



DISTRIBUTION OF METRO INTERNATIONAL S.A. SHARES TO MODERN TIMES GROUP MTG AB SHAREHOLDERS

Information for Modern Times Group MTG AB (publ) shareholders ahead of the Annual General Meeting to be held on 10 May 2006, regarding the Board of Directors' proposed distribution of Metro International S.A. shares by means of a share split and mandatory share redemption programme.



This document is exclusively prepared to provide Modern Times Group MTG AB shareholders with information for the Annual General Meeting to be held on 10 May 2006. This document does not constitute a prospectus.

CONTENT

	PAGE
Background	3
The Process & Preliminary Timetable	4
Financial Effects	5
Details of Proposed Distribution.....	6
Questions and Answers.....	8
Information about Metro International S.A.	9
Tax Considerations.....	12
The Board of Directors' Proposal.....	16

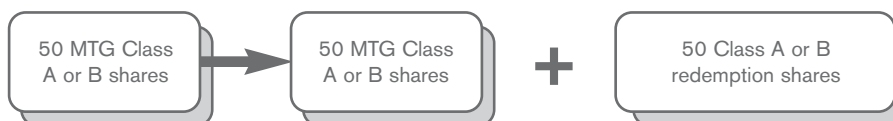
BACKGROUND

Modern Times Group MTG AB ("MTG") has significantly strengthened its balance sheet over the last few years following improved operating and financial results, as well as substantial cash flow generation. In order to further enhance MTG's capital deployment efficiency levels and to achieve a capital structure that better reflects MTG's focus on its core broadcasting operations, the Board of Directors is proposing to distribute the majority of its shareholding in Metro International S.A. ("Metro") by means of a share split and a mandatory share redemption programme.

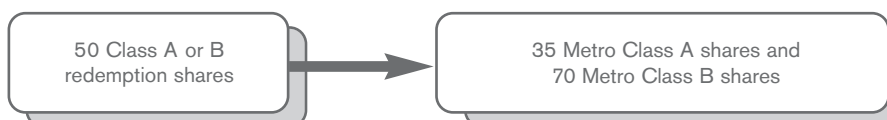
MTG's shareholding in Metro prior to the proposed distribution totals 50,107,485 Class A shares and 96,860,828 Class B shares, which is equivalent to a 28% economic interest and a 19% voting interest in Metro. The current book value of the Metro shareholding on MTG's balance sheet amounts to SEK 634 million. The Metro shares are represented by Swedish Depositary Receipts.

The Board of Directors proposes a share split of 2:1 in combination with a mandatory share redemption programme. Consideration for the redeemed shares will be paid in the form of Metro shares. The proposal is that each MTG share (irrespective of class) will be divided into two shares. One of the shares will be a so-called redemption share and the other will be an ordinary share of the respective class. Shareholders who wish to trade in the redemption shares will be offered such an opportunity during the period from 4 July 2006 up to and including 21 July 2006. Thereafter, all redemption shares will be redeemed and consideration for the redeemed shares will be paid in the form of Metro shares. For each redeemed MTG share, the holder will receive 0.7 Metro Class A shares and 1.4 Metro Class B shares. In summary, the proposal means that approximately 46.5 million Metro Class A shares and 92.9 million Metro Class B shares will be distributed to MTG shareholders. As per the close of trading on 6 April 2006, the market value of the distributed Metro shares was approximately SEK 1,682 million. As a consequence of the proposed distribution of Metro shares, the distributable profits in the MTG parent company as at 31 December 2005 will be reduced by approximately SEK 602 million to SEK 1,967 million.

THE PROCESS



Example: On the record date for the share split – 30 June 2006 – each existing MTG Class A share and each MTG Class B share will be divided into two shares, of which one will be a redemption share.



Shareholders who hold MTG redemption shares on the record date for redemption – 26 July 2006 – will receive 0.7 Metro Class A shares and 1.4 Metro Class B shares for each redemption share held (irrespective of class). The Metro shares are expected to be distributed via the Swedish Central Securities Depository (“VPC”) on 31 July 2006. Any fractional shares will be sold through ABG Sundal Collier and the proceeds will be distributed among the holders. No commission will be charged for the sale of fractional shares.

