

Translation of Minutes of the Annual General Meeting of shareholders of Modern Times Group MTG AB (publ), company reg. no. 556309-9158, 8 May 2012 at Hotel Rival in Stockholm.

Time: 1.00 p.m. - 2.30 p.m.

Present: Shareholders and proxy holders, Appendix 1, stating the number of shares, class of shares and votes for each person entitled to vote.

Furthermore, noted as present were the Chairman of the Board David Chance, Board members Simon Duffy, Lorenzo Grabau, Alexander Izosimov, Mia Brunell Livfors, David Marcus and Cristina Stenbeck, the proposed Board member Blake Chandlee, the Chief Executive Officer Hans-Holger Albrecht, the Chief Financial Officer Mathias Hermansson and the authorised public accountant George Pettersson.

§ 1

Opening of the Annual General Meeting (agenda item 1)

The Chairman of the Board, David Chance, opened the Annual General Meeting and welcomed the shareholders.

§ 2

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

The Meeting resolved in accordance with the Nomination Committee's proposal to elect the lawyer Wilhelm Lüning as Chairman of the Meeting.

The Chairman informed the Meeting that Jennifer Ryan had been appointed to act as secretary and to keep the minutes of the Meeting, that the Meeting would be simultaneously interpreted from Swedish to English and from English to Swedish, that a sound recording was being made by the Company in order to facilitate the drawing up of the minutes and that sound or visual recording was not otherwise allowed.

The Meeting resolved that shareholders who had not effected voting right registration, invited guests, employees in the Company, representatives of media and other persons who were not shareholders were entitled to attend the Meeting.

§ 3

Preparation and approval of the voting list (agenda item 3)

The Meeting resolved to approve the procedure for the preparation of the voting list and the prepared list of shareholders who had notified their intention to attend and attended the Meeting, Appendix 1, was approved as the voting list for the Meeting.

The Chairman informed that, according to the voting list, Andre Elmoznino Laufer, Ulf Forsgren, Carina Liljegren-Thärning and Karl-Johan Nissar, represented a large number of foreign funds which had in certain respects, given special voting instructions set forth in Appendix 2, which the Chairman had also received a copy of. The Chairman further informed that these voting instructions would not alone have an effect of the Meeting's resolutions and should therefore only be recorded in the minutes

in the event of relevance for the Meeting's resolutions.

§ 4

Approval of the agenda (agenda item 4)

The Meeting resolved to approve the agenda for the Meeting which had been included in the notice to the Meeting.

§ 5

Election of one or two persons to check and verify the minutes (agenda item 5)

The Meeting resolved to elect Emilie Westholm, representing Folksam, and Thomas Ehlin, representing Nordea funds, to jointly with the Chairman of the Meeting, check and verify the minutes.

§ 6

Determination of whether the Annual General Meeting has been duly convened (agenda item 6)

It was noted that the convening notice for the Meeting had been given within the period stated in the Companies Act by way of announcement in Swedish Official Gazette on 4 April 2012 and on the Company's website on 2 April 2012, and that an announcement with information that the convening notice had been issued was published in Svenska Dagbladet on 4 April 2012.

It was noted that an announcement that notice had been issued had been published in Metro.

The Meeting resolved to approve the notice procedure and declared the Meeting duly convened.

The Chairman informed that the complete proposals of the Board of Directors and the Nomination Committee were included in the notice. The Board of Directors' statements with respect to the proposed dividend and repurchase of own shares as well as the other documents to the Annual General Meeting, which had been held available in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, were presented.

§ 7

Statement by the Chairman of the Board on the work of the Board of Directors (agenda item 7)

The Chairman of the Board, David Chance, reported on the work of the Board of Directors and the Committees of the Board.

§ 8

Presentation by the Chief Executive Officer (agenda item 8)

Chief Executive Officer, Hans-Holger Albrecht, presented the Company's business and development.

§ 9

Presentation of the Annual Report and Auditor's Report and of the Group Annual Report and the Group Auditor's Report (agenda item 9)

The Board of Directors' and the Chief Executive Officer's Annual Report of the parent company and Group Annual Report, with the incorporated income statements and balance sheets in respect of the financial year 2011, were presented.

George Pettersson from KPMG AB, auditor-in-charge, reported briefly on the audit work and thereafter presented the Auditor's Report in respect of the parent company and the Group for the financial year 2011.

After the Chairman had offered the shareholders the opportunity to ask questions, contributions were made by Åsa Wesshagen, representing Sveriges Aktiesparares Riksförbund and Aktiespararna Topp Sverige, Per Haukaas, Emilie Westholm, representing among others Folksam LO Sverige and Folksam Ömsesidig Livförsäkring, Arne Svahn and Gunnar Tjellström. The shareholders asked, among other things, questions about the Company's work with equality and diversity, the financial position and financial targets of the Company. The questions were answered by Hans-Holger Albrecht and Mathias Hermansson.

