



**THE SHAREHOLDERS OF MODERN TIMES GROUP MTG AB (publ) are hereby invited to the Annual General Meeting on Monday 11 May 2009 at 4.30 p.m. CET at Hotel Rival, Mariatorget 3 in Stockholm**

**NOTIFICATION**

Shareholders who wish to participate at the Annual General Meeting shall:

- have their names entered in the register of shareholders maintained by Euroclear Sweden AB (formerly VPC AB, the Swedish Central Securities Depository) on Tuesday 5 May 2009, and
- notify the Company of their intention to participate by no later than 1.00 p.m. CET on Tuesday 5 May 2009. The notification can be made on the Company's website, [www.mtg.se](http://www.mtg.se), by telephone +46 (0)771-246 400 or in writing to the Company at:

Modern Times Group MTG AB  
C/o Novator Bolagsservice AB  
P.O. Box 10  
SE-182 11 Danderyd, Sweden

When giving notice of participation, the shareholders should state their name, personal identification number (or company registration number), address, telephone number, shareholdings and any advisors attending. If participation is by way of proxy, such document should be submitted in connection with the notice of participation of the Meeting. If the proxy is issued by a legal entity, a certified copy of the registration certificate or an equivalent certificate of authority, shall be attached to the proxy. The proxy and the document evidencing proof of authority may not be issued earlier than one year prior to the Meeting. Written notifications made by post should be marked "AGM".

Proxy forms are available at the Company's website ([www.mtg.se](http://www.mtg.se)). For ordering the proxy forms the same address and telephone number can be used as for the notification, see above. Distance participation and voting is not available.

Shareholders whose shares are registered in the names of nominees must temporarily re-register the shares in their own name in order to be entitled to participate in the Meeting. Shareholders wishing to re-register must inform the nominee well in advance of Tuesday 5 May 2009.

**PROPOSED AGENDA**

1. Election of Chairman of the Annual General Meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of one or two persons to check and verify the minutes.

5. Determination of whether the Meeting has been duly convened.
6. Presentation of annual report, auditors' report and the consolidated financial statements and the auditors' report on the consolidated financial statements.
7. Resolution on the adoption of the income statement and balance sheet and of the consolidated income statement and the consolidated balance sheet.
8. Resolution on the proposed treatment of the Company's unappropriated earnings or accumulated loss as stated in the adopted balance sheet.
9. Resolution on the discharge of liability of the Directors of the Board and the Chief Executive Officer.
10. Determination of the number of Directors of the Board.
11. Determination of the remuneration to the Directors of the Board and the auditors.
12. Election of the Directors of the Board and the Chairman of the Board.
13. Approval of the procedure of the Nomination Committee.
14. Resolution on amendment of the Articles of Association.
15. Resolution on guidelines on remuneration for senior executives.
16. Resolution to authorise the Board of Directors to resolve on the purchase and transfer of the Company's own shares.
17. Resolution regarding incentive programme comprising the following resolutions:
  - (a) adoption of an incentive plan;
  - (b) authorisation to resolve to issue Class C shares;
  - (c) authorisation to resolve to repurchase own Class C shares;
  - (d) transfer of own Class B shares.
18. Resolution on the offer of reclassification of Class A shares into Class B shares.
19. Closing of the Annual General Meeting.

#### **NOMINATION COMMITTEE PROPOSALS (items 1 and 10-13)**

The Nomination Committee proposes that the lawyer Martin Børresen is appointed to be the Chairman of the Annual General Meeting.

The Nomination Committee proposes that the Board of Directors shall consist of eight directors and no deputy directors. The Nomination Committee proposes, for the period until the close of the next Annual General Meeting, the re-election of Asger Aamund, Mia Brunell Livfors, David Chance, Simon Duffy, Alexander Izosimov, David Marcus and Cristina Stenbeck, and election of Michael Lynton, as directors of the Board. Pelle Törnberg has declined re-election. The Nomination Committee proposes that the Annual General Meeting shall re-elect David Chance as Chairman of the Board of Directors. Furthermore, it is proposed that the Board of Directors at the Constituent Board Meeting appoints a Remuneration Committee and an Audit Committee within the Board of Directors. The Nomination Committee's motivated opinion regarding proposal of the Board of Directors is available at the Company's website, [www.mtg.se](http://www.mtg.se).