PRELIMINARY TIMETABLE	
10 May	Annual General Meeting at 09.30 at the Skandia cinema, Drottninggatan 82, Stockholm
30 June	Record date for share split. Each MTG share (irrespective of class) will be divided into two shares, of which one will be a redemption share
4 July–21 July	Trading in redemption shares
26 July	Record date for redemption
31 July	Delivery of Metro shares (see pages 6, 14–15)

FINANCIAL EFFECTS

The financial impact of the distribution of the Metro shares on selected key financial figures for the MTG group, calculated on the basis of the financial position as at 31 December 2005, is shown below.

	Reported prior to redemption	Proforma after redemption
Total Assets (SEK million)	9,893	7,953
Total Equity (SEK million)	5,404	3,464
Equity to Assets ratio	55%	44%
Net Cash Position (SEK million)	15	15
Return on Capital Employed	22%	31%
Return on Total Assets	20%	25%
Return on Equity	30%	40%
Number of shares outstanding	66,375,156	66,375,156

The result of the distribution is a more optimal balance sheet structure, with less excess capital but continued financial flexibility.

It is estimated that the MTG parent company's free reserves available for distribution will be reduced from SEK 2,569 million to approximately SEK 1,967 million, which is based on the issued and outstanding number of MTG shares as at 31 December 2005.

DETAILS OF PROPOSED DISTRIBUTION OF METRO SHARES

TERMS AND CONDITIONS

Each existing MTG share (irrespective of class) will be divided into two shares by means of a share split. One of these shares will be a so-called redemption share and the other share will be an ordinary share of the respective class. Each redemption share (irrespective of class) will be redeemed and the consideration for the redeemed share will be paid in the form of 0.7 Metro Class A shares and 1.4 Metro Class B shares.

RIGHT TO RECEIVE REDEMPTION SHARES

The last day for trading in the MTG Class A and Class B shares, including the right to receive redemption shares, will be 27 June 2006. The record date for the share split and, thus, the right to receive redemption shares will be 30 June 2006. No action is required from shareholders in order to receive redemption shares.

TRADING IN REDEMPTION SHARES

Trading in the redemption shares will take place on the Stockholmsbörsen between 4 July and 21 July 2006 inclusive. The record date for the redemption is 26 July 2006. Delivery of the Metro shares is expected to be made from 31 July 2006.

FRACTIONAL SHARES

Any fractional Metro shares will be sold through ABG Sundal Collier and the proceeds from such sales will be distributed to the holders of fractional shares. No commission will be charged for the sale of said fractional shares. Payment of the sale proceeds to the shareholders will be executed through VPC to shareholders' connected cash accounts.

PAYMENT OF WITHHOLDING TAX

Non-Swedish shareholders are obliged to pay withholding tax – see section on “Shareholders residing outside Sweden” on page 14. In the case of non-Swedish shareholders whose shares are registered with a nominee, payment of withholding tax will be handled in accordance with the regular process of each respective nominee. The following applies to non-Swedish directly registered shareholders. As a result of VPC's obligation to withhold tax on the value of the distributed shares, the Metro Class A and B shares will be booked in a newly opened, restricted VPC account (referred to as an interim account) in each non-Swedish shareholder's name.

Non-Swedish directly registered shareholders will not have entire disposal of the shares before ABG Sundal Collier has received an amount corresponding to the withholding tax for payment to the tax authorities. As an alternative to providing the amount, shareholders may instruct ABG Sundal Collier to sell the number of Metro Class A and B shares that corresponds to the withholding tax and sale expenses due. Shareholders may alternatively instruct ABG Sundal Collier to sell all Metro Class A and B shares attributable to said shareholders. If shareholders pay a higher amount than the required withholding tax or, alternatively, sell Metro Class A and B shares for a value exceeding the

withholding tax and sale expenses due, the exceeding amount will be paid to shareholders provided that the surplus amount exceeds SEK 100. In the event that a sale of shares on behalf of a non-Swedish shareholder does not result in an amount that covers the withholding tax, the shareholder will be notified and obliged to pay the remaining amount.