§ 10

Resolution on the adoption of the income statement and the balance sheet and of the group income statement and the group balance sheet (agenda item 10)

The Meeting resolved to adopt the income statements and balance sheets included in the Company's Annual Report for the parent company and the Group in respect of the financial year 2011.

§ 11

Resolution on the proposed treatment of the Company's unappropriated earnings as stated in the adopted Balance Sheet (agenda item 11)

The Chairman presented the principal contents of the Board of Directors' and the Chief Executive Officer's proposal, regarding distribution of profits, which was supported by the auditor, and noted that the Board of Directors had given a reasoned statement with respect to the dividend.

The Meeting resolved, in accordance with the proposal made by the Board of Directors and the Chief Executive Officer, supported by the auditor, that the disposable funds should be distributed as follows:

Dividend of SEK 9 per share	599,772,708
Carried forward (SEK):	7,901,620,400
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Total amount (SEK)	8,501,393,108

The Meeting further resolved, in accordance with the Board of Directors' proposals, that the record date for entitlement to payment of dividend should be 11 May 2012.

The Chairman informed that the payment of dividend was expected to be made on 16 May 2012 through Euroclear Sweden.

§ 12

Resolution on the discharge of liability of the Directors of the Board and the Chief Executive Officer (agenda item 12)

The Meeting resolved, in accordance with the auditor's recommendation, to discharge the members of the Board and the Chief Executive Officer from liability for the management of the Company and its affairs during the financial year 2011.

It was noted that members of the Board and the Chief Executive Officer, who also attended the Meeting in their capacity of shareholders, did not take part in the resolution.

It was recorded that all shareholders attending the Meeting supported the resolution, except for those shareholders that had given special voting instructions in accordance with Appendix 2.

§ 13

Determination of the number of Directors of the Board (agenda item 13)

The Chairman of the Nomination Committee, Cristina Stenbeck, gave an account of the Nomination Committee's work preparing its proposals to the Meeting and presented and motivated the Nomination

Committee's proposals regarding the number of members of the Board, election of the Directors of the Board and the Chairman of the Board and noted that the task to elect an auditor was not scheduled for this Meeting. Blake Chandlee, who had been proposed as a new member of the Board by the Nomination Committee, introduced himself to the shareholders.

The Meeting resolved that, for the period until the close of the next Annual General Meeting, the Board of Directors shall consist of eight members, without deputies.

§ 14

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

The Chairman presented the Nomination Committee's proposal with respect to remuneration to the members of the Board and the auditor.

The Meeting resolved, in accordance with the proposal of the Nomination Committee, that for the period until the close of the next Annual General Meeting remuneration of SEK 1,200,000 shall be allocated to the Chairman of the Board, SEK 450,000 to each of the Directors of the Board and in total SEK 525,000 for the work in the committees of the Board of Directors.

The Meeting further decided that for work within the Audit Committee SEK 200,000 shall be allocated to the Chairman and SEK 75,000 to each of the other three members and for work within the Remuneration Committee SEK 50,000 shall be allocated to the Chairman and SEK 25,000 to each of the other two members.

The Meeting resolved that remuneration to the auditor shall be paid in accordance with approved invoices.

§ 15

Election of the Directors of the Board and the Chairman of the Board (agenda item 15)

It was noted that the Board member David Marcus had declined re-election.

The Chairman informed the Meeting of the assignments the proposed members of the Board held in other companies.

The Meeting resolved, in accordance with the Nomination Committee's proposal, to re-elect David Chance, Simon Duffy, Lorenzo Grabau, Alexander Izosimov, Mia Brunell Livfors, Michael Lynton and Cristina Stenbeck as members of the Board for the period until the end of the next Annual General Meeting. Further it was resolved to elect Blake Chandlee as new member of the Board. David Chance was re-elected as Chairman of the Board.

§ 16

Approval of the procedure of the Nomination Committee (agenda item 16)

The Chairman presented the principal contents of the Nomination Committee's proposal in respect of approval of the procedure of the Nomination Committee in accordance with Appendix 3.

The Meeting resolved in accordance with the proposal.

§ 17

Resolution regarding Guidelines for remuneration to the senior executives (agenda item 17)

The Chairman presented the principal contents on the Board of Directors' proposal on guidelines for remuneration to the senior executives in accordance with Appendix 4 and the auditor's statement pursuant to the Swedish Companies Act.

