



NOTICE TO ATTEND THE ANNUAL GENERAL MEETING

The shareholders of Modern Times Group MTG AB (publ) are hereby invited to the Annual General Meeting on Tuesday 9 May 2017 at 10.00 a.m. CET at the Hotel Rival, Mariatorget 3 in Stockholm.

NOTICE TO ATTEND ETC.

Shareholders who wish to attend the Annual General Meeting shall

- be entered in the share register maintained by Euroclear Sweden on Wednesday 3 May 2017; and
- give notice of their attendance no later than Wednesday 3 May 2017, preferably before 1.00 p.m. CET. Notification is to be made on the company's website at www.mtg.com, by telephone to +46 (0) 771 246 400 or by mail to Computershare AB "AGM, MTG", P.O. Box 610, SE-182 16 Danderyd, Sweden.

Shareholders shall in their notice to attend state name, personal identification number or company registration number, address, phone number and advisors, if applicable. Shareholders whose shares are registered in the names of nominees must temporarily re-register such shares in their own name in order to be entitled to attend the Annual General Meeting. In order for such re-registration to be completed on Wednesday 3 May 2017 the shareholder must inform their nominees well before that day. Shareholders attending by a proxy or a representative should send documents of authorisation to the mail address above, well before the Annual General Meeting. A template proxy form is available on the company's website www.mtg.com. Shareholders cannot vote or, in other way, attend the Annual General Meeting by remote access.

PROPOSED AGENDA

1. Opening of the Annual General Meeting.
2. Election of Chairman of the Annual General Meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to check and verify the minutes.
6. Determination of whether the Annual General Meeting has been duly convened.
7. Remarks by the Chairman of the Board.
8. Presentation by the Chief Executive Officer.
9. Presentation of the Annual Report, the Auditor's Report and the consolidated financial statements and the Auditor's Report on the consolidated financial statements.
10. Resolution on the adoption of the Income Statement and the Balance Sheet and of the consolidated Income Statement and the consolidated Balance Sheet.
11. Resolution on the treatment of the company's earnings as stated in the adopted Balance Sheet.
12. Resolution on the discharge of liability of the members of the Board and the Chief Executive Officer.
13. Determination of the number of members of the Board.

14. Determination of the remuneration to the members of the Board and the auditor.
15. Election of Board members;
 - (a) Joakim Andersson (re-election, proposed by the Nomination Committee).
 - (b) David Chance (re-election, proposed by the Nomination Committee).
 - (c) Simon Duffy (re-election, proposed by the Nomination Committee).
 - (d) Donata Hopfen (re-election, proposed by the Nomination Committee).
 - (e) John Lagerling (re-election, proposed by the Nomination Committee).
 - (f) Natalie Tydeman (new election, proposed by the Nomination Committee).
16. Election of the Chairman of the Board.
17. Approval of the procedure of the Nomination Committee.
18. Resolution regarding guidelines for remuneration to the senior executives.
19. Resolution regarding a long-term incentive plan 2017, including resolutions regarding (a) adoption of a long-term incentive plan 2017 and (b) transfer of own Class B shares to the participants.
20. Resolution to authorise the Board to resolve on repurchase of own shares.
21. Closing of the Annual General Meeting.

RESOLUTIONS PROPOSED BY THE NOMINATION COMMITTEE

Election of Chairman of the Annual General Meeting (item 2)

The Nomination Committee proposes that Wilhelm Lünig, member of the Swedish Bar Association, is elected to be the Chairman of the Annual General Meeting.

Determination of the number of members of the Board and election of the members of the Board and the Chairman of the Board (items 13, 15(a)-(f) and 16)

The Nomination Committee proposes that the Board shall consist of six members.

The Nomination Committee proposes that, for the period until the close of the next Annual General Meeting Joakim Andersson, David Chance, Simon Duffy, Donata Hopfen and John Lagerling shall be re-elected as members of the Board, and that Natalie Tydeman shall be elected as new member of the Board.

The Nomination Committee proposes that David Chance is re-elected as Chairman of the Board.