MTG intends to request that the Swedish Tax Agency determines the taxable value per share for withholding tax purposes. Information regarding the Tax Agency's recommendations is expected to be made available on MTG's website, www.mtg.se as soon as possible after the distribution of the Metro shares. Non-Swedish directly registered MTG shareholders will be informed by ABG Sundal Collier of the amount of withholding tax due, and how such shareholders are to proceed in order to achieve the entire disposal of the distributed Metro Class A and B shares.

NOMINEE HOLDINGS

Shareholders whose MTG shares are registered by a nominee will not receive any information from VPC. Information regarding the proposed distribution is to be provided by the respective nominees.

QUESTIONS AND ANSWERS

QUESTION: Why is MTG distributing Metro shares through a share redemption procedure?

MTG wants to further enhance its capital deployment efficiency levels and to achieve a capital structure that better reflects MTG's focus on its core broadcasting operations.

QUESTION: When will I receive the redemption shares?

For each MTG share (irrespective of class) held on the record date of 30 June 2006, you will automatically receive one new share of the same class, which is a redemption share, and one MTG ordinary share of the same class as held previously.

QUESTION: Are MTG Class A and B shares entitled to the same number of redemption shares and the same treatment?

Yes, each MTG share (irrespective of class) is entitled to one redemption share and one ordinary share.

QUESTION: How many Metro shares will I receive?

If you hold a MTG redemption share on the record date of 26 July 2006, you will automatically receive 0.7 Metro Class A shares and 1.4 Metro Class B shares per redemption share.

QUESTION: Can I trade the redemption shares?

The redemption shares will be tradable on the Stockholmsbörsen from 4 July to 21 July 2006 inclusive.

QUESTION: When and how will I receive the Metro shares?

Delivery of the Metro shares is expected to be made through VPC from 31 July 2006. However, Metro shares will be held in restricted accounts by VPC for non-Swedish directly registered shareholders until the withholding tax is paid – see section on "Payment of Withholding Tax" on page 6. Any fractional shares will be sold automatically and the sale proceeds attributable to such fractional shares will be paid into shareholders' connected cash accounts around 4 August 2006.

QUESTION: What are the tax implications of the programme?

Please see pages 12–15 of this document.

QUESTION: How many Metro shares will MTG own after this transaction?

MTG currently has a total of 147.0 million Metro shares, whereof 139.4 million shares will be distributed to MTG shareholders. In addition, MTG has an outstanding convertible subordinated bond giving the bondholders the right to convert the loan notes into MTG Class B shares prior to 8 June 2006 at a conversion price of SEK 385.97 per MTG Class B share. The conversion of the loan notes would result in the distribution of a further 5.9 million Metro shares. Furthermore options have been issued which are exercisable during the period up to 30 June at a exercise price of SEK 294.50, which may result in a distribution of another 1.0 million Metro shares.

QUESTION: Who is providing independent advice to MTG on this proposed transaction?

ABG Sundal Collier is acting as Financial Adviser and Linklaters as Legal Adviser. For further information regarding the distribution of Metro shares, please contact ABG Sundal Collier on +46 8 566 286 00 or by e-mail to mtg@abgsc.se.

