholders.

Simon Duffy**Non-Executive Director
British**

Born 1949. Member of the Board of Directors since 2008. Simon was Executive Chairman of Tradus plc until the company's sale in March 2008. Simon is Non-Executive Chairman of bwin.party digital entertainment plc, YouView TV Ltd and mBlox Inc., as well as a Non-Executive Director of Oger Telecom Limited and Wizz Air Holdings Plc. Simon was also Executive Vice-Chairman of ntl:Telewest until 2007, having joined ntl in 2003 as CEO. Simon has also served as CFO of Orange SA, CEO of wireless data specialist End2End AS, CEO and Deputy Chairman of WorldOnline International BV, and held senior positions at EMI Group plc and Guinness plc. Simon holds a Master's degree from Oxford University and an MBA from Harvard Business School.

Chairman of the Audit Committee.

Direct or related person ownership: 1,750 Class B shares.

Independent of the Company and management and independent of the major shareholders.

Lorenzo Grabau**Non-Executive Director
Italian**

Born in 1965. Member of the Board of Directors since 2011. Lorenzo Grabau has served as Non-Executive Director of Investment AB Kinnevik (publ), Millicom International Cellular S.A. and Zalando AG, and as Non-Executive Director and Co-Chairman of CTC Media, since 2013. He has served as Non-Executive Director of SoftKinetic BV since 2011. On 7 April 2014 Investment AB Kinnevik (publ) announced that Lorenzo had been appointed as Chief Executive Officer of Investment AB Kinnevik (publ), with effect from 1 May 2014. Lorenzo was a Partner and Managing Director at Goldman Sachs International in London until 2011. Lorenzo joined the Investment Banking division of Goldman Sachs in 1994 and during his 17 years at the firm held various leadership positions within the Consumer/Retail and Media/Online industry practices, and the Financial Sponsors group. Lorenzo began his career in Investment Banking in 1990 when he joined Merrill Lynch, where he remained for five years working in the Mergers & Acquisitions department in London and New York. Lorenzo graduated from Università degli Studi di Roma, La Sapienza, Italy.

Chairman of the Remuneration Committee and member of the Audit Committee.

Direct or related person ownership: 0

Independent of the Company and management but not independent of major shareholders (on 8 April 2014 Lorenzo was proposed to be elected as a new member of the Board of CDON Group, if elected as proposed this will change the assessment of his independence in relation to the Company and management).

Alexander Izosimov**Non-Executive Director
Russian**

Born 1964. Member of the Board of Directors since 2008. Alexander served as Chief Executive Officer of the VimpelCom Group and, latterly, the enlarged VimpelCom Ltd, which is one of the world's largest emerging market telecommunications companies, between 2003 and 2011. Alexander is a Director of East Capital AB, EVRAZ Group S.A., Transcom Worldwide S.A., Dynasty Foundation and LM Ericsson AB. Alexander previously held several senior management positions at Mars, Inc. over a period of seven years, including as a member of the Global Executive Management Board and as Regional President for Russia, the CIS, Eastern Europe and the Nordics. Alexander worked as a consultant for McKinsey & Co in Stockholm and London for five years. Alexander graduated from the Moscow Aviation Institute with a Master's degree in Science and from INSEAD with an MBA.

Member of the Audit Committee.

Direct or related person ownership: 34 Class B shares.

Independent of the Company and management and independent of the major shareholders.

Michelle Guthrie

**Non-Executive Director
Australian**

Born 1965. Member of the Board of Directors since 2013. Michelle Guthrie joined Google in Singapore in 2011 and is currently Managing Director, Partner Business Solutions for Japan and Asia Pacific, with responsibility for managing Google's partner monetisation activities across the region. Michelle was Managing Director in the Hong Kong office of global private equity firm Providence Equity between 2007 and 2009, and was a Senior Advisor to Providence Equity between 2009 and 2010. Michelle was the Chief Executive Officer of STAR Group Limited (a wholly-owned subsidiary of News Corporation), Asia's leading media and entertainment company, between 2004 and 2007, and has also worked in legal and business development roles for FOXTEL in Sydney and News International / BSkyB in London. Michelle is a Director of Auckland International Airport Limited and has previously served on the Boards of a number of companies including NASDAQ-listed VeriSign, Inc. and various STAR joint venture companies including Balaji, ESPN STAR Sports, Hathway, China Network Systems, ANTV and Tata Sky. Michelle graduated from Sydney University in Australia.