Determination of the remuneration to the members of the Board and the auditor (item 14)

The Nomination Committee proposes remuneration to the Board with a total amount of SEK 4,785,000 (2016: 4,550,000).

The proposed remuneration for ordinary Board work for the period until the end of the next Annual General Meeting amounts to a total of SEK 3,950,000 (2016: 3,750,000) and shall be allocated in accordance with the following:

- SEK 1,450,000 (2016: 1,375,000) to the Chairman of the Board, and
- SEK 500,000 (2016: 475,000) to each of the five other members of the Board.

The proposed remuneration for work within the committees of the Board for the period until the end of the next Annual General Meeting amounts to a total of SEK 835,000 (2016: 800,000) and shall be allocated in accordance with the following:

- SEK 235,000 (2016: 225,000) to the Chairman of the Audit Committee and SEK 130,000 (2016: 125,000) to each of the other three members, and

- SEK 105,000 (2016: 100,000) to the Chairman of the Remuneration Committee and SEK 52,500 (2016: 50,000) to each of the other two members.

The Nomination Committee proposes that remuneration to the auditor shall be paid in accordance with approved invoices.

Approval of the procedure of the Nomination Committee (item 17)

The Nomination Committee proposes that the work of preparing proposals to the 2018 Annual General Meeting regarding the Board and auditor, in the case that an auditor should be elected, and their remuneration, Chairman of the Annual General Meeting and the procedure for the Nomination Committee shall be performed by a Nomination Committee.

The Nomination Committee will be formed during September 2017 in consultation with the largest shareholders of the company on 31 August 2017. The Nomination Committee will consist of at least three members appointed by the largest shareholders of the company who have wished to appoint a member. The Chairman of the Board will also be a member of the Committee, and will act as its convenor. The members of the Committee will appoint the Committee's Chairman at their first meeting.

The Nomination Committee is appointed for a term of office commencing at the time of its formation and ending when a new Nomination Committee is formed. If a member resigns during the Committee term, the Nomination Committee may choose to appoint a new member. The shareholder that appointed the resigning member shall in such case be asked to appoint a new member, provided that the shareholder still is one of the largest shareholders in the company. If that shareholder declines participation on the Nomination Committee, the Committee may choose to ask the next largest qualified shareholder to participate. In the event of changes to the ownership structure of the company, the Committee may choose to amend its composition in order to ensure that the Committee appropriately reflects the ownership of the company. However, unless there are special circumstances, the composition of the Nomination Committee may remain unchanged following changes in the ownership structure of the company that are either minor or occur less than three months prior to the 2018 Annual General Meeting.

The Nomination Committee shall have the right to upon request receive personnel resources such as secretarial services from the company, and to charge the company with costs for recruitment consultants and related travel if deemed necessary.

Information with respect to the election of auditor

The registered accounting firm KPMG AB was elected auditor at the 2014 Annual General Meeting for a period of four years. Accordingly, the task of appointing an auditor is scheduled to occur at the 2018 Annual General Meeting. KPMG AB has appointed the authorised public accountant Joakim Thilstedt as auditor-in-charge.

RESOLUTIONS PROPOSED BY THE BOARD

Dividend (item 11)

The Board proposes a dividend of SEK 12.00 per share and that the record date for dividend shall be on Thursday 11 May 2017. If the Annual General Meeting resolves in accordance with the proposal, the dividend is estimated to be paid out to the shareholders on Tuesday 16 May 2017.

Guidelines for remuneration to the senior executives (item 18)

The Board proposes the following guidelines for determining remuneration for MTG's CEO and other senior executives (the "**Group Management**"), as well as members of the Board if they are remunerated outside their directorship.

Remuneration guidelines

The objective of the guidelines is to ensure that MTG can attract, motivate and retain senior executives, within the context of MTG's international peers, which primarily consists of Nordic and European media and telecom companies as well as global online companies. The aim is to create a remuneration that is market competitive, well balanced and reflects individual performance and responsibility, both short-term and long-term, as well as MTG's overall performance and align the incentives for the Group

Management with the interests of the shareholders. The intention is that the Group Management shall have a significant long term shareholding in MTG and that remuneration to the Group Management shall be based on the pay for performance principle.