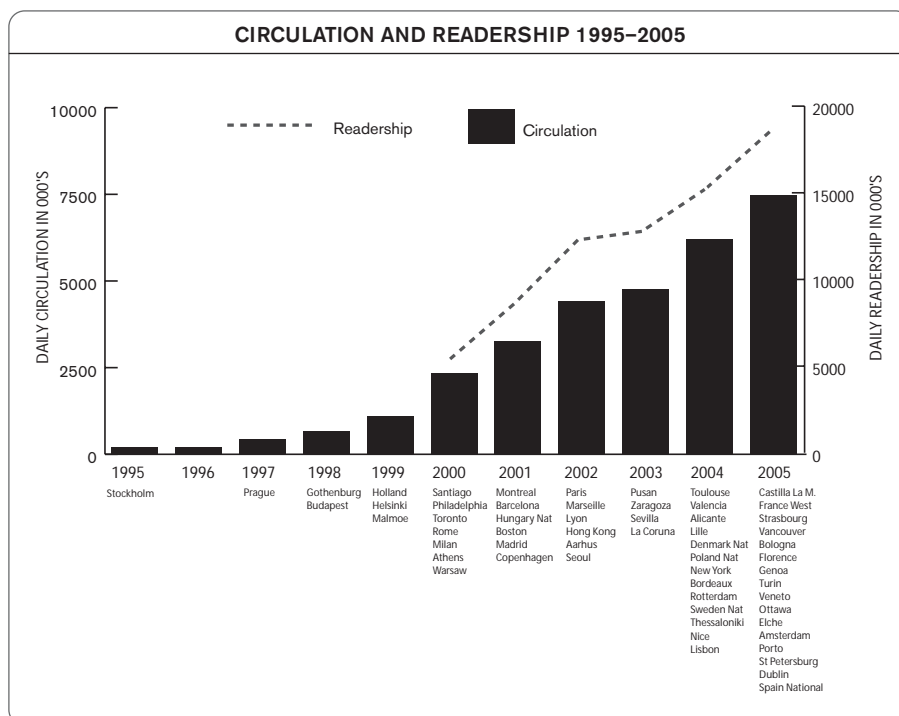
INFORMATION ABOUT METRO INTERNATIONAL S.A.
 "THE WORLD'S LARGEST & FASTEST GROWING INTERNATIONAL NEWSPAPER"

Metro is the largest and fastest growing international newspaper in the world. 64 Metro editions are published in 91 major cities in 19 countries in 18 languages across Europe, North & South America and Asia. Metro has a unique global reach – attracting a young, active, well-educated Metropolitan audience of over 18.5 million daily readers and more than 37 million weekly readers. Metro has an equal number of male and female readers and 70% are under the age of 45.

Metro International S.A. was founded in 1995 with the launch of the Metro free daily newspaper in Stockholm. It was a brand new concept based on the premise that if you could remove the cost of distributing a newspaper (by making it available by hand and in racks within the subway network) then you need not charge a cover price – i.e. all revenues were to be generated from advertising sales. Metro is a prime time, ambient, urban media that is easily readable during the average morning commuter journey of 20 minutes. 74% of Metro readers are under the age of 50 and 48% are female – a demographic profile that is highly unusual amongst print media. Metro's audience, reach and 'cost per thousand' have proven more and more attractive to local, national, regional and international advertisers and this has been reflected in 44% compound annual sales growth since its launch in 1995.

The last ten years have seen an expansion in the number of daily circulated copies from an initial print run of 200,000 in one city, to over 8 million daily distributed copies in over 91 cities in 19 countries. Metro is now the world's largest international newspaper, the largest newspaper in Europe and the world's 3rd largest newspaper in total (after two domestic Japanese titles).

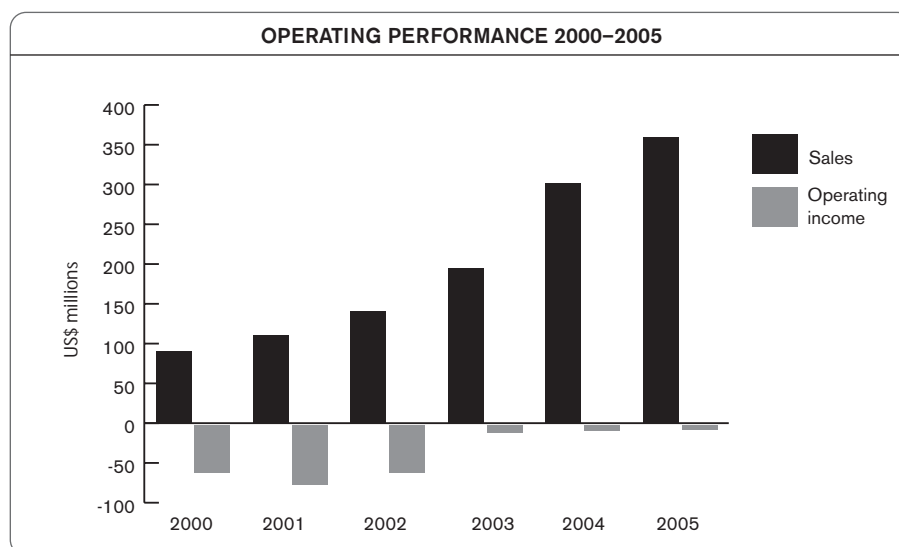
The chart below shows the launches to date and the resulting development in circulation and readership.