Member of the Audit Committee.

Direct or related person ownership: 0

Independent of the Company and management and independent of major shareholders.

3. The Board's reasoned statement pursuant to Ch 18 Sec 4 and Ch 19 Sec 22 of the Companies Act (2005:551)

The Board hereby presents the following statement in accordance with Ch 18 Sec 4 and Ch 19 Sec 22 of the Swedish Companies Act. The Board's reasons for the proposed dividend and the authorisation to repurchase the Company's own shares being in accordance with the provisions of Ch 17 Sec 3, paragraph 2 and 3 of the Swedish Companies Act are as follows:

The Company's objects, scope and risks

The Company's objects and scope of business operations are set out in the Articles of Association and the submitted Annual Reports. The Company's operations do not entail any risks in excess of those that exist or may be deemed to exist in the industry or those risks which are generally associated with operating a business.

The financial position of the Parent Company and the Group

The financial position of the Parent Company and the Group as per 31 December 2013 is stated in the Annual Report for 2013. The Annual Report also states which accounting principles are applied in the valuation of assets, allocations and liabilities.

The proposal on dividend states that the Board proposes a dividend of SEK 10.50 per share, which corresponds to an amount of approximately SEK 700 million. The proposed dividend constitutes approximately 9 per cent of the Parent Company's equity and approximately 14 per cent of the Group's equity. The non-restricted equity in the Parent Company and the Group's retained profits as of 31 December 2013 amounted to SEK 7,565 million and SEK 3,535 million respectively.

The Board proposes that the record date for the dividend is Friday 16 May 2014.

As of 31 December 2013 the Group's equity/assets ratio amounted to 37 per cent. The proposed dividend and authorisation to repurchase the Company's own shares does not limit the Company's possibilities to complete on-going, and further make value-creating, investments. The Company's financial position does not give rise to any other conclusion than that the Company can continue its business and that the Company can be expected to fulfil its obligations on both a short and long-term basis.

Justification for dividend and repurchase

With reference to the above and to what has otherwise come to the knowledge of the Board, the Board is of the opinion that after a comprehensive review of the financial position of the Parent Company and of the Group it follows that the proposed dividend and the authorisation to repurchase the Company's own shares to create flexibility in the work with the Company's capital structure is justified according to the provisions of Ch 17 Sec 3 paragraph 2 and 3 of the Swedish Companies Act, i.e. with reference to the requirements that the objects of the business, its scope and risks place on the size of the Parent Company's and Group's equity and the Parent Company's and the Group's consolidating requirements, liquidity and financing needs in general.

Stockholm, April 2014

MODERN TIMES GROUP MTG AB (PUBL)

THE BOARD OF DIRECTORS

Auditor's opinion under Chapter 8 Section 54 of the Swedish Companies Act (2005:551) as to whether the guidelines of the annual general meeting on the remuneration of senior executives have been followed

To the annual general meeting of Modern Times Group MTG AB (publ.)

Corporate identity No 556309-9158

Introduction

We have audited whether the Board of Directors and the Chief Executive Officer of Modern Times Group MTG AB (publ.) during the year 2013 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 8 May 2012 and the annual general meeting on 14 May 2013.

Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the guidelines being followed and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure that the guidelines are followed.

Responsibility of the auditor

Our responsibility is to issue an opinion, based on our audit, to the annual general meeting as to whether the guidelines have been followed. We have conducted the audit in accordance with FAR recommendation RevR 8 *Audit of remuneration of senior executives of listed companies*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the guidelines adopted by the annual general meeting are followed in all material aspects.

The audit has covered the company's organization for and documentation of remuneration issues for senior executives, the new decisions on remuneration that have been taken and a selection of the payments made during the financial year to the senior executives. The auditor chooses what procedures are to be performed, in part by assessing the risk of the guidelines not being followed in all material aspects. In making those risk assessments, the auditor considers internal control relevant to compliance with the guidelines in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our audit provides a reasonable basis for our opinion set out below.