Remuneration to the Group Management shall consist of fixed salary, short-term variable remuneration paid in cash ("STI") the possibility to participate in long-term share or share price related incentive programs ("LTI") as well as pension and other customary benefits.

Fixed salary

The fixed salary for the members of the Group Management shall be competitive and based on the individual responsibilities and performance.

Variable remuneration

The STI shall be based on fulfillment of established targets for the MTG Group and in the area of responsibility for each member of the Group Management. The result shall be linked to measurable targets (qualitative, quantitative, general, individual). The targets within each area of responsibility are defined to promote MTG's development in the short and long-term.

The maximum payment under the STI shall generally not exceed 100 percent of each Group Management member's fixed salary. Payment of part of the STI is conditional upon it being invested in MTG shares and on those shares being held for an agreed period of time.

The LTI shall be linked to certain pre-determined financial and/or share or share-price related performance criteria and shall ensure a long-term commitment to the development of the MTG Group and align the Group Management's incentives with the interests of the shareholders.

Pension and other benefits

The Group Management shall be entitled to pension commitments that are customary, competitive and in line with market conditions in the country in which the member of the Group Management is employed. Pension commitments will be secured through premiums paid to insurance companies.

MTG provides other benefits to the members of the Group Management in accordance with local practice. Other benefits can include, for example, a company car and health care. Occasionally, housing allowance could be granted for a defined period.

Notice of termination and severance pay

The maximum notice period in the Group Management members' contract is twelve months during which time salary payment will continue. MTG does not generally allow any additional contractual severance payments to be agreed.

Compensation to Board Members

Board members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

Deviations from the guidelines

The Board may deviate from the above guidelines on a case by case basis. For example, additional variable remuneration or cash payments may be paid in the case of exceptional performance or in special circumstances such as recruitment or retention. In such cases the Board will explain the reason for the deviation at the following Annual General Meeting.

Evaluation of the guidelines and auditor's statement with respect to the compliance with the guidelines

In accordance with the Swedish Corporate Governance Code Rule 9.1, the Remuneration Committee within the Board monitors and evaluates the application of the guidelines for remuneration established by the Annual General Meeting. Also, the company's auditor has, pursuant to Ch 8 Sec 54 of the Swedish

Companies Act, provided a statement with respect to whether there has been compliance with the guidelines for remuneration which have applied during 2016. Both the Committee's evaluation and auditor's review have resulted in the conclusion that there has been compliance with the guidelines for remuneration during 2016.

Long-term incentive plan 2017 (item 19)

The Board proposes that the Annual General Meeting resolves to adopt the long-term incentive plan (the "**Plan**") for senior executives (not referring to members of the Board) and other key employees within the MTG Group as follows.

Adoption of the Plan (item 19(a))

Objectives of the Plan

The main objectives for adopting the Plan are to create conditions to recruit, motivate and retain leading industrial talents, and to closely align the employees' interests and rewards with those of the shareholders.

The Plan in brief

The structure of the Plan is the same as the long-term incentive plan adopted last year, with two key changes:

- the award levels are increased for all participants in order for MTG to be more competitive in the context of MTG's international peers, and to better balance short-term and long term remuneration as well as fixed and variable remuneration; and
- a new performance criterion is introduced, MTGx value creation, to reflect MTG's strategic priorities.

The Plan is proposed to include approximately 85 senior executives and key employees within the MTG Group. The participants will be granted rights to after a three year vesting period receive MTG Class B shares free of charge. Allotment of shares requires that the participant is employed by the MTG Group throughout the vesting period, and applicable to the CEO and the participants in Category 1 (as defined below), that they own MTG-shares amounting to a target holding.

In addition, the number of MTG Class B shares that vests depend on the level of fulfilment of four performance criteria; MTG's absolute total shareholder return (TSR), MTG's operating income (EBIT), and the value creation of MTGx, and for 4 participants in Category 1 specific MTGx verticals (measured on the basis of organic sales growth and EBIT margin).

The maximum number of MTG Class B shares which may vest under the Plan is limited to 500,000, representing approximately 0.8 per cent of the outstanding shares and 0.5 per cent of the outstanding votes.