Metro was originally formed within MTG, which was at the time part of Industriförvaltnings AB Kinnevik (the Swedish listed investment company with long term holdings in companies including MTG, Metro, Tele2, Millicom International Cellular and Transcom WorldWide). MTG was demerged and spun out by Kinnevik and listed as a separate entity in 1997. MTG then demerged and spun off Metro as a special dividend to MTG shareholders in August 2000. The shares are listed and trade in the form of Swedish Depositary Receipts, with each Class A share carrying one voting right per share. The Class B shares carry no voting rights.

Metro's shares debuted on the Stockholmsbörsen and NASDAQ in August 2000, trading under the symbols MTROA and MTROB, with an initial market valuation of approximately SEK 6.4 billion (US\$ 690 million). The shares were subsequently voluntarily deregistered from the U.S. Securities and Exchange Commission and delisted from the NASDAQ SmallCap Market in December 2003. Metro is registered in Luxembourg, headquartered in London and employs over 1,400 people worldwide.

The chart below shows the sales development over the years since the listing of Metro's shares, which is equivalent to a compound annual growth rate of 31%. It also shows the development of the Metro's operating profitability, which reflects the investments required to build Metro's global presence.



Of the country operations (excluding Ireland and Russia), ten were profitable on a full year basis in 2005, with a further 4 countries profitable on a monthly basis. Only 2 of the country operations that were launched more than 3 years ago (the intended period to reach breakeven) have yet to reach profitability, and a significant number of the operations have reached profitability well ahead of the 3 year timeframe. The Stockholm edition has achieved profit margins of over 40% and a number of other operations have achieved margins of over 20%, which has demonstrated the potentially high margins that mature operations can reach.

Metro's current share capital comprises 263,554,560 Class A shares and 262,596,727 Metro Class B shares. The significant increase in Metro's share capital arose from two private placements (2000 and 2001), a rights issue (2003) and the conversion of loans from MTG and Kinnevik into Metro equity (in 2000 and 2003 respectively). The net funding received from these transactions has also been bolstered by the sale of equity stakes in the Group's French and Boston operations. Metro is financed by a US\$ 75 million five year debt facility. The Group's market capitalization stood at SEK 6.3 billion (US\$ 827 million) at the close of trading on 6 April 2006, based on closing prices of SEK 11.80 per Class A share and SEK 12.20 per Class B share.

MAJOR SHAREHOLDERS AS AT 31 DECEMBER 2005				
	No of Class A shares	No of Class B shares	Capital	Votes
Investment AB Kinnevik	96,454,191	115,229,193	40.2%	36.6%
Modern Times Group MTG AB	50,107,485	96,860,828	27.9%	19.0%
4th AP Fund	11,474,900	2,848,500	2.7%	4.4%
SEB Funds / Life Insurance	6,654,410	6,662,370	2.5%	2.5%
Robur Funds	9,927,066	2,147,425	2.3%	3.8%
Orkla ASA	9,893,000	0	1.9%	3.8%
Svenska Handelsbanken Funds / Life Insurance	1,474,632	7,519,695	1.7%	0.6%
Skandia Funds / Life Insurance	5,941,924	1,455,965	1.4%	2.3%
Emesco AB	6,383,986	0	1.2%	2.4%
Folksam Funds	3,444,086	0	0.7%	1.3%
Catella Funds	2,803,000	0	0.5%	1.1%
Lannebo Funds	1,587,020	730,000	0.4%	0.6%
2nd AP Fund	1,083,000	854,219	0.4%	0.4%
Other	56,325,860	28,328,532	16.1%	21.3%
Total	263,554,560	262,596,727	100,0%	100,0%