The Nomination Committee proposes that the Annual General Meeting resolves that the remuneration per Board member for the period until the close of the next Annual General Meeting shall remain unchanged. Due to an addition of another member of the Audit Committee, however, it is proposed that the total Board remuneration shall be increased from SEK 4,375,000 to SEK 4,450,000, of which SEK 1,100,000 shall be allocated to the Chairman of the Board, SEK 400,000 to each of the directors of the Board and in total SEK 550,000 as remuneration for the work in the committees of the Board of Directors. The Nomination Committee proposes 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. For work within the Remuneration Committee SEK 50,000 shall be allocated to the Chairman and SEK 25,000 to each of the other three members. Furthermore, remuneration to the auditor shall be paid in accordance with approved invoices.

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 on the directors of the Board and auditor, in the case that an auditor should be elected, and their remuneration as well as the proposal on the Chairman of the Annual General Meeting of 2010 shall be performed by a Nomination Committee. The Nomination Committee will be formed during October 2009 in consultation with the largest shareholders of the Company as at 30 September 2009. 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 2009 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 is to be appointed in the corresponding manner. 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.

The above proposals are supported by shareholders representing more than 50 percent of the votes in the Company including among others Emesco AB, Investment AB Kinnevik, Swedbank Robur fonder, AMF Pension and Nordea Fonder.

#### **DIVIDENDS (item 8)**

The Board of Directors proposes a dividend of SEK 5.00 per share. The record date is proposed to be Thursday 14 May 2009.

#### **RESOLUTION ON AMENDMENT OF THE ARTICLES OF ASSOCIATION (item 14)**

The Board of Directors proposes that Section 9, second paragraph, of the Articles of Association is amended in accordance with the following:

§ 9, second paragraph: "Notice of a General Meeting of shareholders shall be published in the Official Swedish Gazette (Post- och Inrikes Tidningar) as well as on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet."

The Board of Director's proposal for the amendment of Section 9, second paragraph, of the Articles of Association is conditional upon that an amendment of the Companies Act (SFS

2005:551) has come into force, entailing that the proposed wording above is in accordance with the Companies Act.

#### **RESOLUTION ON GUIDELINES ON REMUNERATION FOR SENIOR EXECUTIVES (item 15)**

The Annual General Meeting 2009 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, as well as the possibility of participation in a 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 50 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.

##### *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.

## **AUTHORISATION FOR THE BOARD OF DIRECTORS TO PURCHASE AND TRANSFER THE COMPANY'S OWN SHARES (item 16)**

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to pass a resolution on one or more occasions for the period up until the next Annual General Meeting on repurchasing so many Class A and/or Class B shares 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 shares shall take place on the Nasdaq OMX Stockholm and may only 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.

Furthermore, it is proposed that the Annual General Meeting authorises the Board of Directors to pass a resolution on one or more occasions for the period up until the next Annual General Meeting on transferring the Company's own Class A and/or Class B shares on the Nasdaq OMX Stockholm or in connection with an acquisition of companies or businesses. The transfer of shares on the Nasdaq OMX Stockholm may only occur at a price within the share price interval registered at that time. The authorisation includes the right to resolve on disapplication of the preferential rights of shareholders and that payment shall be able to be made in other forms than cash.

The purpose of the authorisations is so that the Board of Directors obtains increased freedom to act and obtains the ability to continuously adapt the Company's capital structure and thereby contribute to increased shareholder value as well as have the ability to finance future acquisitions.