The Meeting resolved in accordance with the proposal.

§ 18

Resolution regarding incentive programme (agenda items 18(a) and (b))

The Chairman presented the principal contents on the Board of Directors' proposal to resolve on an incentive programme including resolutions to adopt the incentive programme and to transfer own B-shares in accordance with Appendix 5.

It was noted that Åsa Wesshagen, representing Sveriges Aktiesparares Riksförbund and Aktiespararna Topp Sverige, considered it to be good that the proposed programme was share based and required an own investment in the Company's shares, but considered the programme to be difficult to grasp and complex.

The Meeting resolved, with the required majority of at least nine-tenths of both the shares represented at the Meeting and the votes cast, in accordance with the proposal.

It was recorded that all shareholders attending the Meeting supported the resolution, except for those shareholders that had given special voting instructions in accordance with Appendix 2.

§ 19

Resolution to authorise the Board of Directors to resolve on repurchase of own shares (agenda item 19)

The Chairman presented the principal contents on the Board of Directors' proposal to authorise the Board of Directors to resolve on repurchase of own shares in accordance with Appendix 6, and further noted that the Board of Directors had given a reasoned statement regarding the proposal.

It was noted that Åsa Wesshagen, representing Sveriges Aktiesparares Riksförbund and Aktiespararna Topp Sverige, thought that the Board of Directors should consider a share split and automatic share redemption procedure instead.

The Meeting resolved, with the required majority of at least two-thirds of both the shares represented at the Meeting and the votes cast, in accordance with the proposal.

It was recorded that all shareholders attending the Meeting supported the resolution, except for those shareholders that had given special voting instructions in accordance with Appendix 2, and Åsa Wesshagen, representing Sveriges Aktiesparares Riksförbund and Aktiespararna Topp Sverige, that made a reservation against the resolution.

§ 20

Closing of the Annual General Meeting (agenda item 20)

Hans-Holger Albrecht and Cristina Stenbeck expressed their sincere thanks to the resigning member of the Board David Marcus for his efforts for the Company.

The Chairman declared the Meeting closed.

At the minutes:

Jennifer Ryan

Minute checkers:

Wilhelm Lüning

Emilie Westholm

Thomas Ehlin

COMPILATION OF SPECIAL VOTING INSTRUCTIONS

Voting against the proposal	Abstain from voting
	Election of Chairman of the Annual General Meeting (agenda item 2)
	<u>Karl Johan Nissar, proxy holder</u> Shareholder: Shares: Stichting Pensioenfonds Metaal en Techniek 14 499 Stichting MN Services Europe ex UK Equity Fund 2 342 Total number of votes 16 841
	Preparation and approval of the voting list (agenda item 3)
	<u>Karl Johan Nissar, proxy holder</u> Shareholder: Shares: Stichting Pensioenfonds Metaal en Techniek 14 499 Stichting MN Services Europe ex UK Equity Fund 2 342 Total number of votes 16 841
	Approval of the agenda (agenda item 4)
	<u>Karl Johan Nissar, proxy holder</u> Shareholder: Shares: Stichting Pensioenfonds Metaal en Techniek 14 499 Stichting MN Services Europe ex UK Equity Fund 2 342 Total number of votes 16 841
	Election of one or two persons to check and verify the minutes (agenda item 5)
	<u>Karl Johan Nissar, proxy holder</u> Shareholder: Shares: Stichting Pensioenfonds Metaal en Techniek 14 499 Stichting MN Services Europe ex UK Equity Fund 2 342 Total number of votes 16 841
	Determination of whether the Annual General Meeting has been duly convened (agenda item 6)
	<u>Karl Johan Nissar, proxy holder</u> Shareholder: Shares: Stichting Pensioenfonds Metaal en Techniek 14 499 Stichting MN Services Europe ex UK Equity Fund 2 342 Total number of votes 16 841