Grant of share awards

The number of rights to receive MTG Class B shares free of charge (the "**Share Awards**") granted to a participant shall be calculated by dividing the participant's annual base salary, gross before taxes, (the "**Gross Salary**"), and a share price of SEK 292.70 (the average volume weighted price on MTG's Class B share at Nasdaq Stockholm during the last five trading days in March 2017 minus the proposed dividend of SEK 12.00 per share, the "**Share Price**").

In accordance with the above, grant of Share Awards under the Plan will be the following:

- the CEO of MTG will be granted Share Awards amounting to 125 per cent of his Gross Salary (2016: 75 per cent);
 - approximately 10 senior executives and key employees ("**Category 1**") will be granted Share Awards amounting to 100 per cent of their Gross Salary (2016: 75 per cent); and
 - approximately 75 senior executives and key employees ("**Category 2**") will be granted Share Awards amounting to 75 per cent of their Gross Salary (2016: 50 per cent).

Main terms of the Share Awards

The Share Awards shall be governed by the following main terms and conditions:

- Granted free of charge after the Annual General Meeting 2017 and will vest after a three-year period, ending when MTG's interim financial report for the period January – March 2020 is released (the "**Vesting Period**").
- May not be transferred or pledged.
- Dividends paid on the MTG Class B share will increase the number of shares that each Share Award entitles to, in order to align the participants' and shareholders' interests.

Criteria for measuring performance

The number of MTG Class B shares that will vest depends on the level of fulfilment of the relevant performance criterion for the Share Award.

The criteria for measuring performance are the following:

<i>MTG's absolute TSR</i>	MTG's total return on the Class B share (TSR) for the financial years 2017-2019, exceeding 10 percent as entry level and 33 per cent as target level.
<i>MTG's operating income (EBIT)</i>	MTG's operating income (EBIT), adjusted for extra ordinary or non-budgeted items or events not related to the ordinary course of business to arrive at a normalised EBIT (e.g. M&A and items affecting comparability).
<i>MTGx's value creation</i>	MTGx's value creation is measured on organic sales growth (i.e. growth adjusted for additions and deductions in amounts corresponding to the sales revenues relating from acquired or divested businesses/verticals) and EBIT margin. EBIT will be adjusted for extra ordinary or non-budgeted items or events not related to the ordinary course of business to arrive at a normalised EBIT (e.g. M&A and items affecting comparability).
<i>MTGx vertical's value creation</i>	Value creation measured on a specific vertical within MTGx (eSport, Gaming and Digital Video (MPN)) is measured on organic sales growth and EBIT margin. EBIT will be adjusted in accordance to what is set out regarding MTGx's value creation in that specific MTGx vertical.

The criteria for MTG's EBIT, MTGx's value creation and MTGx vertical's value creation, will be measured during three (3) stand-alone one-year performance periods, the financial years 2017, 2018 and 2019. The target levels (*entry, target and stretch*) will be set by the Board for each of the financial years. However, with respect to the MTGx's value creation and MTGx vertical's value creation, the entry level set by the Board must exceed 15 per cent organic sales growth per year and a yearly improved EBIT. The relative weight of each of the three one-year performance periods is one-third, respectively. After each one-year performance period, MTG will inform the shareholders if the target levels for each of the performance criteria were met or not in the annual report. Information on the target levels for EBIT, MTGx's value creation and MTGx vertical's value creation will be communicated in connection to vesting.

For the CEO and 2-3 participants in Category 1, one-third of the granted Share Awards will be measured on MTG's TSR, MTG's EBIT and MTGx's value creation, respectively. For 4 participants in Category 1 that have a direct impact on the value creation and are working almost exclusively with a specific vertical within MTGx, one-third of the granted Share Awards will be measured on TSR and two-thirds on the specific MTGx vertical's value creation. For all other participants 40 per cent of the granted Share Awards will be measured on MTG's TSR, 40 per cent on MTG's EBIT and 20 per cent on MTGx value creation.

Vesting of the Share Awards; target holding

Each of the four performance criteria is measured separately.