## **PROPOSAL TO IMPLEMENT AN INCENTIVE PROGRAMME (item 17)**

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 MTG in accordance with items 17(a) – 17(d) below. All resolutions are proposed to be conditional upon each other and therefore proposed to be adopted in connection with each other.

### **PROPOSAL TO ADOPT AN INCENTIVE PLAN (item 17(a))**

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance-based incentive plan (the "**Plan**"). The Plan is proposed to in total include approximately 50 senior executives and other key employees within MTG. The participants of the Plan are required to own shares in MTG. These investment shares can either be shares already held or shares purchased on the market directly in connection with the notification to participate in the Plan.

For each share invested under the Plan, the participants will be granted retention rights and performance rights by the Company. Subject to fulfilment of certain retention and performance based conditions during the period 1 April 2009 – 31 March 2012 (the "**Measure Period**"), the participant maintaining employment within MTG at the date of the release of the interim report for the period January – March 2012 and the participant maintaining the invested shares, each retention right and performance right will entitle the participant to receive one Class B share. Dividends paid on the underlying share will increase the number of retention and performance shares being allotted in order to treat the shareholders and the participants equally.

The retention rights and performance rights are divided into Series A: retention shares and Series B - C: performance shares.

The number of shares to be received by exercising rights depends on the fulfilment of the following retention and performance based conditions during the Measure Period:

<i>Series A</i>	MTG's total shareholder return on the Class B shares (TSR) exceeding 0 per cent as entry level (no stretch target)
<i>Series B</i>	MTG's average normalised return of capital employed (ROCE) of 13 per cent as entry level and 23 per cent as stretch target
<i>Series C</i>	MTG's total shareholder return on the Class B shares (TSR) equal to a peer group including CME, ITV, M6, Mediaset, ProSieben, RTL Group, Sky, TF1 and TVN as the entry level and 10 percentage points better than the peer group as the stretch target.

The determined levels in the performance based conditions are "entry level" and "stretch target" with a linear interpolation applied between those levels. The entry level constitutes the minimum level which must be exceeded in order to enable exercise of part of the rights. Vesting of the retention rights and performance rights is initiated only if a defined entry level is reached. If the entry level is not exceeded all rights to retention and performance shares in that series will lapse. If a stretch target is met, all retention rights and performance rights remain exercisable in that series. If entry level is reached the number of rights exercisable is proposed to be twenty per cent.

In total, the Plan is estimated to comprise up to 43,225 shares held by the employees entitling participants to rights up to 43,225 retention shares and 217,900 performance shares. The participants are divided into five different groups, decided by the Remuneration Committee. In accordance with the above principles and assumptions, the Plan will permit between 225 - 7,000 invested shares by the different categories of participants.

The participant's maximum profit per right in the Plan is SEK 655, which corresponds to five times the average closing share price of the MTG Class B shares during February 2009 (SEK 131). If the share price at exercise of the rights exceeds five times the share price at grant, the number of shares each right entitles the employee to receive will be reduced accordingly. The maximum dilution, taking into consideration delivery of Class B shares to the participants and the issues of shares for the purpose of hedging social security costs, is 0.6 per cent in terms of shares outstanding, 0.2 per cent in terms of votes and 0.1 per cent in terms of programme cost as defined in IFRS 2 divided by the Company's market capitalisation.

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 in the Plan to meet foreign regulations or market conditions.

The objective of the proposed Plan is to create conditions to recruit and retain high performing employees in the Group. The Plan has been designed based on the view that it is desirable that senior executives and other key employees within the 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 Group's future development and thus be beneficial for both the Company and its shareholders.

To ensure the delivery of Class B shares under the Plan, the Board of Directors proposes that the Annual General Meeting authorises the Board to resolve on a directed issue of Class C shares to Nordea Bank AB (publ) in accordance with item 17(b), and an authorisation for the Board of Directors to subsequently resolve to repurchase the Class C shares from Nordea Bank AB (publ)

in accordance with item 17(c). The Class C shares will then be held by the Company as treasury shares during the vesting period, where after the appropriate number of Class C shares will be reclassified into Class B shares and subsequently be delivered to the participants under the Plan.