Voting against the proposal	Abstain from voting
	Presentation of the Annual Report, the Auditors' Report and the consolidated financial statements and the Auditors' Report on the consolidated financial statements (agenda item 9)
	<u>Karl Johan Nissar, proxy holder</u> Shareholder: Shares: Stichting Pensioenfonds Metaal en Techniek 14 499 Stichting MN Services Europe ex UK Equity Fund 2 342 Total number of votes 16 841
Resolution on the discharge of liability of the directors of the Board and the Chief Executive Officer (agenda item 12)	
<u>Ulf Forsgren, proxy holder</u> Shareholder: Shares: Pax MSCI EAFE ESG Index ETF 425 UMC Benefit Board, Inc 19 580 Total number of votes 20 005	
Determination of the remuneration to the directors of the Board and the auditor (agenda item 14)	Determination of the remuneration to the directors of the Board and the auditor (agenda item 14)
<u>Ulf Forsgren, proxy holder</u> Shareholder: Shares: City of Philadelphia Public Employees Retirement System 822 Total number of votes 822	
Election of the directors of the Board and the Chairman of the Board (agenda item 15)	Election of the directors of the Board and the Chairman of the Board (agenda item 15)
<u>Ulf Forsgren, proxy holder</u> Shareholder: Shares: California State Teachers Retirement System 20 935 California State Teachers Retirement System 1 600 Calvert VP Eafe International Index Portfolio 641 Fire and Police Pension Association of Colorado 786 Fire and Police Pension Association of Colorado 1 589 Mercy Investments Services Inc 762 Metropolitan Life Insurance Company 1 536 State of Connecticut Retirement Plans and Trust Funds 241 State Of Wisconsin Investment Board 13 459 State Of Wisconsin Investment Board 1 Teachers Retirement System of the State of Illinois 586 Teachers Retirement System of the State of Illinois 87 Total number of votes 42 223	<u>Andre Elmoznino Laufer, proxy holder</u> Shareholder: Shares: Aviva Life and Pensions 181 617 Total number of votes 181 617
<u>Andre Elmoznino Laufer, proxy holder</u> Shareholder: Shares: Metropole Frontiere Europe 82 000 Total number of votes 82 000	
<u>Karl Johan Nissar, proxy holder</u> Shareholder: Shares: Stichting Pensioenfonds Metaal en Techniek 14 499 Stichting MN Services Europe ex UK Equity Fund 2 342 Total number of votes 16 841	

Voting against the proposal	Abstain from voting
Approval of the procedure of the Nomination Committee (agenda item 16)	
<u>Ulf Forsgren, proxy holder</u> Shareholder: Shares: Metropolitan Life Insurance Company 1 536 Russell Investment Company Plc 16 932 <u>Teachers Retirement System of the State of Illinois 673</u> Total number of votes 19 141	
<u>Carina Liljegren-Thärning, proxy holder</u> Shareholder: Shares: National Railroad Retirement Investment Trust 3 048 Total number of votes 3048	
Resolution regarding guidelines for remuneration to the senior executives (agenda item 17)	
<u>Ulf Forsgren, proxy holder</u> Shareholder: Shares: City of Philadelphia Public Employees Retirement System 822 <u>West Mid Met Pens Auth Pens Fd main 7 000</u> Total number of votes 7 822	<u>Andre Elmoznino Laufer, proxy holder</u> Shareholder: Shares: <u>Aviva Life and Pensions 181 617</u> Total number of votes 181 617
Resolution regarding adoption of an incentive programme (agenda item 18(a))	
<u>Ulf Forsgren, proxy holder</u> Shareholder: Shares: City of Philadelphia Public Employees Retirement System 822 <u>West Mid Met Pens Auth Pens Fd main 7 000</u> Total number of votes 7 822	
Resolution regarding transfer of own class B shares (agenda item 18(b))	
<u>Ulf Forsgren, proxy holder</u> Shareholder: Shares: City of Philadelphia Public Employees Retirement System 822 <u>West Mid Met Pens Auth Pens Fd main 7 000</u> Total number of votes 7 822	
Resolution to authorise the Board of Directors to resolve on repurchase of own shares (agenda item 19)	
<u>Ulf Forsgren, proxy holder</u> Shareholder: Shares: City of Philadelphia Public Employees Retirement System 822 Total number of votes 822	

Approval of the procedure of the Nomination Committee (agenda item 16)

The Nomination Committee proposes that the Annual General Meeting approves the following procedure for preparation of the election of the Board of Directors and auditor. The work of preparing a proposal of the Board of Directors and auditor, in the case that an auditor should be elected, and their remuneration as well as the proposal of the Chairman of the Annual General Meeting of 2013 shall be performed by a Nomination Committee. The Nomination Committee will be formed during October 2012 in consultation with the largest shareholders of the Company as at 30 September 2012. The Nomination Committee will consist of at least three members representing the largest shareholders of the Company. The Nomination Committee is appointed for a term of office commencing at the time of the announcement of the third quarter report in 2012 and ending when a new Nomination Committee is formed. The majority of the members of the Committee may not be directors of the Board of Directors or employed by the Company. If a member of the Committee resigns before the work is concluded, a replacement member may be appointed after consultation with the largest shareholders of the Company. However, unless there are special circumstances, there shall not be changes in the composition of the Nomination Committee if there are only marginal changes in the number of votes, or if a change occurs less than three months prior to the Annual General Meeting. Cristina Stenbeck will be a member of the Committee and will also act as its convenor. The members of the Committee will appoint the Committee Chairman at their first 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 if deemed necessary.

