

Monitoring and evaluation of (i) the programmes for variable remuneration to the executive management, (ii) the application of guidelines on remuneration to the senior executives and (iii) the current remuneration structure and levels of remuneration in MTG in accordance with rule 10 paragraph 3 and rule 9 paragraph 1 in the Swedish Code of Corporate Governance.

Introduction

The Remuneration Committee of the Board of Directors of Modern Times Group MTG AB (publ) (“**MTG**”), comprises the Chairman of the Board David Chance and the non-executive directors David Marcus and Mia Brunell Livfors. David Marcus is acting as Chairman of the Remuneration Committee. In accordance with the Swedish Code of Corporate Governance, 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 executive management adopted at the Annual General Meeting as well as the current remuneration structure and levels of remuneration in the company. The following is the Board’s report of the results of the evaluation.

General

The remuneration to MTG’s executive management consists of a 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 members of the executive management. 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 2010, note 25, Salaries, other remuneration, and social and security expenses.

There are long-term equity based incentive programmes for senior 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 2010, note 25, Salaries, other remuneration, and social and security expenses.

Evaluation of programmes for variable remuneration

The development of the programmes for variable remuneration is evaluated by the Remuneration Committee on a continuous basis throughout the year and the programmes’ expected outcome are reported to the Board of Directors and discussed at Board meetings. The Remuneration Committee also monitors to which extent the executive management participates 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 shares.

Evaluation of the guidelines for remuneration

The evaluation has resulted in the conclusion that the guidelines for remuneration to the executive management that the Annual General Meeting 2010 established have been applied on such variable remunerations in the Company, both ongoing and those that have ended during the year, and that there has been no deviation from the guidelines during the year.

The external auditors have given a statement to the Board of Directors on that MTG not has deviated from the guidelines on salary and other remuneration to the CEO and other members of the executive management adopted by the Annual General Meeting 2010.

The Board of Director's view is that the remuneration to the CEO and the other members of the executive management strikes an appropriate balance between motivating the members of the executive management and achieving a competitive compensation aligned with the shareholder's interests.

Stockholm in April 2011
Modern Times Group MTG AB (publ)
The Board of Directors