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

#### **AUTHORISATION TO RESOLVE TO ISSUE CLASS C SHARES (item 17(b))**

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board, during the period until the next Annual General Meeting, to increase the Company's share capital by not more than SEK 1,850,000 by the issue of not more than 370,000 Class C shares, each with a ratio value of SEK 5. With disapplication of the shareholders' preferential rights, Nordea Bank AB (publ) shall be entitled to subscribe for the new Class C shares at a subscription price corresponding to the ratio value of the shares. The purpose of the authorisation and the reason for the disapplication of the shareholders' preferential rights in connection with the issue of shares is to ensure delivery of Class B shares to participants under the Plan and to hedge any social security costs related thereto.

#### **AUTHORISATION TO RESOLVE TO REPURCHASE OWN CLASS C SHARES (item 17(c))**

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board, during the period until the next Annual General Meeting, to repurchase its own Class C shares. The repurchase may only be effected through a public offer directed to all holders of Class C shares and shall comprise all outstanding Class C shares. The purchase may be affected at a purchase price corresponding to not less than SEK 5.00 and not more than SEK 5.10. The total price will not exceed SEK 1,887,000. Payment for the Class C shares shall be made in cash. The purpose of the repurchase is to ensure the delivery of Class B shares under the Plan.

#### **TRANSFER OF OWN CLASS B SHARES (item 17(d))**

The Board of Directors proposes that the Annual General Meeting resolves that Class C shares that the Company purchases by virtue of the authorisation to repurchase its own shares in accordance with item 17(c) above, following reclassification into Class B shares, may be transferred to participants in accordance with the terms of the Plan.

#### **RESOLUTION ON THE OFFER OF RECLASSIFICATION OF CLASS A SHARES INTO CLASS B SHARES (item 18)**

The Board of Directors proposes that the Annual General Meeting shall resolve that holders of Class A shares shall be entitled to reclassify their Class A shares into Class B shares, upon which time one Class A share shall be eligible for reclassification into one Class B share. An application for reclassification shall be made during the period 12 May 2009 through 15 May 2009. The reclassification request may include some or all of the shareholder's Class A shares and should either state the number of Class A shares that shall be reclassified, or the fraction (stated in percentage with no more than two decimals) of the total number of votes in the company that the Class A shareholder wants to hold after the reclassification. An application for reclassification shall be made in writing to the board of directors which will thereafter handle the issue of reclassification. Such a request shall be made on a special form which is to be sent to owners of Class A shares whose holding are registered in their own names well in advance of 12 May 2009, as well as being made available at the Company's premises and on the Company's website.

## **SHARES AND VOTES**

There are a total number of 66,370,375 shares in the Company, whereof 15,091,426 Class A shares, 50,798,949 Class B shares and 480,000 Class C shares, corresponding to a total of 202,193,209 votes. At present the Company holds 480,000 of its own Class C shares corresponding to 480,000 votes, which can not be represented at the Annual General Meeting.

## **OTHER INFORMATION**

Valid resolutions under items 14, 16, 17(b), 17(c) and 18 above require approval of shareholders representing at least two-thirds of the shares and the numbers of votes represented at the Annual General Meeting. A valid resolution under item 17(a) and 17(d) above requires approval of shareholders representing at least nine-tenths of the shares and the numbers of votes represented at the Meeting. From Monday 27 April 2009 at the latest, the complete text of the proposals of the Board of Directors will be made available on the Company's website at [www.mtg.se](http://www.mtg.se) and at the Company's premises at Skeppsbron 18 in Stockholm. Shareholders who wish to receive those documents may notify the Company, whereupon the documents will be sent by post or by e-mail.

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Stockholm, April 2009

Modern Times Group MTG AB (publ)

The Board of Directors