Guidelines for remuneration to senior executives (agenda item 17)

The Annual General Meeting 2012 is asked to decide on the following guidelines, proposed by the Board of Directors, for determining remuneration for MTG's senior executives (below the "Executives").

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 peer group, which consists of Northern and Eastern European media companies. The remuneration shall be based on conditions that are market competitive and at the same time aligned with shareholders' interests. Remuneration to the Executives shall consist of a fixed and variable salary in cash, as well as the possibility of participation in an equity based long-term incentive programme and pension schemes. These components shall create a well balanced remuneration reflecting individual performance and responsibility, both short-term and long-term, as well as MTG's overall performance.

Fixed salary

The Executives' fixed salary shall be competitive and based on the individual Executive's responsibilities and performance.

Variable salary

The Executives may receive variable remuneration in addition to fixed salaries. The contracted variable remuneration will generally not exceed a maximum of 75 per cent of the fixed annual salary. The variable remuneration shall be based on the performance of Executives in relation to established goals and targets.

Other benefits

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

Pension

The Executives shall be entitled to pension commitments based on those that are customary in the country in which they are employed. Pension commitments will be secured through premiums paid to insurance companies.

Notice of termination and severance pay

The maximum notice period in any Executive's contract is twelve months during which time salary payment will continue. The Company does not generally allow any additional contractual severance payments to be agreed although there can be occasional cases where this takes place and it should be noted that the Chief Executive Officer is entitled to receive a severance payment equivalent to one month's basic salary per year of service in the Group if he complies with certain conditions.

Deviations from the guidelines

In special circumstances, the Board of Directors may deviate from the above guidelines, for example additional variable remuneration in the case of exceptional performance. In such a case the Board of Directors is obliged to explain the reason for the deviation at the following Annual General Meeting.

In accordance with the Swedish Corporate Governance Code the Remuneration Committee within the Board of Directors monitors and evaluates the application of the guidelines for remuneration to the Executives established by the Annual General Meeting. The evaluation has resulted in the conclusion that during 2011 the guidelines adopted by the Annual General Meeting have generally been followed, however, on one occasion the Board of Directors has exercised its right to deviate from the guidelines. Information regarding this and the Board of Directors' report of the results of the Remuneration Committee's evaluation are available on the Company's website at www.mtg.se, 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.

Auditor's statement with respect to the compliance with the guidelines

The Company's auditor has, pursuant to Ch 8 Sec 54 of the Companies Act (2005:551), provided a statement with respect to whether there has been compliance with the guidelines for remuneration to the Executives which have applied since the previous Annual General Meeting. The Auditor's statement is available on the Company's website at www.mtg.se, 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 Board of Directors' report of the results of the remuneration committee's monitoring and evaluation of (i) the programmes for variable remuneration to the CEO and other persons in the company's management, (ii) the application of guidelines for remuneration to the CEO and other persons in the company's management and information regarding deviation from the guidelines pursuant to Ch 8 Sec 51 of the Swedish Companies Act (2005:551) and (iii) the current remuneration structure and levels of remuneration in MTG.

Introduction

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

In accordance with rule 10 paragraph 3 and rule 9 paragraph 1 in the Code, the Remuneration Committee has monitored and evaluated programmes for variable remuneration (both ongoing and those that have ended during the year), the application of the guidelines for remuneration to the CEO and other persons in the Company's management (the "**Executives**") adopted at the Annual General Meeting and information pursuant to Ch 8 Sec 51 of the Swedish Companies Act (2005:551) regarding an exception from the guidelines 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

The remuneration to the Executives consists of fixed and variable salary, as well as the possibility to participate in long-term incentive programmes, other benefits and pension schemes. The objective of the remuneration is to attract, motivate and retain the Executives. The remuneration shall be market competitive within the context of MTG's international peer group and at the same time aligned with the shareholder's 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. The maximum outcome of the variable remuneration paid in cash is generally 75 percent of the fixed annual salary. Further information on the variable remuneration paid in cash is found in the Annual Report 2011.

There are long-term equity based incentive programmes for the Executives and other key employees in MTG. The long-term incentive programmes are performance based and require participants to own shares and remain in the employment of MTG. By tying the employee's remuneration and the development of MTG's result and value together, continuous loyalty with the Company is encouraged and contributes to the long-term value growth of MTG. Further information on the long-term incentive programmes such as outcome, participation ratio, number of issued and outstanding instruments etc. is found in the Annual Report 2011 and on MTG's website at www.mtg.se.

