

## **Report on Modern Times Group MTG AB's Nomination Committee work in preparation for the Annual General Meeting in 2008**

Cristina Stenbeck convened a Nomination Committee during autumn 2007, in preparation for the Annual General Meeting in 2008, consisting of the major shareholders in Modern Times Group MTG AB ("MTG"). The Nomination Committee consists of Cristina Stenbeck as representative of Investment AB Kinnevik and Emesco AB, Jan Andersson as representative for Swedbank Robur Fonder and Björn Lind as representative of SEB Fonder and SEB Trygg Liv. The three shareholder representatives in the Nomination Committee jointly represent more than 50 percent of the voting rights in MTG.

The Nomination Committee has been assigned the task of proposing the Board of Directors and its Chairman and submitting proposals for Board remuneration and auditor remuneration for approval by the Annual General Meeting in 2008. The Nomination Committee has moreover been assigned the task of nominating a Chairman to lead the Annual General Meeting and to propose a procedure for appointing members of the Nomination Committee in advance of the 2009 Annual General Meeting.

The Board member Cristina Stenbeck has been appointed as Chairman of the Nomination Committee, which deviates from what the Swedish Code of Corporate Governance (the "Code") prescribes. The other members of the Nomination Committee have declared their decision regarding the election of the Chairman of the Nomination Committee to be in all of the shareholders' interest, and a natural consequence of Cristina Stenbeck representing such a substantial shareholding in MTG.

### **The work of the Nomination Committee**

The Nomination Committee has held four meetings either in person or by telephone, with additional contact between the meetings. As the basis for its work, the Nomination Committee has had, among other documents, an evaluation of the Board and its work as well as an opportunity to speak with the Chairman of the Board about the results.

### **Chairman of the Annual General Meeting**

The Nomination Committee proposes that attorney Martin Börresen is appointed as Chairman at the Annual General Meeting.

### **Board of MTG**

To assess the degree to which the present Board fulfils the requirements placed on the Board as a result of the Company's situation and future direction, the discussion has centered on the Board's size and composition as regards experience and expertise. No suggestions have been received by the Nomination Committee from persons other than the members of the Nomination Committee.

### **Appointment of Directors**

The Nomination Committee proposes, for the period until the close of the next Annual General Meeting, re-election of Asger Aamund, Mia Brunell Livfors, David Chance, David Marcus, Cristina Stenbeck and Pelle Törnberg and proposes the election for the first time of Simon Duffy and Alexander Izosimov as Directors of the Board. Nick Humby and Lars Johan Jarnheimer have declined re-election. The Nomination Committee proposes that the Annual General Meeting shall re-elect David Chance to be Chairman of the Board of Directors. The reasons for retaining the majority of the existing Board are that its members have an excellent balance of experience and expertise from free and pay TV broadcasting and different media distribution backgrounds as well as market specific competencies and a strong sense of corporate governance.

The existing Board contains a good balance of financial and operational expertise as well as shareholder representation. The two new additions to the Board bring a broad range of skills from telecommunications, traditional broadcast, content, distribution and newer media channels. With the addition of Simon Duffy and Alexander Izosimov, the Board will comprise eight Board members, two of

whom are not independent and six of whom are independent of both the shareholders and the Company and its management. This Board provides a strong sense of continuity as well as renewed industry expertise and knowledge that will benefit the Board's continued agenda for the business.

Relevant information about the Directors is as follows:

**Asger Aamund**, Non-Executive Director

**Born:** 1940

**Nationality:** Danish

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 1,500 Class B shares.

Asger has been a member of the Board of Directors since 2000. Asger is the majority shareholder and Chairman of the Bavarian Nordic Research Institute A/S and NeuroSearch A/S, both of which are listed on the Copenhagen Stock Exchange. Asger has many years experience in Executive Management positions and on the boards of Danish and international companies. Asger graduated from Copenhagen Business School.

**Mia Brunell Livfors**, Non-Executive Director

**Born:** 1965

**Nationality:** Swedish

**Independence:** Not independent of the Company and management and not independent of major shareholders.\*

\*Mia is a member of the Board of Transcom Worldwide SA, a major supplier of CRM services to MTG. As CEO of Investment AB Kinnevik, Mia represents a major shareholder who owns more than 10 per cent of MTG.

**Direct or related person ownership:** 13,333 warrants and 26,666 stock options.

Mia has been a member of the Board of Directors since 2007. Mia has been President and CEO of Investment AB Kinnevik since 2006. Mia is a Non-Executive Director of CTC Media, Inc., Metro International S.A., Millicom International Cellular S.A., Tele2 AB, and Transcom Worldwide S.A. She was CFO of Modern Times Group MTG AB between 2001 and 2006. Mia has previously worked for MTG since 1992, in various managerial positions. Mia has studied Business Administration and Economics at Stockholm University.

**David Chance**, Chairman of the Board

**Born:** 1957

**Nationality:** British

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 1,000 Class B shares.

David has been Chairman of the Board of Directors since May 2003, and a member of the Board since 1998. David is Chairman and founder of Top Up TV. David was Deputy Managing Director of the BSkyB Group between 1993 and 1998. David graduated with a BA, BSc and MBA from the University of North Carolina.

