



Documentation to be presented
at the Annual General Meeting of

Modern Times Group MTG AB (publ)

Wednesday 10 May 2006

Agenda

for the Annual General Meeting of Modern Times Group MTG AB (publ) Wednesday 10 May 2006 at 9.30 a.m. CET at the Skandia cinema, Drottninggatan 82, in Stockholm.

Proposed agenda

1. Election of chairman of the 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 the annual report and auditors' report and of 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 Board of Directors and the auditors.
12. Election of the directors of the Board.
13. Determination of the number of auditors and election of auditors.
14. Approval of the procedure of the Nomination Committee.
15. Resolution to amend the Articles of Association.
16. Split and mandatory redemption programme comprising the following resolutions:
 - (a) Resolution to execute a share split.
 - (b) Resolution to reduce the share capital by mandatory redemption of shares.
 - (c) Resolution to increase the share capital by way of a bonus issue of shares.
17. Resolution on a policy on remuneration and other terms of employment for senior executives.
18. Resolution on implementation of an incentive programme comprising the following resolutions:
 - (a) Adoption of an incentive programme.
 - (b) Issue of warrants.
 - (c) Granting of stock options and issue of warrants.

19. Resolution to authorise the Board of Directors to raise certain loan financing.
20. Closing of the Meeting.

The Board of Directors' proposals to be presented at the Annual General Meeting of Modern Times Group MTG AB (publ) on Wednesday 10 May 2006

The following proposals are numbered according to the proposed agenda.

DIVIDENDS (item 8)

The Board of Directors proposes that no dividend payment shall be made for the 2005 financial year.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION (item 15)

The Board of Directors proposes that the Meeting resolves to amend the Articles of Association for the purpose of adapting the Articles of Association to the requirements of the new Companies Act and to make some editorial changes.

The proposal of the Board of Directors involves amendments to the following paragraphs:

- § 4 - the term nominal value is substituted by a reference to the maximum and minimum number of shares in accordance with the new Companies Act;
- § 5 - differences attributable to the different share classes and the preferential rights of the shareholders to subscribe for new shares in connection with issues are amended in accordance with the new Companies Act, whereby the preferential rights of the different share classes are set out for each new issue of shares, warrants and convertible bonds, other than by issue in kind, and a provision on bonus issues of new shares;
- § 6 - the provision on the number of board members etc. is adjusted, as the terms of office already follows from law;
- § 7 - the provision is amended in accordance with the Companies Act;
- § 9 - the provision previously stipulated that General Meetings shall be held in Stockholm, which is proposed to be removed from the Articles of Association;
- § 10 - the provision previously stipulated the agenda etc., which now follows from the Companies Act, and is hence proposed to be removed from the Articles of Association;
- § 9 (previous § 11) - the provision on notice for General Meetings is amended in accordance with the new Companies Act, as to specify in what daily periodical the notice will be published;
- § 10 (previous § 12) - the provision on participation in General Meetings sets the record day to five business days before the Meeting in accordance with the new Companies Act; and
- § 11 (previous § 13) - the record day provision is amended in accordance with the new Companies Act.

The complete wording of the Articles of Association with the proposed amendments is found in **Appendix 1**. The proposed amendment is italicised.

A valid resolution requires approval of shareholders representing at least two-thirds of the shares and number of votes represented at the Meeting.

SHARE SPLIT AND MANDATORY SHARE REDEMPTION PROGRAMME (item 16)

In order to be able to execute the mandatory redemption programme for all shareholders, the Board of Directors proposes that the Meeting resolves in accordance with the items below. All resolutions are proposed to be adopted as one single resolution.

Resolution to execute a share split (item 16 a)

The Board of Directors proposes that the Meeting resolves to execute a share split, whereby each MTG 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 day for the share split shall be 30 June 2006.

Resolution to reduce the share capital by mandatory redemption of shares (item 16 b)

In order to be able to execute a mandatory redemption programme for all shareholders, the Board of Directors proposes that the 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 shares, comprising 15,545,621 Class A shares and 50,836,789 Class B shares, for repayment to the shareholders. 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 proposal for resolution to reduce the share capital is to be deemed as amended so that the redemption price shall be increased by SEK 2.50 for each new share in the Company. Furthermore, the number of Class B shares which are the object of for redemption shall be increased by the corresponding number of new shares.

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. ("Metro"). 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 are expected to be delivered via VPC on or around 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. 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.

Resolution to increase the share capital by way of a bonus issue (item 16 c)

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 Meeting resolves to increase the company's share capital by SEK 165,956,025 without issuing any new shares by transfer of the issue amount from the company's non-restricted equity to the company's share capital. If the Company's outstanding convertible bonds and warrants are converted to shares or exercised for subscription in a share issue before the record date for the share split in accordance with the proposal of the Board of Directors for a resolution on the execution of a share split in accordance with item 16 a, the above-mentioned proposals on the bonus issue are deemed to be amended so that the issue price shall be increased by SEK 2.50 for each new share in the Company.

A motivated statement in connection with the Board of Directors' proposal for reduction of the share capital according to Chapter 20, Section 8 of the Companies Act is found in **Appendix 2**. The Board of Directors' report and the auditor's statement in accordance with Chapter 20, Sections 13 and 14 of the Companies Act are found in **Appendix 3**.

A valid resolution requires approval of shareholders representing at least two-thirds of the shares and number of votes represented at the Meeting.

POLICY ON REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES (item 17)

The Board proposes that the Annual General Meeting approves a Remuneration Policy to deal with the remuneration and other employment terms offered to senior executives as follows:

This Remuneration Policy will be valid for employment agreements entered into after the approval of the Remuneration Policy by the Annual General Meeting and for changes made to existing employment agreements thereafter.

1. Employees subject to the policy

The senior executives covered by the policy shall include the Chief Executive Officer, Chief Finance Officer, Vice Presidents and Business Area managers of MTG and group companies.

2. Guiding principles for the Remuneration Policy

The guiding principle is that the remuneration and employment policy shall be sufficiently competitive as to attract, motivate and retain senior group and operational management, within the context of MTG's international peer group.

The Remuneration Policy shall provide a balance between short and long term incentives. It provides senior executives with a combination of fixed and variable salary and the possibility of participation in option programs.

3. The principles for fixed salaries

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

4. The principal terms of variable salary and incentive schemes, including the relative importance of fixed and variable components of the remuneration and the linkage between performance and remuneration

The senior executives may receive variable remuneration in addition to fixed salaries. The variable remuneration will generally not exceed a maximum of 50% of the fixed annual salary. The variable remuneration shall be based on the performance of executives in relation to established goals and targets.

Senior executives may, at the discretion of the Board, receive additional variable remuneration in the case of exceptional performance.