Evaluation of programmes for variable remuneration

The development of the programmes for variable remuneration is evaluated by the Remuneration Committee throughout the year and the programmes' 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 programmes. The evaluation of the programmes for variable remuneration has shown that:

- the programmes are well aligned with the shareholders' interests,
- the programmes are considered to help attract, motivate and retain the competence needed in the executive management,
- future long-term incentive programmes shall also be equity based and require an own investment in MTG's shares.

Evaluation of the guidelines for remuneration to the Executives and information regarding deviation from the guidelines pursuant to Ch 8 Sec 51 of the Swedish Companies Act (2005:551)

The evaluation has resulted in the conclusion that the guidelines for remuneration to the Executives that the Annual General Meeting established have generally been followed in the Company during 2011. However, the Board of Directors has considered it appropriate to make an exception from the guidelines and has entered into an employment agreement with one Executive providing for the potential award of variable remuneration greater than the 75% annual salary cap to a maximum of 150% of fixed annual salary in the event of significant financial over-performance in the Executive's business area. Following the guidelines the Board of Directors may, in special circumstances, deviate from the guidelines, for example on additional variable remuneration in the case of exceptional performance.

The external auditors have given a statement to the Board of Directors that MTG has complied with the guidelines on salary and other remuneration to the Executives adopted by the Annual General Meetings 17 May 2010 and 18 May 2011, however the auditor has stated that the Board has exercised its right to deviate from the guidelines at one occasion as set forth in the paragraph above.

Evaluation of the current remuneration structures and levels in MTG

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

Stockholm, April 2012

MODERN TIMES GROUP MTG AB (PUBL)

THE BOARD OF DIRECTORS

Incentive programme (agenda items 18(a) and (b))

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance based incentive programme for senior executives and other key employees within the MTG Group in accordance with items 18(a) and (b) below. All resolutions are proposed to be conditional upon each other and therefore proposed to be adopted in connection with each other.

Adoption of the incentive programme (agenda item 18(a))

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance based incentive programme (the “**Plan**”). The Plan is proposed to in total include approximately 100 senior executives and other key employees within the MTG Group. The participants in the Plan are required to own shares in MTG. These investment shares can either be shares already held or shares purchased on the market in connection with the notification to participate in the Plan. Thereafter the participants will be granted, free of charge, retention rights, and in certain cases, performance rights and stock options. The proposed Plan has the same structure as the plan that was adopted at the 2011 Annual General Meeting.

If delivery of shares under the Plan cannot be accomplished at reasonable costs and with reasonable administrative efforts, the participants may instead be offered a cash-based settlement

Personal investment

In order to participate in the Plan, the employees must own shares in MTG. These shares can either be shares already held or shares purchased on the market in connection with the notification to participate in the Plan. The maximum number of shares which the employee may invest in under the Plan will correspond to a value of approximately 4 – 8 per cent of the employee’s annual base salary.

For each share invested under the Plan, the participants will be granted retention rights, and in certain cases, performance rights and stock options by the Company.

General terms

Subject to fulfilment of certain retention and performance based conditions during the period 1 April 2012 – 31 March 2015 (the “**Measurement Period**”), the participant maintaining the invested shares during the vesting period ending at the release of the interim report for the period January – March 2015 and maintaining, with certain exceptions, employment within the MTG Group at the release of MTG’s interim report for the period January – March 2015, each retention right and performance right will entitle the participant to receive one Class B share free of charge and each performance option will entitle the participant to purchase one Class B share at a price corresponding to 120 per cent of the share price at grant. Dividends paid on the underlying share will increase the number of shares that each retention right and performance right entitles to in order to treat the shareholders and the participants equally.

Performance conditions

The retention rights, the performance rights and the options are divided into Series A (retention rights) and Series B and C (performance rights and options). The number of MTG shares the participant will receive at vesting of retention rights and performance rights and exercise of vested options depends on which category the participant belongs to and on the fulfilment of the following defined retention and performance based conditions:

- | | |
|-----------------|--|
| <i>Series A</i> | MTG’s total shareholder return on the share (TSR) during the Measurement Period exceeding 0 per cent as entry level. |
| <i>Series B</i> | MTG’s average normalised return of capital employed (ROCE) during the Measurement Period being at least 28 per cent as entry level and at least 40 per cent as the stretch target. |
| <i>Series C</i> | MTG’s total shareholder return on the shares (TSR) during the Measurement Period being equal to the average TSR for a peer group including CME, ITV, M6, Mediaset, ProSieben, RTL Group, Sky, TF1 and TVN as entry level, and exceeding the average TSR for the peer group with 10 percentage points as the stretch target. When calculating |

the TSR, March 2012 shall be compared to March 2015. Furthermore, the companies in the peer group which have the highest and the lowest TSR, shall be excluded from the calculation.