**Simon Duffy**, Non-Executive Director

**Born:** 1949

**Nationality:** British

**Independence:** Independent of the Company and management and independent of the major shareholders.

**Direct or related person ownership:** 0

Simon was Executive Chairman of Tradus plc from 2007 until the company's sale in March 2008. Simon is Non-Executive Chairman of Cell C (Pty) Limited and iMedia Holdings Limited, as well as a Non-Executive Director of Oger Telecom Limited and mBlox Inc. Simon was also Executive Vice-Chairman of ntl:Telewest, until 2007 having joined ntl in 2003 as CEO. Simon has also served as CFO of Orange SA, CEO of wireless data specialist End2End AS, CEO and Deputy Chairman of WorldOnline International BV, and held senior positions at EMI Group plc and Guinness plc. Simon holds an Masters Degree from Oxford University and an MBA from Harvard Business School.

**Alexander Izosimov**, Non-Executive Director

**Born:** 1964

**Nationality:** Russian

**Independence:** Independent of the Company and management and independent of the major shareholders.

**Direct or related person ownership:** 0

Alexander has been CEO of VimpelCom Group since October 2003. Alexander is a Board Director of Baltika Breweries Plc, Dynasty Foundation and the GSMA (the governing body for the global mobile telecommunications industry) as well as a member of the Russian Prime Minister's Council for Competitiveness and Entrepreneurship. Alexander previously held several senior positions at Mars, Inc. over a period of seven years, including as a member of the Global Executive Management Board and as Regional President for Russia, the CIS, Eastern Europe and the Nordics. Alexander worked as a consultant for McKinsey & Co in Stockholm and London for five years. Alexander graduated from the Moscow Aviation Institute with a Masters Degree in Science and from INSEAD with an MBA.

**David Marcus**, Non-Executive Director

**Born:** 1965

**Nationality:** American

**Independence:** Independent of the Company and management and independent of the major shareholders.

**Direct or related person ownership:** 6,100 Class B shares.

David has been a member of the Board of Directors since 2004. He is the founder and CEO of MarCap Investors, L.P, a special situations hedge fund focused on European investments. David is also Chairman of Scribona AB and Modern Holdings, Inc. and Board Director of Carl Lamm AB. David graduated from Northeastern University in Boston.

**Cristina Stenbeck**, Non-Executive Director

**Born:** 1977

**Nationality:** American

**Independence:** Not independent of the Company and management and not independent of major shareholders.

\*Cristina is a member of the Board of Transcom Worldwide SA, a major supplier of CRM services to MTG. As Chairman of Investment AB Kinnevik and Emesco AB, Cristina represents major shareholders who own more than 10 per cent of MTG.

**Direct or related person ownership:** 800 Class B shares.

Cristina has been a member of the Board of Directors since 2003. She is Chairman of the Board of Directors of Investment AB Kinnevik since 2007 and Emesco AB since 2002. She serves as a Board Director of Metro International S.A., Millicom International Cellular S.A., Tele2 AB, Transcom WorldWide S.A and Korsnäs AB. Cristina graduated with a BSc from Georgetown University in Washington DC.

**Pelle Törnberg**, Non-Executive Director

**Born:** 1956

**Nationality:** Swedish

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 12,200 Class B shares.

Pelle has been a member of the Board of Directors since 2000. Pelle is a Board Director of RNB Retail and Brands AB, Tele2 AB and the Swedish-American Chamber of Commerce. Pelle was CEO of Metro International S.A. until 2007. From 1997 to 2000, Pelle was CEO of Modern Times Group MTG AB. Pelle studied at the University of Gothenburg.

#### **Independence**

The Nomination Committee has further discussed the matter of the Board's independence. The proposal regarding MTG's Board composition fulfils both the OMX Nordic Exchange Stockholm's rules regarding independent directors as well as the Code's rules that a majority of the Board shall be independent of the Company and its senior management and at least two of the Board members who are independent of the Company and its senior management shall also be independent of the Company's major shareholders.

## **Remuneration**

With respect to Board remuneration and to recognize the responsibilities of working on the Board and its committees, the Nomination Committee has proposed an increase in the total Board remuneration (including remuneration for the work in the committees of the Board of Directors) from SEK 3,825,000 to SEK 4,375,000. The Chairman will receive SEK 1,100,000 and each member of the Board will receive SEK 400,000 while SEK 475,000 will be split among those members of the Board who work on its committees.

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 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 members.

## **Auditors of MTG**

At the Annual General Meeting in 2007 Ernst & Young was appointed auditor with the authorized public accountant Erik Åström as main responsible auditor until the Annual General Meeting in 2011. Furthermore, it is noted that KPMG Bohlins AB was appointed auditor with the authorized public accountant Carl Lindgren as main responsible auditor at the Annual General Meeting in 2006 for a period up to and including the Annual General Meeting in 2010.

The Nomination Committee recommends that remuneration to the auditors shall be paid in accordance with an approved invoice.

## **Procedure for appointing members of the Nomination Committee in advance of the 2009 Annual General Meeting**

The Nomination Committee proposes that the AGM approves the following procedure to elect a new Nomination Committee:

The Nomination Committee shall be formed during September 2008 in consultation with the largest shareholders of the Company at that time. The Committee shall consist of at least three members.

The Nomination Committee shall prepare proposals for the 2009 Annual General Meeting regarding:

- Chairman of the AGM
- Number of Directors of the Board
- Chairman and Directors of the Board
- Remuneration to the Chairman, Directors and auditors
- Election of auditors (if applicable)
- Procedure to elect a new Nomination Committee

The Nomination Committee is appointed for a term of office commencing at the time of the announcement of the third quarter report in 2008 and ending when a new Nomination Committee is formed. The majority of the members of the Committee shall 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.

Nomination Committee, April 2008