On a yearly basis, the Board will evaluate whether a share or share-price related incentive program should be proposed to the Annual General Meeting and if approved, which senior executives shall be invited to join. .

5. The principal terms of non-monetary benefits, pension, notice of termination and severance pay

5.1 Non-monetary benefits

The senior executives will be entitled to customary non-monetary benefits such as company cars and company health care.

In exceptional cases a housing allowance may be granted

5.2 Pension

The senior 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.

5.3 Notice of termination and severance pay

If the Company terminates the employment of a senior executive, salary payments will continue to be paid during the contractual notice period for a maximum of 12 months. There is no standard severance pay in addition to the notice periods.

The CEO has a three-year contract from the beginning of 2005 until the end of 2007, and one of the senior executives has a three-year contract from the beginning of 2006 until the end of 2008.

6. The Board's preparation and decision-making on issues concerning remuneration and other terms of employment for the senior executives

The Board of Directors commissions the work of the Remuneration Committee. The Remuneration Committee makes recommendations to the Board on questions concerning salaries, pension plans, bonus programs and other employment terms for the Chief Executive Officer and executive management within the MTG Group in connection with which the Remuneration Committee also advises the Board on share option programs.

INCENTIVE PROGRAMME (item 18)

The Annual General Meeting of 2005 resolved to adopt an incentive programme for senior executives and other key employees in the MTG Group based on a combination of warrants and stock options. Grants of options under the incentive programme have been performance related. Further, it was stated that the Board of Directors intended to return in 2006 and 2007 with additional grants under the incentive programme provided the fulfilment of certain result-oriented and business-oriented performance conditions that had been adopted. The Board of Directors verifies that the established performance conditions for 2005 have been fulfilled, and, against this background, the Board of Directors proposes that the Meeting resolves on the performance based incentive programme for senior executives and other key employees in the MTG group.

In order to implement the proposed incentive programme, the Board of Directors proposes that the Meeting resolves in accordance with items a-c below. All resolutions are proposed to be conditional upon each other. For the resolutions to be valid, they must be supported by shareholders representing at least 90 percent of the shares and the numbers of votes represented at the Meeting. The above proposal is supported by shareholders representing more than 75 percent of the votes in the company including, among others, Emesco AB, Fjärde AP-fonden, Investment AB Kinnevik, Robur, SEB Fonder and SEB Trygg Liv.

The reasons for the proposal, previous incentive programs, the preparation of the proposal, costs and dilutions as well as effects on relevant key data are described in **Appendix 4**.

Adoption of the Incentive Programme (item 18 a)

The Board of Directors proposes that the Meeting resolves to adopt an incentive programme for senior executives and other key employees within the MTG group in accordance with the principles set out below.

The incentive programme entails that employees are offered a combination of warrants and stock options, which entitle them to Class B shares in the company. The participants in the incentive programme will be offered to purchase warrants on market terms. For each warrant purchased, the participant will be offered a maximum of two stock options, each carrying the right to purchase one Class B share. The subscription price of the warrants and the acquisition price of the stock options shall be equal to 115 percent of the market value of the company's Class B share during the ten trading days immediately following the day of the resolution of the Annual General Meeting. The warrants are proposed to run for approximately three years and the stock options are proposed to run for approximately five years. The stock options are not transferable and the right to exercise the stock options normally requires that the holder is still employed within the MTG Group at the time of exercise.

The scope of the incentive programme for 2006 is proposed to amount to a maximum of 133,333 warrants and a maximum of 266,666 stock options. The Chief Executive Officer will be offered to purchase a maximum of 33,333 warrants and will be offered a maximum of 66,666 stock options, and other senior executives (approximately 25 individuals) will be offered to purchase a maximum of 13,333 warrants each and will be offered a maximum of 26,666 stock options each.

The Board of Directors, or a specially for the purpose appointed Committee, shall be entitled to decide on the details of the terms and conditions of the incentive program in accordance with the general terms and guidelines above. In connection with this, the Board of Directors shall be entitled to make adjustments in order to fulfil special regulations and market conditions abroad. The Board of Directors also reserves the right to make other adjustments provided that significant changes take place in the MTG Group or environment which would mean that the terms and conditions for allocation under the incentive programme become inappropriate.

Participation in the incentive program is conditional upon that it is deemed legally possible and appropriate, and that the Board of Directors considers that the administrative costs and financial efforts are reasonable.

Issue of warrants (item 18 b)

The Board of Directors proposes that the Meeting resolves to issue a maximum of 133,333 warrants, each entitling the holder to subscribe for one new Class B share in the company. The following shall apply to the warrants:

1. With deviation from the shareholders' preferential right, MTG Holding AB (wholly owned subsidiary of the company) shall be entitled to subscribe, with the right and obligation for MTG Holding AB, to, after subscription, transfer them on market terms to certain current and future employees in the MTG group in accordance with the below.
2. Oversubscription cannot be made.
3. The warrants will be issued at no payment.
4. Subscription of warrants shall be made not later than 19 May 2006.
5. Each warrant entitles to subscription of one (1) new Class B share in the company, during the period from 15 May 2009 to 15 August 2009, unless stated in the terms and conditions mentioned in item 8 below.
6. The price at which subscription of one new Class B share can be made shall correspond to 115 percent of the average last trading prices of the Class B share at the Stockholm Stock Exchange ten trading day immediately following the day of the Annual General Meeting. The subscription price calculated shall be rounded off to the nearest tens of öre, whereby five öre is to be rounded downward.
7. The new Class B shares shall entitle to dividend from the point that follows from § 7 in **Appendix 5**.
8. The complete terms and conditions for the warrants are set forth in Appendix 5. In accordance therewith, the subscription price upon exercise of the warrants and the number of shares to which each warrant provides an entitlement to subscribe may be adjusted at a bonus issue, a rights issue and under other specific circumstances. Following the redemption procedure in accordance with item 16 an adjustment may be made with the purpose that the holder shall maintain his/hers right unchanged.

As a result of the issue, the share capital may increase by a maximum of SEK 666,665 based on a current quota value of SEK 5.

The transfer of warrants to employees shall be made in accordance with the following:

1. Certain current and future employees with the MTG group in Sweden and abroad will be entitled to purchase the warrants.
2. Employees will be offered to acquire warrants in accordance with the following; Category I – Chief Executive Officer will be offered to acquire a maximum of 33,333 warrants; Category II – Other senior executives (approximately 25 individuals) will be offered to acquire a maximum of 13,333 warrants each.

It should be noted that the number of warrants that is stated is the maximum allocation within the respective category and, thus, the allocation can vary. An individual who has not received maximum allocation may be offered additional warrants, however, no more than what is stated as the maximum within the respective category.