The determined levels of the conditions include an entry level and a stretch target with a linear interpolation applied between those levels as regards the number of rights and options that vests. The entry level constitutes the minimum level which must be reached in order to enable vesting of the rights and options in that series. If the entry level is reached, the number of rights and options (as applicable) that vest is proposed to be 100 per cent for Series A and 20 per cent for Series B and C. If the entry level is not reached, all rights and options (as applicable) in that series lapse. If a stretch target is met, all rights and options (as applicable) remain exercisable in that series. The Board of Directors intends to disclose the outcome of the retention and performance based conditions in the Annual Report of 2015.

It is further proposed that the Board of Directors shall be entitled to adjust the target levels of the above performance conditions, if it so deems appropriate, should changes occur in the MTG Group or its operating environment that entails that the set target level is no longer relevant to correctly reflect the performance of the MTG Group. Any such adjustments shall only be made in order to fulfil the overall purpose of the Plan.

Retention rights and performance rights

The retention rights and performance rights shall be governed by the following terms and conditions:

- Granted free of charge after the Annual General Meeting 2012.
- May not be transferred or pledged.
- Vests following the release of the interim report for the period January – March 2015.
- Dividends paid on the underlying share will increase the number of shares that each retention right and performance right entitles to in order to treat the shareholders and the participants equally.
- Vests provided that the holder has maintained the personal investment and is, with certain exceptions, still employed by the MTG Group during the vesting period ending at the release of the interim report for the period January – March 2015.

Options

The options shall be governed by the following terms and conditions:

- Granted free of charge after Annual General Meeting 2012.
- Each option entitles the participant to acquire one Class B share in the Company. The exercise price shall be 120 per cent of the market value on the date of the allocation of the option.
- May not be transferred or pledged.
- May be exercised in June 2015 and August 2015.
- No entitlement to compensation for dividends on the underlying shares under the term of the option.
- Vests provided that the holder has maintained the personal investment and is still, with certain exceptions, employed by the MTG Group during the vesting period ending at the release of the interim report for the period January – March 2015.

Preparation and administration

The Board of Directors, or a committee established by the Board for these purposes, shall be responsible for preparing the detailed terms and conditions of the Plan, in accordance with the mentioned terms and guidelines. To this end, the Board of Directors shall be entitled to make adjustments to the Plan to meet foreign regulations or market conditions. The Board may also make other adjustments if significant changes in the MTG Group, or its operating environment, would result in a situation where the decided terms and conditions for the personal investment, and the allotment

and vesting of retention rights, performance rights and options under the Plan become irrelevant. Any such adjustments should only be made in order to fulfil the overall purpose of the Plan.

Allocation

In total, the Plan is estimated to comprise up to 26,850 shares held by the employees entitling to allotment of up to 267,850 rights and options, whereof 26,850 retention rights, 120,500 performance rights and 120,500 options. The participants are divided into different categories and the Plan will comprise the following number of invested shares and the maximum number of rights and options in accordance with the above mentioned principles and assumptions:

- the CEO: may acquire up to 2,550 shares within the Plan and will be granted 1 Series A right, 4 rights each of Series B and C, and 4 options each of Series B and C per invested share;
- category 1A (approximately 5 persons): may acquire up to 800 shares each within the Plan and will be granted 1 Series A right, 4 rights each of Series B and C, and 4 options each of Series B and C per invested share;
- category 1B (approximately 5 persons): may acquire up to 500 shares each within the Plan and will be granted 1 Series A right, 3,5 rights each of Series B and C, and 3,5 options each of Series B and C per invested share;
- category 2 (approximately 5 persons): may acquire up to 350 shares each within the Plan and will be granted 1 Series A right, 3 rights each of Series B and C, and 3 options each of Series B and C per invested share;
- category 3 (approximately 20 persons): may acquire up to 250 shares each within the Plan and will be granted 1 Series A right, 2 rights each of Series B and C, and 2 options each of Series B and C per invested share;
- category 4 (approximately 15 persons): may acquire up to 150 shares each within the Plan and will be granted 1 Series A right, 2 rights each of Series B and C and 2 options each of Series B and C per invested share; and
- category 5 (approximately 50 persons): may acquire up to 150 shares each within the Plan and will be granted 1 Series A right per invested share.