Opinion

We consider that the Board of Directors and Chief Executive Officer of Modern Times Group MTG AB (publ.) during 2013 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 8 May 2012 and the annual general meeting on 14 May 2013.

Stockholm 2 April 2014

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

5. Evaluation of Modern Times Group MTG AB's remuneration to the CEO and the other members of the Executive Management (Report according to the Swedish Corporate Governance Code, 9.1 and 10.3)

The Remuneration Committee of the Board of Modern Times Group MTG AB (publ) comprises the Chairman of the Board David Chance and the Board members Mia Brunell Livfors and Lorenzo Grabau. Lorenzo Grabau is Chairman of the Committee.

The responsibilities of the Remuneration Committee include issues related to salaries, pension plans, bonus plans and the employment terms for the CEO and other members of the Executive Management (the "**Executives**") within MTG. The Committee also advises the Board on long-term incentive schemes.

In accordance with the Swedish Corporate Governance Code, rule 9.1 and 10.3 the Remuneration Committee monitors and evaluates plans for variable remuneration (both ongoing and those that have ended during the year), the application of the guidelines for remuneration to the Executives adopted at the Annual General Meeting as well as the current remuneration structure and levels of remuneration in MTG.

The following is the Board's report of the results of the evaluation:

General description of the remuneration to the Executives

Remuneration to the Executives consists of a fixed and variable salary in cash, as well as the possibility to participate in equity based long-term incentive plans, pension schemes and customary benefits. The objective of the remuneration is to ensure that MTG can attract, motivate and retain senior executives and key employees.

The remuneration shall be based on conditions that are market competitive, within the context of MTG's international peer group, and at the same time aligned with the shareholders' interests.

Variable remuneration

The variable remuneration paid in cash shall be based on an annual evaluation of the performance in relation to established goals and targets. Contracted variable salary will generally not exceed a maximum of 75 per cent of the fixed annual salary. Further information on the variable remuneration paid in cash is found in the Annual Report 2013.

There are long-term share-related incentive plans for the Executives and other key employees in MTG. The long-term incentive plans are performance based. Further information on the long-term incentive plans such as outcome, participation ratio, number of issued and outstanding instruments etc. are found in the Annual Report 2013 and on MTG's website at www.mtg.se.

Evaluation of plans for variable remuneration

The development of the plans for variable remuneration is evaluated by the Remuneration Committee throughout the year and the plans' expected outcome is discussed at Board meetings. The Remuneration Committee also monitors the extent to which the Executives and other key employees participate in the plans. The evaluation of the plans for variable remuneration has shown that:

- the plans are well aligned with the shareholders' interests,
- the plans are considered to help attract, motivate and retain the competence needed in the executive management,
- the 2013 AGM resolved on a revised performance based, long-term incentive plan for 2013 (LTIP 2013), in which participants other than Executives are not required to make a personal investment in MTG shares. This change was made in order to increase the level of participation in LTIP 2013 compared to previous years. The Remuneration Committee has evaluated LTIP 2013 and has concluded that the Plan works effectively and that the

participation level has increased significantly compared to previous years. The Committee has recommended that the Board propose to the 2014 AGM the approval of a performance based, long-term incentive plan for 2014 with the same main elements as LTIP 2013. However, the Committee would like to involve more key employees and members of management in LTIP 2014 and has recommended that the number of employees that are invited to participate is increased. In order to further improve the retention factor and to a greater extent incentivise participants in the lowest category of the incentive plan, the Board also proposes that all LTIP 2014 participants other than Executives shall receive share awards amounting to an equal percentage of their respective annual gross base salary.

Evaluation of the guidelines for remuneration to the Executives

The evaluation of the application of the guidelines, as well as the auditor's review, has resulted in the conclusion that MTG has complied with the guidelines on salary and other remuneration to the senior executives adopted by the 2012 and 2013 Annual General Meetings during 2013.

Evaluation of the current remuneration structures and levels in MTG

The Board's view is that the remuneration to the Executives strikes an appropriate balance between motivating the Executives and achieving a competitive compensation aligned with the shareholder's interests.

Stockholm, April 2014

THE BOARD OF MODERN TIMES GROUP MTG AB (PUBL)