3. Payment for the allotted warrants shall be made by an amount established on market basis determined on the acquisition date by Deloitte AB in accordance with an established valuation model (Black & Scholes).

Granting stock options and issue of warrants (item 18 c)

Granting of stock options

The Board of Directors proposes that the Meeting approves that the Board of Directors, following the offer to the participants of the incentive program, grants a maximum of 266,666 stock options, each entitling to acquire one Class B share in the company. Participants that have acquired warrants under item 18 b) will be offered stock options free of charge in accordance with the following principles:

1. Stock options may be offered to the employees in the group that have acquired warrants under item 18 b) above. For each warrant acquired in accordance with item 18 b), the employee is offered a maximum of two stock options, each entitling to acquisition of one Class B share in the company.
2. The stock options will be issued free of charge to the employees.
3. The price that the stock option holder shall pay to acquire a Class B share at exercise of the stock options shall not be below 115 percent of the average last trading prices of the Class B share at the Stockholm Stock Exchange ten trading day immediately following the day of the Annual General Meeting. The acquisition price calculated in this manner shall be rounded off to the nearest tens of öre, whereby five öre is to be rounded downward.
4. The stock options shall run for a maximum of five years.
5. The stock option will be exercisable in full, i.e. it vests, on 15 May 2009, however, only if the stock option holder is still employed by the MTG group (exceptions exist in cases where employment terminates as a result of retirement, disability or death).
6. The stock options may not be transferred, pledged or disposed of in any manner other than by will or by the laws of descent and disposition, and may be exercised during the lifetime of the employee, only by the employee.
7. If the stock option holder's employment terminated within the MTG group, non-vested stock option will lapse. Vested stock options will in general lapse three months after termination of employment. If employment is terminated as a result of retirement, disability or death, other time periods will be applicable. However, no stock option will not be valid after its expiration date.

Issue of warrants

In order to ensure the company's undertaking to deliver Class B shares upon exercise of the stock options, the Board of Directors proposes that the General resolves to issue a maximum of 266,666 warrants, each entitling to subscription of one new Class B share in the company. The following shall apply to the warrants:

1. With deviation of the shareholders' preferential right, the wholly owned subsidiary of the company, MTG Holding AB, shall be entitled to subscribe for the warrants with a right and obligation to after subscription, and upon the employees request of exercise stock options issued by the company, transfer warrants to the employees provided these are immediately exercised for subscription of shares.
2. Oversubscription cannot be made.
3. The warrants will be issued at no payment.

4. Subscription of warrants shall be made not later than 19 May 2006.
5. Each warrant entitles to subscription of one (1) new Class B share in the company, during the period from 15 May 2006 to 15 August 2011, unless stated in the terms and conditions mentioned in item 7 below.
6. The price at which subscription of one new Class B share can be made shall correspond to 115 percent of the average last trading prices of the Class B share at the Stockholm Stock Exchange ten trading day immediately following the day of the Annual General Meeting less SEK one (1). The subscription price calculated shall be rounded off to the nearest tens of öre, whereby five öre is to be rounded downward.

Upon exercise of one stock option, an exercise price of no less than SEK one (1) will be paid by the stock option holder, whereby the cost of acquiring one Class B share by way of the stock option will amount to no less than 115 percent of the average of the last trading prices of the company's Class B share during the ten trading days immediately following the day of the Annual General Meeting.

7. The new Class B shares shall entitle to dividend from the point that follows from § 7 in **Appendix 6**.
8. The complete terms and conditions for the warrants are set forth in Appendix 6. In accordance therewith, the subscription price upon exercise of the warrants and the number of shares to which each warrant provides an entitlement to subscribe may be adjusted at a bonus issue, a rights issue and under other specific circumstances. Following the redemption procedure in accordance with item 16 an adjustment may be made with the purpose that the holder shall maintain his/hers right unchanged.

As a result of the issue, the share capital may increase by a maximum of SEK 1,333,330 based on a current quota value of SEK 5.

Upon request of exercise of the stock options, the individuals who have been allotted stock options in accordance with this item 18 c) will be entitled to acquire the above warrants provided that the warrants are immediately exercised for subscription of new Class B shares.

The Board of Directors proposes that the Meeting authorises the Board of Directors or anyone appointed by the Board of Directors to make such minor adjustments to the resolutions in accordance with items 18 a-c deemed necessary in connection with registrations at Bolagsverket (the Swedish Companies Registration Office), VPC AB (Swedish Central Securities Depository) or because of foreign formal requirement.

RESOLUTION TO AUTHORISE THE BOARD OF DIRECTORS TO RAISE CERTAIN LOAN FINANCING (item 19)

According to the provisions of the new Companies Act, which entered into force on 1 January 2006, loan financing, where the interest rate is dependent upon the company's profits or financial position, is covered by the same resolution requirements as apply to participating debentures. This means that such loan financing must be resolved on by the General Meeting or by the Board of Directors with the support of an authorisation from the General Meeting. The Board of Directors

proposes that the Meeting resolves to authorise the Board of Directors to resolve on one or several occasions during the period up until the next Annual General Meeting to raise certain loan financing on market terms that are subject to the provisions in Chapter 11 Section 11 of the Swedish Companies Act (2005:551), where the interest rate is dependent upon the company's profits or financial position. The authorisation may only be used if the Board of Directors assesses that this type of interest rate provision is the most marketable and favourable for the company in each individual case. The background to the authorisation is that the company is to have the ability at all times to raise loan financing on attractive terms for the company and thereby contribute to increased value for the shareholders.

The Nomination Committee's proposals to be presented at the Annual General Meeting of Modern Times Group MTG AB (publ) on Wednesday 10 May 2006

The following proposals are numbered according to the proposed agenda.

NOMINATION COMMITTEE PROPOSALS (items 1 and 10-14)

The Nomination Committee hereby submits the following proposals for resolution which are supported by shareholders representing more than 50 percent of the votes in the company including, among others, Emesco AB, Investment AB Kinnevik, Fjärde AP-fonden, Robur, SEB Fonder and SEB Trygg Liv.

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

The Nomination Committee proposes that the Board of Directors shall consist of 8 directors without alternate directors.

The Nomination Committee proposes, for the period until the close of the next Annual General Meeting, the re-election of David Chance, Asger Aamund, Vigo Carlund, Nick Humby, Lars-Johan Jarnheimer, David Marcus, Cristina Stenbeck and Pelle Törnberg as directors of the Board. The Nomination Committee proposes that the Meeting shall appoint David Chance to be Chairman of the Board of Directors. Furthermore, it is proposed that the Board of Directors at the Constituent Board Meeting appoint a Remuneration Committee and an Audit Committee.