FOR FURTHER INFORMATION REGARDING METRO, PLEASE VISIT WWW.METRO.LU

TAX CONSIDERATIONS

The following summary of certain tax issues that may arise as a result of the proposed share split and share redemption programme is based on current Swedish tax legislation, and it is intended only as general information for MTG shareholders. This description is only a summary of the tax consequences that may occur in connection with the redemption share programme and shareholders should seek independent advice for a comprehensive understanding of the tax implications of the distribution.

SHARE SPLIT AND RECEIPT OF REDEMPTION SHARES

Taxation is not triggered by a share split or the receipt of redemption shares. However, the redemption or other disposal of redemption shares does trigger capital gains taxation. MTG will request that the Swedish Tax Agency issue recommendations regarding the allocation of the pre-split acquisition cost between the shares received and the redemption shares, respectively. Information concerning the Tax Agency's recommendations is expected to be made available on the Tax Agency's website, www.skatteverket.se, and www.mtg.se, during the Autumn 2006.

SHAREHOLDERS RESIDING IN SWEDEN

CAPITAL GAINS TAXATION – INDIVIDUALS

Individuals and estates of deceased Swedish individuals are subject to capital gains tax when shares are sold or redeemed. The current tax rate is 30% of the gain. The capital gain is calculated to equal the difference between the proceeds received when the shares are sold or redeemed, after deduction for sale expenses, and the acquisition cost for tax purposes.

The acquisition cost is normally determined according to the so-called average-method. This means that the cost for acquiring a share is the average acquisition cost for all shares of the same type and class with regard to changes in shareholding. Alternatively, the so-called standard rule, according to which the acquisition cost is equal to 20% of the net proceeds received when the shares are sold or redeemed, may be applied to the disposal of listed shares and certain listed securities that are taxed as shares.

As a principal rule, 70% of a capital loss is deductible against any other taxable income derived from capital. However, capital losses on listed shares and listed securities taxed in the same manner as shares, and five sixths of the capital loss on non-listed shares in Swedish limited liability companies and foreign legal entities, are fully deductible against taxable gains on shares or other securities taxed in the same manner as shares (except for listed shares in mutual funds containing only Swedish receivables). If capital losses pertain to both listed and non-listed shares, the losses pertaining to the listed shares are deductible prior to the losses on the non-listed shares. Any excess amount is deductible at 70% according to the principal rule or by five sixths of 70% if the capital loss relates to non-listed shares. Capital losses on listed shares in mutual funds containing only Swedish receivables are currently fully tax deductible in the income of capital category.

If there is a deficit in income from the capital category, a reduction of employment

income or corporation tax as well as real estate property tax, is allowed. The tax reduction allowed amounts to 30% of any deficit not exceeding SEK 100,000 and 21% of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

CAPITAL GAINS TAXATION – LEGAL ENTITIES

As a principal rule, limited liability companies and other legal entities with the exception of estates of deceased Swedish individuals, are taxed on all income including capital gains as income from business activities, at a flat rate of 28%. Regarding the calculation of the capital gain or loss and the acquisition cost, please see section entitled “Capital Gains Taxation – Individuals” on page 12.

A capital loss on shares may be offset only against taxable gains on shares or other securities taxed as shares. Such capital losses may, in certain circumstances, also be deductible against capital gains on shares or securities taxed as shares within the same group of companies, provided that the requirements for group contributions are met. Capital losses that have not been deducted from capital gains within a certain year may be carried forward and be offset against taxable capital gains on shares or other securities taxed as shares in subsequent years without any limitation in time.