Scope and costs of the Plan

The Plan will be accounted for in accordance with IFRS 2 which stipulates that the rights and options should be recorded as a personnel expense in the income statement during the vesting period. Based on the assumptions that the share price is SEK 346,90 (closing share price of the MTG Class B share on 28 March 2012) at the time of allocation, that each participant makes the maximum personal investment, that the annual employee turnover is 10 per cent among the participants of the Plan, an average fulfilment of the retention and performance based conditions of approximately 50 per cent, the total cost, exclusive of social security costs, for the Plan is estimated to approximately SEK 21 million. The cost will be allocated over the years 2012-2015.

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 around SEK 7 million with the assumptions above and an average social security tax rate of 23 per cent and an annual share price increase of 10 per cent during the vesting period.

The participant's maximum profit per right and option in the Plan is SEK 950 (approximately three times the share price at the design of the Plan). If the value of the MTG Class B share (including any dividends paid and other adjustments) at vesting or the profit at exercise of the option exceeds SEK 950, the number of shares each right entitles the employee to receive at vesting or the number of shares received at exercise of the options will be reduced accordingly. The maximum dilution is 0.4 per cent in terms of shares outstanding, 0.2 per cent in terms of votes and 0.09 per cent in terms of the estimated Plan cost as defined in IFRS 2 divided by the Company's market capitalisation.

Assuming that a maximum gain of SEK 950 per right and option is achieved, all invested shares are held under the Plan and a 100 per cent fulfilment of retention and performance based conditions the

maximum cost for the Plan is approximately SEK 38 million in accordance with IFRS 2 and the maximum cost for social charges approximately SEK 59 million.

For information on MTG's other equity-related incentive programmes, reference is made to the Annual Report for 2011, note 25.

Effect on certain key ratios

The impact on basic earnings per share if the Plan had been introduced in 2011 with the assumptions above would result in a decrease of SEK 0.07 on a yearly pro forma basis.

The annual cost of the Plan including social charges is estimated to be approximately SEK 10 million based on the above assumptions. This cost can be related to the Company's total personnel costs, including social charges, of SEK 1,627 million in 2011.

Delivery of shares under the Plan

To ensure the delivery of Class B shares under the Plan, the Board of Directors proposes that the Annual General Meeting resolves that maximum 290,000 Class C shares held by the company after reclassification into Class B shares may be transferred to the participants under the Plan.

The rationale for the proposal

The objective of the proposed Plan is to create conditions to recruit and retain high performing employees in the MTG Group. The Plan has been designed based on the view that it is desirable that senior executives and other key employees within the MTG Group are shareholders in the Company. Participation in the Plan requires a personal investment in MTG shares by each participant. By linking the employee's reward with the development of the Company's profits and increase in value, employee loyalty is rewarded and long-term value growth of the Company is facilitated. Against this background, the Board of Directors is of the opinion that the adoption of the Plan as set out above will have a positive effect on the MTG Group's future development and thus be beneficial for both the Company and its shareholders.

Preparation

MTG's Remuneration Committee has prepared this Plan in consultation with external advisors and major shareholders. The Plan has been reviewed at meetings of the Board of Directors during the end of 2011 and the first months of 2012.

The above proposal is supported by the Company's major shareholders.

Transfer of own class B shares (agenda item 18(b))

The Board of Directors proposes that the Annual General Meeting resolves that maximum 290,000 Class C shares held by the company after reclassification into Class B shares may be transferred to participants in accordance with the terms of the Plan.

A resolution in accordance with the proposal is valid only where supported by shareholders holding not less than nine-tenths of both the shares voted and of the shares represented at the General Meeting.

Authorisation for the Board of Directors to resolve on repurchase of own shares (agenda item 19)

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to pass a resolution on repurchasing the Company's own shares in accordance with the following conditions:

1. The repurchase of Class A and/or Class B shares shall take place on the Nasdaq OMX Stockholm in accordance with Nasdaq OMX Stockholm's rules regarding purchase and sale of own shares.
2. The repurchase of Class A and/or Class B shares may take place on one or more occasions for the period up until the next Annual General Meeting.
3. 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.
4. The repurchase of Class A and/or Class B shares at the Nasdaq OMX 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.
5. It is the from time to time lowest-priced, available, shares that shall be repurchased by the Company.
6. Payment for the shares shall be in cash.

The purpose of the authorisation is to give the Board of Directors flexibility to continuously decide on changes to the capital structure during the year and thereby contribute to increased shareholder value.

The Board of Directors shall be able to resolve that repurchase of own shares shall be made within a repurchase program in accordance with the Commission's Regulation (EC) no 2273/2003, if the purpose of the authorisation and the repurchase only is to decrease the Company's equity.

A reasoned statement from the Board of Directors, pursuant to Ch 19 Sec 22 of the Companies Act (2005:551), with respect to the proposed repurchase of own Class A shares and/or B shares is available on the Company's website at www.mtg.se, 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.