The Nomination Committee proposes that KPMG Bohlins AB shall be appointed as auditor, with the authorised public accountant Carl Lindgren as main responsible auditor, for a period of four years. At the General Meeting in 2003, the authorised public accountant Erik Åström, Ernst & Young, was appointed as auditor for a period of four years.

The Nomination Committee proposes that the Meeting resolves that the remuneration to the Board of Directors (including remuneration for the work in the committees of the Board of Directors) for the period until the close of the next Annual General Meeting shall be a total of SEK 3,575,000 of which SEK 1,000,000 shall be allocated to the Chairman of the Board, SEK 325,000 to each of the other directors of the Board and a total of SEK 300,000 to be allocated for the work in the committees of the Board of Directors.

The Nomination Committee proposes that remuneration to the auditors shall be paid in accordance with an approved bill which specifies time, persons who worked and tasks performed.

The Nomination Committee proposes that the Meeting approves the following procedure for preparation of the election of the Board of Directors. The work of preparing a proposal on the directors of the Board and auditor, in case auditor should be elected, and their remuneration as well as the proposal on the Chairman of the Annual General Meeting of 2007 shall be performed by a Nomination Committee. The Nomination Committee, which will consist of at least three members representing the shareholders of the company, will be formed during September 2006 in consultation with the largest shareholders in the company at that time. The Nomination Committee is elected for a term of office of one year. The majority of the members of the Committee may not be members 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 Chairman among themselves at the first meeting. The composition of the Committee will be communicated in the company's interim report for the third quarter of 2006.

A report on the Nomination Committee's work is available at the company's website, www.mtg.se.

CV's of proposed directors of Modern Times Group MTG AB (publ)

DAVID CHANCE, Chairman

Born: 1957

Independence: Independent of both the Company and its senior management & its major shareholders

Direct or related person ownership of MTG securities: 0

David has been Chairman of the Board of Directors since May 2003, and a member of the Board since 1998. David was Managing Director of the B SkyB Group between 1993 and 1998 and worked in the U.S. television industry for seven years. David is Chairman of TOP UP TV and has also served as a Non-Executive Director of ITV Plc and O2 Plc. David graduated with a BA, BSc and MBA from the University of North Carolina.

ASGER AAMUND

Born: 1940

Independence: Independent of both the Company and its senior management & its major shareholders

Direct or related person ownership of MTG securities: 0

Asger has been a member of the Board of Directors since 2000 and is also Chairman of the Boards of the Danish subsidiaries of MTG. Asger is the majority shareholder and Chairman of the Bavarian Nordic Research Institute and NeuroSearch, both of which are listed on the Copenhagen Stock Exchange. Asger has many years' experience in senior management positions and on the boards of Danish and international companies. Asger graduated from Copenhagen Business School.

NICK HUMBY

Born: 1957

Independence: Independent of both the Company and its senior management & its major shareholders

Direct or related person ownership of MTG securities: 0

Nick has been a member of the Board of Directors since 2004 and has worked in leading financial management positions in the media and sports industries. He was appointed Group Finance Director of Manchester United, one of the world's most successful sports clubs, in 2002, prior to which he was Finance Director of Pearson Television. Nick also serves as a Non-Executive Director of The Ambassador Theatre Group. Nick graduated from Birmingham University and is a member of the Institute of Chartered Accountants.

DAVID MARCUS

Born: 1965

Independence: Independent of both the Company and its senior management & its major shareholders

Direct or related person ownership of MTG securities: 6,100 Class B shares

David has been a member of the Board of Directors since 2004 and is the founder and Managing Partner of investment advisor M2 Capital. David is also the Non-Executive Chairman of Modern Holdings and a Non-Executive Director of Scribona A.B and Novestra AB. David graduated from Northeastern University in Boston.

CRISTINA STENBECK

Born: 1977

Independence: Not independent of the Company and its senior management or its major shareholders

Direct or related person ownership of MTG securities: 0

Cristina has been a member of the Board of Directors since 2003. Cristina is Chairman of Emesco AB and Vice Chairman of Investment AB Kinnevik and Invik & Co. AB. She serves as a Non-Executive Director of Metro International S.A., Millicom International Cellular S.A., Tele2 AB and Transcom WorldWide S.A. Cristina graduated from Georgetown University in Washington DC.

VIGO CARLUND

Born: 1946

Independence: Not independent of the Company and its senior management or its major shareholders

Direct or related person ownership of MTG securities: 1,000 Class B shares

Vigo has been a member of the Board of Directors since 2005 and is President & Chief Executive Officer of Investment AB Kinnevik. Vigo is also Chairman of Metro International S.A. and Korsnäs AB and serves as a Non-Executive Director of Tele2 AB, Transcom WorldWide S.A., Millicom International Cellular S.A. and Invik & Co. AB.

PELLE TÖRNBERG

Born: 1956

Independence: Not independent of the Company and its senior management or its major shareholders

Direct or related person ownership of MTG securities: 12,200 Class B shares

Pelle has been a member of the Board of Directors since 2000 having been the President & Chief Executive Officer of MTG until 2000. Pelle is President & Chief Executive Officer and a Board Director of Metro International S.A.. Pelle established and launched a wide range of media companies within Industriförvaltnings AB Kinnevik before assuming responsibility for all of

Kinnevik's media operations in 1993. Pelle is a member of the Board of the Swedish American Chamber of Commerce and studied at the University of Gothenburg.

LARS-JOHAN JARNHEIMER

Born: 1960

Independence: Independent of the Company and its senior management but not independent of its major shareholders

Direct or related person ownership of MTG securities: 2,000 Class B shares

Lars-Johan has been a member of the Board of Directors since 1997 and has been President and CEO of Tele2 AB since 1999. Lars-Johan has previously served as a member of the group executive management of Saab Automobile with responsibility for the Nordic countries, Russia and the Baltic States, and was President of Saab Opel Sverige AB between 1997 and 1998. Lars-Johan was President of Comviq from 1993 to 1997 and was appointed as Vice President of Industriförvaltnings AB Kinnevik in 1999. Lars-Johan is a Non-Executive Director of Millicom International Cellular S.A., Arvid Nordquist Handels AB, and INGKA Holding B.V. (the parent company of the IKEA group of companies). Lars-Johan graduated with an MBA from Växjö and Lund Universities in Sweden.

ARTICLES OF ASSOCIATION

Modern Times Group MTG AB

§ 1

The name of the Company is Modern Times Group MTG AB. The Company is a public company (publ).

§ 2

The board of directors shall have its registered office in the municipality of Stockholm.

§ 3

The primary purpose of the Company's business shall be to generate profit for its shareholders.