For limited liability companies and economic associations, capital gains on shares that are held for business purposes are normally tax-exempt and capital losses on such shares are normally non-deductible. Unlisted shares are always considered held for business purposes. Listed shares are considered to be held for business purposes provided that the holding represents at least 10% of the voting rights or if the shares are held for business reasons. A holding period requirement applies in respect of listed shares.

AQUISITION COST OF REDEMPTION SHARES – EXAMPLE

When calculating the capital gain or loss on redemption shares, the redemption or sales proceeds are to be included as taxable income.

The acquisition cost for each original MTG share that is divided into two shares as a consequence of the share split shall be divided among the two shares received, one of which is a redemption share, based on their respective values. For this purpose, a comparison is made between the value of the redemption share and the value of the original share including the redemption share. These principles are best explained by an example.

It is assumed that the shareholder’s average acquisition cost per original MTG Class B share amounts to SEK 200. Each Class B redemption share gives the shareholder the right to receive 0.7 Metro Class A shares and 1.4 Metro Class B shares. In this example, it is assumed that the price for both Metro Class A and Class B shares is SEK 12.50. Further, it is assumed that the listed price following the share split is SEK 330 for the MTG shares and SEK 26.25 for the redemption shares. This means that $(26.25 / (330 + 26.25))$ or approximately 7.4% of the acquisition cost for the original share should be allocated to the redemption share and the remainder, i.e. approximately 92.6%, is to be allocated to the other share.

According to the example, approximately $(7.4\% \times 200)$ or SEK 14.80 is

allocated to the Class B redemption share. In the example, the capital gain would therefore be approximately SEK 11.45 (26.25 – 14.80) if the redemption share is redeemed against Metro shares valued at SEK 26.25 or sold for SEK 26.25 in cash. The remaining acquisition cost for the other Class B share would be approximately (92.6% x 200) or SEK 185.20.

The acquisition cost for any redemption shares that have not been acquired as a consequence of the share split is calculated using the average method. The calculation is based on the actual acquisition cost for such shares. When applying the average method, redemption shares and other shares are not considered to be of the same type and class.

The standard rule can be used when calculating the acquisition cost. This means that if the acquisition cost of the redemption share in the example above was less than SEK 5.25, the standard rule would be more favourable.

SHAREHOLDERS RESIDING OUTSIDE SWEDEN

WITHHOLDING TAX

For shareholders not resident in Sweden, payments due to a reduction of the share capital by way of a redemption programme are treated as dividend distributions, which means that a 30% Swedish withholding tax is levied on the redemption proceeds. The withholding tax rate is normally reduced under double taxation treaties between Sweden and other countries.

The withholding of the tax is normally effected by VPC or, if the shares are registered with a nominee, by the nominee – see also Section on “Payment of Withholding Tax” on page 6.

Under the provisions of recently passed legislation concerning, inter alia, redemption amounts paid as from 1 January 2005, a shareholder can reclaim the amount of tax that is attributable to an amount equal to the acquisition cost of the redemption share. Alternatively, the amount of tax attributable to 20% of the redemption amount can be reclaimed, provided that the shares are listed. The acquisition cost should be calculated as explained under the section on “Acquisition Cost of Redemption Shares – Example” on page 13. The refund application must be made in writing and submitted to the Swedish Tax Agency no later than by the end of the fifth calendar year following the redemption payment.

Updated
29 June 2006

The withholding tax liability arises when the redemption proceeds, i.e. Metro shares, are distributed. Please note that there should be no withholding tax on the disposal of redemption shares by means of a sale to a third party. Please also see section on “Income Tax” on page 15.

For shareholders that are legal entities resident within the EU, there is normally no Swedish withholding tax if the shareholder holds 20% or more of the capital in the company whose shares are redeemed. Furthermore, provided that certain conditions are met, Swedish withholding tax is not levied on redemption proceeds paid to foreign companies on shares that, on the date of the distribution, have been held for business purposes for at least one year.

INCOME TAX

Generally, individual shareholders who are not liable for Swedish income tax will not be liable for Swedish tax on the sale of Swedish shares. According to a special tax rule, however, individuals who are resident outside of Sweden may be liable to Swedish tax on the sale of such shares if they have been residents in Sweden or permanently lived in Sweden during the calendar year of the sale, or at any time during the ten preceding calendar years. The application of this rule is, however, in many cases limited by double taxation treaties between Sweden and other countries.