If the *entry level* for the Share Awards is reached, 20 per cent of the participant's Share Awards measured on that performance criterion will vest. For Share Awards measured on MTG's EBIT, MTGx's value creation and MTGx vertical's value creation, 70 per cent of the participant's Share Awards will vest if *the target level* is reached. In order for each Share Award to entitle the participant to one (1) MTG Class B share, the *target level* for Share Awards measured on MTG's TSR and the *stretch levels* for Share Awards measured on MTG's EBIT, MTGx's value creation and MTGx vertical's value creation, must have been fulfilled. Where the level of fulfilment of a performance criterion is between the minimum and target or maximum level, vesting will occur on a linear basis in stages. If the *entry level* for Share Awards is not reached, all Share Awards measured on that performance criterion will lapse.

On the condition that the participant is (with certain exceptions) employed by the MTG Group, throughout the Vesting Period, the Share Awards will vest as MTG Class B shares, free-of-charge. For the CEO and the participants in Category 1, vesting also requires that they own shares corresponding to a target holding in MTG, that is 100 per cent of the annual base salary, net after taxes, (the "**Net Salary**") for the CEO and 50 per cent of the Net Salary for the participants in Category 1 (the "**Target Holding**").

Scope

The maximum numbers of MTG Class B shares which may be delivered to the participants on vesting of the Share Awards are limited to 500,000, representing approximately 0.8 per cent of the outstanding shares and 0.5 per cent of the outstanding votes. The number of MTG Class B shares that according to the Plan may be delivered to the participants shall, under conditions that the Board stipulates, be subject to recalculation following a bonus issue, a share split or a reverse share split, a rights issue or similar measures.

Costs of the Plan and effect on certain key ratios

The Plan will be accounted for in accordance with IFRS 2 which stipulates that the Share Awards should be recorded as a personnel expense over the Vesting Period. Based on the Share Price; the CEO and the participants in Category 1 having achieved the Target Holding; the annual employee turnover is 10 per cent; and that 50 per cent of the granted Share Awards will vest, the total cost, exclusive of social security costs, for the Plan is estimated to be approximately SEK 50 million.

Social security costs will also be recorded as a personnel expense in the income statement by current reservations. The social security costs are estimated to be approximately SEK 15 million with the assumptions above, an average social security tax rate of 22 per cent and an annual share price increase of 10 per cent during the Vesting Period.

The impact on basic earnings per share if the Plan had been introduced in 2016 with the assumptions above would result in a decrease of SEK 0.33 on a yearly pro forma basis. The annual cost of the Plan including social charges is estimated to be approximately SEK 22.5 million based on the above assumptions. This cost corresponds to approximately 0.8 per cent of the MTG's total personnel costs, including social charges, of SEK 2,701 million in 2016.

Each Category has a pre-determined maximum vested amount ("**Cap**") of approximately 2.0 – 3.0 times the Gross Salary, depending on the participant's category. If the vested amount exceeds the maximum amount, the number of shares each Share Award entitles the employee to receive at vesting, will be reduced accordingly. Assuming 100 per cent fulfilment of the criteria for measuring performance and that the respective Caps have been reached the maximum cost for the Plan is approximately SEK 100 million in accordance with IFRS 2 and the maximum cost for social charges approximately SEK 30 million.

MTG intends to present the final outcome of the Plan in the 2020 annual report.

Delivery of shares under the Plan

A maximum 500,000 Class B shares held by the company may be transferred to the participants under the Plan in accordance with item 19(b).

Preparation and administration of the Plan

MTG's Remuneration Committee has prepared the Plan in consultation with external advisors and major shareholders. The Plan has been dealt with at meetings of the Board during the first months of 2017.

The Board or the Remuneration Committee shall be responsible for preparing the detailed terms and conditions of the Plan, in accordance with the terms and guidelines resolved on by the Annual General Meeting. It is further proposed that the Board shall be entitled to make other adjustments, if it so deems appropriate, should changes occur in the MTG Group or its operating environment that entails that the Plan no longer correctly reflects the performance of the MTG Group. Any such adjustments shall only be made in order to fulfil the main objectives of the Plan.