The object of the Company's business is to develop and sell goods and services within the media, information and communications businesses and other activities compatible therewith.

The Company shall also be entitled to own and manage real estate as well as shares and other movables, and carry on other activities compatible therewith.

The Company shall have the right to guarantee or otherwise pledge security for obligations assumed by other companies within the group.

Current wording § 4

The Company's share capital shall be not less than SEK 298,000,000 (two hundred ninety eight million) and not more than SEK 1,192,000,000 (one billion one hundred ninety two million).

The nominal value of each share shall be SEK 5 (five).

Proposed wording § 4

The Company's share capital shall be not less than SEK 298,000,000 and not more than SEK 1,192,000,000.

The number of shares in the Company shall be not less than 59,600,000 and not more than 238,400,000.

Current wording § 5

Shares may be issued in two Classes, Class A and Class B. Class A shares may be issued to a maximum number of 238,400,000 (two hundred thirty eight million four hundred thousand) and Class B shares to a maximum number of SEK 2,238,400,000 (two hundred thirty eight million four hundred thousand). Each Class A share carry ten votes and each Class B share carry one vote.

Should the Company resolve on a cash issue of new Class A and Class B shares, holder of Class A and Class B shares shall have a preferential rights to subscribe for new shares of the same Classes in proportion to the number of shares previously held by that shareholder (primary preferential right). Shares not subscribed for with primary preferential rights shall be offered for subscription to all shareholders (secondary preferential right). If the number of shares issued is not sufficient to cover the number of shares subscribed for with secondary preferential right, the shares shall be distributed among the subscribers in proportion to the number of shares they previously held and, to the extent that is not possible, by drawing lots.

If the Company resolves on a cash issue of new shares solely of Class A shares or Class B shares, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe for new shares in proportion to the number of shares already held.

The stipulations regarding preferential rights shall not infringe on the possibility to resolve on a cash issue in which the preferential rights of shareholders are waived.

In the event of an increase of the share capital through a bonus issue of shares, new shares of each class shall be issued in proportion to the number of shares already issued of that class. In such an event, existing shares of a certain class shall carry preferential rights to new shares of the same series. The aforementioned shall not constitute any restriction on the possibility to issue shares of a new class through a bonus issue, subject to required amendments to the articles of association.

Proposed wording § 5

Shares may be issued in two Classes, Class A and Class B. Class A shares may be issued to a maximum number of 238,400,000 and Class B shares to a maximum number of SEK 2,238,400,000. Each Class A share carry ten votes and each Class B share carry one vote.

Should the Company resolves on an issue of new Class A and Class B shares, against other payment than contribution in kind, each holder of Class A and Class B shares has preferential rights to subscribe for new shares of the same class in proportion to the number of old shares held by such holder (primary preferential rights). Shares not subscribed for with primary preferential rights shall be offered for subscription to all shareholders in the Company (subsidiary preferential rights). If the number of shares so offered is less than the number subscribed for with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of already shares held, or, to the extent that this is not possible, by lot.

Should the Company resolves on an issue of new shares solely of Class A shares or Class B shares, against other payment than contribution in kind, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe for new shares in proportion to the number of shares previously held.

The stipulations regarding preferential rights shall apply mutatis mutandis for new issues of warrants and convertible bonds, and shall not infringe on the possibility to resolve on an issue in which the preferential rights of shareholders are waived.

If the share capital is increased by a bonus issue, where new shares are issued, new shares shall be issued in relation to the number of shares of the same classes already held. In such cases, old shares of a specific class shall entitle to new shares of the same class. Following a requisite amendment in the Articles of Association, the aforementioned stipulation shall not infringe on the possibility to issue shares of a new class by a bonus issue.

Current wording § 6

The board shall consist of no less than three and no more than nine directors with up to seven deputy directors. The directors and the deputies shall be elected annually by the annual general meeting of shareholders for the period until the end of the following annual general meeting.

Proposed wording § 6

The board shall consist of no less than three and no more than nine directors.

Current wording § 7

One or up to three auditors with up to three deputy auditors shall be appointed by the annual general meeting of shareholders. The auditors as well as the deputies shall be authorized public accountants. An authorized public accountant firm may be appointed auditor.

Proposed wording § 7

The Company shall have a not more than three auditors with up to three deputy auditors.

§ 8

The Company's financial year shall be the calendar year.

§ 9 (the previous section is proposed to be deleted)

General meetings of shareholders shall be held in Stockholm.

§ 10 (the previous section is proposed to be deleted)

At general meetings of shareholders, each person entitled to vote may exercise the voting rights of the full number of shares that he represents.

The chairman of the board or whomever the board appoints thereto shall open the general meeting and chair the meeting until a chairman of the general meeting has been elected.

At the annual general meeting, the following items shall be addressed:

1. election of chairman of the meeting;
2. preparation and approval of voting list;
3. approval of the agenda;
4. election of one or two persons to check and sign the minutes along with the chairman;
5. determination of whether the meeting has been duly convened;

6. presentation of the annual report and the auditor's report and, if the Company is a parent company, the consolidated accounts and the auditor's report on the consolidated accounts;
7. resolution on the adoption of the income statement and the balance sheet and, if the Company is a parent company, the consolidated income statement and the consolidated balance sheet;
8. resolution on the allocation of the Company's profit or loss pursuant to the balance sheet adopted by the meeting;
9. resolution on the discharge of the board of directors and the managing director from personal liability;
10. determination of the number of directors and deputy directors and, when applicable, auditors and deputy auditors;
11. determination of fees to be paid to the board directors and the auditors;
12. election of board directors and, when applicable, auditors and deputy auditors;
13. other matters to be addressed by the meeting pursuant to the Companies Act or the articles of association as amended from time to time.

Current wording § 9 (previous § 11)

Notice convening a general meeting of shareholders shall be made through public announcement in Post- och Inrikes Tidningar, Metro and Svenska Dagbladet not earlier than six weeks and not later than four weeks before the meeting and, in case of an extraordinary general meeting not concerning amendments to the articles of association, not earlier than six weeks and not later than two weeks before the meeting. Other messages to the shareholders shall be announced in the same manner.

Proposed wording § 9 (previous § 11)

Notice of an annual general meeting and any extraordinary general meeting where any proposed amendment to the articles of association is to be addressed, shall be given no earlier than six and no later than five weeks prior to the meeting. Notice of any other extraordinary general meeting shall be given no earlier than six and no later than two weeks prior to the meeting.

Notice of a general meeting of shareholders shall be made by announcement in Post- och Inrikes Tidningar, Metro and in Svenska Dagbladet.