Foreign legal entities are not normally liable for income tax on capital gains on Swedish shares unless the gains are connected to a so-called permanent establishment in Sweden. If a permanent establishment exists, the new rules concerning tax-exempt dividends and capital gains and non-deductible capital losses are applicable with certain limitations.

**THE BOARD OF DIRECTORS' PROPOSAL REGARDING A SHARE
SPLIT AND MANDATORY SHARE REDEMPTION PROGRAMME WITH
REDEMPTION TO BE PAID FOR BY MEANS OF THE
DISTRIBUTION OF METRO INTERNATIONAL S.A. SHARES.**

In order to be able to execute the mandatory redemption programme, the Board of Directors proposes that the Annual General Meeting resolves in accordance with the proposals below. All resolutions are proposed to be adopted as one single resolution. The resolutions must be supported by shareholders representing at least 2/3 of the shares and the number of votes represented at the Annual General Meeting.

RESOLUTION TO EXECUTE A SHARE SPLIT

The Board of Directors proposes that the Annual General Meeting resolves to execute a share split, whereby each Modern Times Group MTG AB share (irrespective of class) is to be divided into two shares. One of these shares will be a so-called redemption share. The Board of Directors proposes that the record date for the share split shall be 30 June 2006.

RESOLUTION TO REDUCE THE SHARE CAPITAL BY MANDATORY REDEMPTION OF SHARES

In order to be able to execute a mandatory share redemption programme for all shareholders, the Board of Directors proposes that the Annual General Meeting resolves to reduce the company's share capital by SEK 165,956,025 by way of a redemption of a total of 66,382,410 shares¹, comprising of 15,545,621 Class A shares and 50,836,789 Class B shares, for the purpose of repayment to shareholders. The consideration for each redemption share (irrespective of class) shall be 0.7 Class A shares and 1.4 Class B shares in Metro International S.A. The Board of Directors proposes that trading in the redemption shares shall take place from 4 July 2006 up to and including 21 July 2006. The Board of Directors also proposes that the record date for the share redemption shall be 26 July 2006. Shares in Metro International S.A. are expected to be delivered via VPC on 31 July 2006. The book value of the Metro shares being distributed to the shareholders amounts to SEK 601,639,270, which for each redemption share corresponds to an amount of approximately SEK 6.56 in excess of the ratio value of the share which amounts to SEK 2.50.

RESOLUTION TO INCREASE THE SHARE CAPITAL BY WAY OF A BONUS ISSUE

In order to achieve a timely and efficient redemption procedure without requiring the leave of the Swedish Companies Registration Office or the Court, the Board of Directors proposes that the General Meeting resolves to restore Modern Times Group MTG AB's share capital to its previous level by increasing the share capital by SEK 165,956,025, without issuing any new shares by transfer of an amount equal to the issued share capital from the company's non-restricted equity to its share capital².

1. In the event that the outstanding convertible bonds due 2006 and issued warrants are converted into shares or exercised for subscription to new shares, the total number of shares in Modern Times Group MTG AB may increase by up to 3,247,996 Class B shares. In respect of such conversion or subscription taking place prior to the record date for the share split, the above proposal regarding reduction of the share capital shall be deemed adjusted, whereby the reduction amount shall increase by SEK 2.50 for each such new share issued. In addition hereto, the number of Class B shares subject to redemption shall increase by the corresponding number of new shares. If all convertible bonds and warrants are converted or exercised for subscription to new shares, the book value of the Metro shares being distributed to the shareholders will amount to SEK 631,076,615.

2. If the company's outstanding convertible bonds and warrants are converted to shares or exercised for subscription of new shares before the record date for the share split in accordance with the above proposal of the Board of Directors for a resolution on the execution of a share split, the above proposal on the bonus issue are deemed to be amended so that the issue amount shall be increased by SEK 2.50 for each such new share in the company.