Information regarding other long-term incentive plans in MTG

For senior executives and key employees in MTG there are currently three long-term incentive plans. For further information regarding these plans such as terms and conditions, participation ratio, number of issued and outstanding instruments etc. please refer to the Annual Report 2016, note 25 for the Group, and MTG's website at www.mtg.com.

Transfer of own Class B shares to the participants (item 19(b))

The Board proposes that the Annual General Meeting resolves that a maximum of 500,000 Class B shares held by the company may be transferred free of charge to participants, in accordance with the terms of the Plan.

The number of the shares that may be transferred to the participants shall be subject to recalculation in the event of an intervening bonus issue, reversed split, split, rights issue and/or other similar events.

Authorisation for the Board to resolve on repurchase of own shares (item 20)

The Board proposes that the Board is authorised to pass a resolution on repurchasing the company's own shares, for cancellation of shares through a reduction of the share capital, but also in order to secure delivery of Class B shares the participants in the company's long-term, share based, incentive plans, in accordance with the following conditions:

- The repurchase of Class A and/or Class B shares shall take place at Nasdaq Stockholm in accordance with Nasdaq Stockholm's rules regarding purchase of own shares.
- The repurchase of Class A and/or B shares may take place on one or more occasions for the period up until the next Annual General Meeting.
- So many Class A and/or Class B shares may, at the most, be repurchased so that the company's holding does not at any time exceed 10 per cent of the total number of shares in the company.
- The repurchase of Class A and/or Class B shares at Nasdaq Stockholm may occur at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and lowest selling price.
- It is the from time to time lowest-priced, available, shares that shall be repurchased by the company.
- Payment for the shares shall be in cash.

The purpose of the authorisation is to give the Board flexibility to continuously decide on changes to the capital structure during the year and thereby contribute to increased shareholder value as well as it being an alternative method to hedge that the company have shares to deliver to the participants in the share based incentive plans.

MISCELLANEOUS

Shares and votes

There are a total number of 67,647,124 shares in the company, whereof 5,007,393 Class A shares, 61,774,731 Class B shares and 865,000 Class C shares, corresponding to a total of 112,713,661 votes. The company currently holds 118,308 of its own Class B shares and 865,000 of its own Class C shares

corresponding to 983,308 votes which cannot be represented at the Annual General Meeting.

Special majority requirements with respect to the proposed resolutions in items 19 and 20

The resolution under item 19(b) is valid only if supported by shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the Annual General Meeting. Items 19(a) and 19(b) are conditional upon each other.

The resolution under item 20 is valid only if supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

Documentation

The Nomination Committee's motivated statement explaining its proposals regarding the Board and information on the proposed members of the Board will be made available today at the company's website www.mtg.com,

The annual report, the reasoned statement of the Board, pursuant to Ch 18 Sec 4 and Ch 19 Sec 22 of the Swedish Companies Act, the Auditor's statement pursuant to Ch 8 Sec 54 of the Swedish Companies Act and the Boards' report of the results of the evaluation according to the Swedish Code of Corporate Governance, will be made available today at the company's website www.mtg.com and at the company's premises at Skeppsbron 18 in Stockholm and will be sent to those shareholders who so request and state their postal address or email address.

The documentation can be ordered by telephone at +46 (0) 771-246 400 or in writing at the address Computershare AB "AGM MTG", P.O. Box 610, SE-182 16 Danderyd, Sweden.

Shareholders' right to request information

The Board and the CEO shall, if any shareholder so requests and the Board believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to other companies within the group and the consolidated accounts.

Stockholm, April 2017

MODERN TIMES GROUP MTG AB (PUBL)

THE BOARD

Other information

Schedule for the Annual General Meeting:

The doors open for shareholders at 9.00 a.m. CET.

The Annual General Meeting commences at 10.00 a.m. CET.

Interpretation

The Annual General Meeting will mainly be held in Swedish. As a service to the shareholders, simultaneous interpretation from Swedish to English as well as from English to Swedish will be provided. This service may be requested when attendance to the Annual General Meeting is notified.