Current wording § 10 (previous § 12)

A shareholder that wishes to participate at the general meeting shall, firstly, have been registered as shareholder in a transcript of the entire share register as stipulated in Chapter 3 Section 13 second paragraph of the Companies Act with respect to the situation ten days before the meeting, and secondly, register with the Company no later than 1 p.m. on the registration day set forth in the notice convening the meeting. Such registration day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve, New Year's Eve or any day earlier than five weekdays prior to the meeting. A shareholder attending a general meeting may be accompanied

by an assistant, however only where the shareholder has provided notification hereof in accordance with the foregoing paragraph.

Proposed wording § 10 (previous § 12)

A shareholder that wishes to participate at the general meeting shall, firstly, have been registered as shareholder in a transcript of the entire share register with respect to the situation five business days before the meeting, and secondly, register with the Company no later than 1 p.m. on the registration day set forth in the notice convening the meeting. Such registration day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve, New Year's Eve or any day earlier than five weekdays prior to the meeting.

A shareholder attending a general meeting may be accompanied by an assistant, however only where the shareholder has provided notification hereof in accordance with the foregoing paragraph.

Current wording § 11 (previous § 13)

Any person who on the record date is registered in the share register or a register according to Chapter 4 Section 12 of the Companies Act (1975:1385) shall be considered authorized to receive dividends and, in the event of a bonus issue of shares, new shares issued to shareholders, as well as to exercise the preferential rights of shareholders to participate in a share issue.

Proposed wording § 11 (previous § 13)

The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

The Board of Directors' statement in accordance with Chapter 20, Section 8 of the Companies Act (2005:551)

The board of directors' statement in accordance with Chapter 20, Section 8 of the Companies Act (2005:551)

The board of directors hereby presents the following statement in accordance with Chapter 20, Section 8 of the Companies Act (2005:551).

The board of directors' reasons for the proposed reduction in share capital for repayment to shareholders being in accordance with the provisions of Chapter 17, Section 3, para. 2 and 3 of the Companies Act (2005:551) are as follows:

The Company's objects, scope, and risks

The company's objects and scope of business are set out in the articles of association and the annual reports provided. The business run by the company does not entail any risks in excess of those that exist or may be deemed to exist in the industry or those risks which are generally associated with operating a business.

The financial position of the company and the group

The financial position of the company and the group as at 31 December 2005 is stated in the latest annual report. The annual report also states which accounting principles are applied in the valuation of assets, allocations and liabilities.

The proposed repayment constitutes 14 percent of the parent company's equity and 11 percent of the group's equity.

The annual report states that the equity-debt ratio is 55 percent. The proposed reduction in share capital and statutory reserve does not endanger the completion of any necessary investments.

The company's financial position does not give rise to any other conclusion than that the company can continue its business and that the company can be expected to fulfil its obligations on both a short and long-term basis.

Justification for decrease

With reference to the above and to what has otherwise come to the knowledge of the board of directors, the board of directors is of the opinion that after a comprehensive review of the financial position of the company and of the group it follows that the proposal on repayment is justified according to the provisions of Chapter 17, Section 3, para. 2 and 3 of the Companies Act, i.e. with reference to the requirements that the objects of the business, its scope and risks place on the size of the company's and group's equity and the company's and the group's consolidating requirements, liquidity and financing needs in general.

Stockholm, April 2006

Modern Times Group MTG AB (publ)

The Board of Directors

The Board of Directors' report in accordance with Chapter 20, Section 13 of the Companies Act (2005:551)

The Board of Directors of Modern Times Group MTG AB ("MTG") hereby presents the following report in relation to the Board of Directors' proposal to the General Meeting of shareholders on the redemption of shares in MTG for consideration in the form of shares in Metro International S.A. ("Metro").

According to Chapter 20, Section 13 of the Companies Act, the Board of Directors shall present a report on any circumstances which may be of importance in the assessment of the value of such assets used as consideration for the redeemed shares. The report shall also contain information about the other measures proposed to avoid a reduction in the company's restricted shareholder equity and its share capital. The report shall also state the effects that the proposed reduction and other measures shall each have on the company's restricted equity and share capital.

The current book value on MTG's balance sheet of the Metro shareholding amounts to approximately SEK 634 million. The book value of the Metro shares being distributed to shareholders amounts to approximately SEK 602 million. Based on the share price paid as at the close of trading on 24 April 2006, the market value of the Metro shares distributed was approximately SEK 1,687 million.

The Board of Directors proposal results in a reduction of the share capital in MTG amounting to approximately SEK 166 million, from approximately SEK 332 million to SEK 166 million. In order to achieve a timely and efficient redemption procedure without requiring the consent of the Swedish Companies Registration Office or the court, the Board of Directors proposes that the Meeting resolves to restore the share capital to its original level of approximately SEK 332 million by way of a bonus issue without issuing new shares. The bonus issue is proposed to be effectuated by way of a transfer of approximately SEK 166 million from the company's non-restricted equity to the company's share capital.

All in all, the above proposal from the Board of Directors entails that distributable profits in MTG as at 31 December 2005 will be reduced by approximately SEK 602 million to approximately SEK 1,967 million. After the bonus issue has been carried out, the company's restricted equity and share capital will be unchanged.

Stockholm on 26 April 2006

Modern Times Group MTG AB (publ)

The Board of Directors

The auditors' statement in accordance with Chapter 20, Section 14 of the Companies Act (2005:551)

The Board of Directors of Modern Times Group MTG AB (MTG) have presented a report dated 26 April 2006 in relation to the Board of Directors' proposal to the General Meeting of shareholders on the redemption of shares in MTG for consideration in the form of shares in Metro International S.A. ("Metro"). As a result of the report from the Board of Directors, the following statement in accordance with Chapter 20, Section 14 of the Companies Act is presented.

The undersigned auditor has no objection to the description of the appropriateness of the measures proposed by the Board of Directors to restore the company's share capital and confirms the accuracy of the assessment made by the Board of Directors regarding the effects of the proposed measures on the company's shareholder equity. Nor do I have any objection to the report's description of the Metro shares and the valuation of the shares proposed to be distributed to the shareholders of MTG. In the light of the fact that the Metro shares are listed on a recognised stock exchange, there have been no difficulties associated with the estimation of the value of the assets. Further, my assessment is that the shares proposed to be distributed to the shareholders of MTG have not been attributed a higher value on MTG's balance sheet than the actual value to the company.

Stockholm on 26 April 2006

KPMG Bohlins AB

Carl Lindgren

Authorised public accountant

1 Objectives of the Incentive Program

The objective of the proposed incentive programme is to create conditions for retaining and recruiting competent employees for the Group. The incentive programme has been structured to reward the participants for an increase in shareholder value by offering an allocation of warrants and stock options based on the fulfilment of result-oriented and business-oriented performance conditions that have been adopted. Participation in the programme requires a personal investment by each participant since the participant must pay the market price of the warrants. By linking the employee's reward with the development of the company's profits and increase in value, long-term growth in the company is rewarded. Against this background, the Board of Directors is of the opinion that the adoption of an incentive programme 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.

2 Other Outstanding Share Related Incentive Programs

On 16 February 2001, the Extraordinary General Meeting resolved on a stock option program. The stock options entitle to acquisition of Class B shares in the company. Senior executives and key employees are entitled to allocation of stock options. The following terms and conditions are applicable to outstanding stock options:

The stock options are exercisable at the earliest three years and at the latest eight years from time of grant. The stock option holders must at the time of exercise remain in the employment of the MTG group. The stock options are granted free of charge and may not be transferred. The term, the strike price and the number of outstanding stock options are set forth in the summary below.

Year of grant	2001
Number of granted stock options	1,507,019
Price per share (SEK)	294.50
Outstanding shares that can be acquired	689,130

In order to ensure the company's undertaking to deliver Class B shares upon exercise of the stock options, and to cover any administrative costs, social security contributions and equivalent taxes that may arise as a result of these stock options, subordinated debentures with detachable warrants were issued during 2001 and 2002 to the wholly owned subsidiary MTG Holding AB. The warrants entitle to subscription for a total of 1,990,469 new Class B shares

On the annual general meeting on 11 May 2005 it was resolved to adopt an incentive program for senior executives and other key employees employed in the MTG group, meaning that employees are offered a combination of warrants and stock options, which entitle them to acquire Class B shares in the company. The participants in the incentive program have purchased warrants on market terms. For each warrant purchased, the participant have been offered a maximum of two stock options, each carrying the right to acquire one Class B share. The subscription price of the warrants and the acquisition price

of the stock options equals 115 percent of the average last trading price of the company's Class B share during the ten trading days immediately following the day of the Annual General Meeting. The warrants are run during approximately three years and the stock options run during approximately five years. The stock options are not transferable and the right to exercise the stock options normally requires that the holder is still employed within the MTG group at the time of exercise. The term, the strike price and the number of outstanding warrants/stock options are set forth in the summary below. No warrants/stock option has been exercised for acquisition of shares

	Warrants	Stock options
Year of grant	2005	2005
Number of granted options	133,333	266,666
Price per share (SEK)	261.70	261.70
Outstanding shares that can be acquired	133,333	266,666

3 Preparation of the Incentive Program

The proposed incentive program has been prepared by the Remuneration Committee, in consultation with the owners, independent experts and the Board of Directors. The proposal has been adopted by the Board of Directors.

4 Dilution Effects and Costs for the Program

Exercise of the proposed warrants and stock options will increase the number of Class B shares. Upon full exercise, these new shares represent approximately 0.6 percent of the total number of outstanding shares in the company and approximately 0.2 percent of the total number of votes in the company. Considering the previously issued and outstanding warrants, the dilution effect at full exercise will be approximately 4.0 percent of the total number of shares and approximately 1.3 percent of the total number of votes.

Given that transfers of warrants from the subsidiary to employees shall take place at a calculated market price, the warrants are not expected to incur the company any significant expenses. However, the dilution effect of the warrants may affect the earnings per share in accordance with the accounting standard IAS 33.

The stock options may nevertheless lead to such costs for the MTG group as social security fees and accounting costs during the term of the stock options.

Costs in the form of social security fees can arise at exercise of the stock options. Based on an assumed share price of SEK 485 at exercise and an assumed acquisition price of the stock option of SEK 420,90 per share, the social security fees can be calculated to amount to approximately SEK 4.3 million.

Social security will be expensed during the vesting period of the stock options based on the change in value of the stock options.

IFRS 2 stipulates that stock options should be expensed as personnel costs (excluding social security fees) over the vesting period and will be reported directly against equity. Based on an assumption that approximately 10 percent of the stock options that are offered lapse before vesting as a result of personnel turnover, the estimated cost for the stock options amounts to approximately SEK 16.3 million allocated over the years 2006 - 2009. The accounted amount will be reconsidered, taking into account changes in expected vesting during the vesting period as well as at the end of the vesting period in view of the actual vesting.

The cost for the company of paying a cash bonus to cover a part of the cost of the option premium (see section 7 below) amounts to approximately SEK 16.8 million including social fees. The calculation is based on the following assumptions:

- that all warrants are acquired;
- that all option holders, holding warrants and stock options and/or Class B shares acquired by warrants/stock options, remain in employment three years after the acquisition; and
- that the option premium amounts to SEK 72.30 (see below).

With adjustments made for the investment that the employees make at acquisition of the warrants, the cost amounts to approximately SEK 7.1 million.

5 The Theoretical Value of a Stock Option

The stock options have no market value as they are not transferable. A theoretical value of the stock option has nevertheless been calculated based on the Black & Scholes valuation model and, as far as possible, in accordance with the principles stipulated in IFRS 2. The calculation is based on an assumed share price of SEK 366 and an expected volatility of 30 percent. Considering the risk of the stock options becoming invalid before expiration due to of the requirement of continued employment, the value calculated in accordance with the Black & Scholes valuation model has been reduced by 20 percent. The theoretical value of one stock option has been calculated to amount to SEK 54.40, yielding a value for all stock options of approximately SEK 14.5 million.

6 The Value of a Warrant

Based on a share price of the company's Class B share of SEK 366, a subscription price of the warrants of SEK 420,90 (115 per cent) and an estimated volatility of 30 percent, the value per warrant has been estimated to SEK 72.30, yielding a value for all warrants of approximately SEK 9.6 million.

7 Miscellaneous

For the information of shareholders, the Board of Directors is considering encouraging participation in the incentive programme by committing to a cash bonus that may be paid three years following each participant's acquisition of the warrants. The cash bonus will only be paid provided that the warrants, stock options and/or Class B shares acquired by way of warrants and stock options are still held by the participant and provided that the participant is still employed within the MTG group. The cash bonus may amount to a maximum of the difference between the total price paid by the participant and 2 percent of the total value of the underlying Class B shares at the time of the acquisition of the options.

TERMS AND CONDITIONS FOR MODERN TIMES GROUP MTG AB'S (PUBL) WARRANTS 2006/2009

§ 1 Definitions

All references to the following designations in these terms and conditions shall have the meaning presented below.

“bank day”

a day which is not a Sunday, or other public holiday or, with respect to the payment of debentures, is not deemed to be the equivalent of a public holiday in Sweden;

“bank”

the bank or account operator which the company at each time has appointed to handle the administration of the warrants in accordance with these terms and conditions;

“company”

Modern Times Group MTG AB (publ), reg. no. 556309-9158;

“warrant”

the right to subscribe for Class B shares of the company upon payment in cash pursuant to these terms and conditions;

“subscription”

such subscription of new Class B shares in the company as referred to in the Swedish Companies Act Chapter 14;

“subscription price”

the price at which subscription for new Class B shares may be made;

“VPC”

VPC AB (the Swedish Central Securities Depository);

§ 2 Warrants and registration

The maximum number of warrants is 133,333.

The warrants shall be registered by VPC in a record register as prescribed in the Financial Instruments Accounts Act (1998:1479), in consequence whereof no securities certificates will be issued.

The warrants are registered for the account of the holder in an account in the company's record register. Registrations of warrants resulting from measures pursuant to §§ 6, 7 and 8 below shall be undertaken by the bank. Other registration measures concerning the account may be taken by the bank or other account-operating institute.

§ 3 Right to subscribe for new shares

For each warrant held, the holder shall have the right to subscribe for one new share in the company.

The subscription price shall correspond to 115 percent of the average last trading prices of the Class B share at the Stockholm Exchange ten trading days immediately following the day of the

Annual General Meeting of Shareholders' on May 10, 2006. The subscriptions price calculated in this manner shall be rounded off to the nearest tens of öre, whereby five öre is to be rounded downward.

Re-calculation of the subscription price, as well as the number of new shares which each warrant entitles to subscribe for, may take place in the circumstances set forth in § 8 below. Subscription may only be made in respect of the entire number of shares to which the total number of warrants entitles to and that are registered by a certain account operating institute, and which one and the same warrant holder wishes to exercise simultaneously.

§ 4 Notification for subscription

Notification for subscription of shares may be made during the period commencing May 15, 2009 up to and including August 15, 2009.

When such notification is made, an application form duly filled out as prescribed shall, for purpose of registrations, be presented to the company or to a party appointed by the company.

A notification for subscription is binding and may not be withdrawn.

If notification of subscription is not made within the period of time stated in the first paragraph, all right according to the warrants cease to exist.

§ 5 Payment

In connection with a subscription notification, cash payment must be remitted on a single occasion for the number of shares specified in the notification. Payment shall be made in cash to an account appointed by the company.

§ 6 Entry in share register etc

Following subscription, allotment of shares will be effected by the new shares being registered as interim shares in the company's share register. Once registration has taken place at the Companies Registration Office, registration in the share account will become final. As indicated in § 8 below, the date of such final registration may be deferred in certain cases.

§ 7 Dividends on a new share

Share issued as a result of subscription will carry right to dividends as of the first record date for dividends, which has been established after subscription is executed.

§ 8 Re-calculation of subscription price etc.

With regard to the right which shall belong to warrant holders in certain situations, the following shall apply:

- A. If the company effects a bonus issue of shares, subscription shall – if the notification for subscription is made at such time that it cannot be effected at the latest on the tenth day prior to the shareholders' meeting which resolves upon the bonus issue – be effected only after the shareholders' meeting has resolved to carry out the bonus issue. A share which is issued as a consequence of subscription executed after such a resolution, shall be registered on an interim basis in the share account, which means that the holders of such

shares are not entitled to participate in the bonus issue. Final registration in the share account shall take place only after the record date for the issue.

In connection with subscription which are effected after the bonus issue resolution, a re-calculated subscription price as well as a re-calculated number of shares which each warrant shall entitle to subscribe for shall apply. Re-calculations shall be made by the company in accordance with the following formulas:

$$\begin{array}{l} \text{re-calculated number of shares} \\ \text{which each warrant entitles to} \\ \text{subscribe for} \end{array} = \frac{\begin{array}{l} \text{the previous number of shares} \\ \text{which each warrant entitled to} \\ \text{subscribe for} \times \text{the number of} \\ \text{shares after the bonus issue} \end{array}}{\begin{array}{l} \text{the number of shares prior to the} \\ \text{bonus issue} \end{array}}$$

$$\begin{array}{l} \text{the re-calculated subscription price} \end{array} = \frac{\begin{array}{l} \text{the previous subscription price} \times \\ \text{the number of shares prior to the} \\ \text{bonus issue} \end{array}}{\begin{array}{l} \text{the number of shares after the} \\ \text{bonus issue} \end{array}}$$

When re-calculating in accordance with the above formula, any shares held by the company shall be disregarded. The re-calculated subscription price and number of shares as calculated above will be determined by the company as soon as possible after the general meeting of the shareholders' decision regarding the bonus issue, but will not be applied until after the record date for the issue.

- B.** If the company undertakes a reverse share split or a share split, subsection A above shall apply mutatis mutandis, whereupon the record date shall be deemed to be the date on which the reverse share split or share split is effected at VPC upon request by the company.
- C.** If the company carries out a new issue of shares - with a preferential right for shareholders to subscribe for new shares in exchange for cash payment or offset against a claim - the following shall apply with respect to the right to participate in the issue for shares which are issued pursuant to subscription due to exercise of warrants:
 - 1.** Where the board of directors resolves to carry out the issue, contingent upon the approval of the shareholders' meeting or pursuant to authorisation by the shareholders' meeting, the resolution to carry out the issue shall set forth the last date on which subscription shall be executed in order that shares, which are issued as a consequence of such subscription, shall entitle the holders to participate in the issue. Such date may not be earlier than ten calendar days after the publication of the notice.
 - 2.** Where the resolution to carry out the issue is adopted by the shareholders' meeting, subscriptions – for which application is made at such time that the subscription cannot be executed on or before the tenth calendar day prior to the shareholders' meeting which decides upon the issue – shall be executed only after the company has effected re-calculation in accordance with the penultimate paragraph of this subsection C. Shares which are issued as a consequence of such subscription shall be registered on an interim basis in the share account and shall not entitle the holders to participate in the issue.

Where subscription is made at such time that no right to participate in the new issue arises, a re-calculated subscription price as well as a re-calculated number of shares which each warrant entitles to subscribe for shall apply. Re-calculations shall be made by the company in accordance with the following formulas:

re-calculated subscription price = $\frac{\text{the previous subscription price} \times \text{the average exchange price of the share during the subscription period set forth in the issue resolution (average share price)}}{\text{the average share price increased by the theoretical value of the subscription right calculated on the basis thereof.}}$

re-calculated number of shares which each warrant entitles to subscribe for = $\frac{\text{the previous number of shares which each warrant entitled to subscribe for} \times (\text{the average exchange price of the share increased by the theoretical value of the subscription right calculated on the basis thereof})}{\text{the average share price.}}$

The average share price shall be deemed to correspond to the average for each trading day during the subscription period of the calculated mean value of the highest and lowest price paid according to Stockholm Exchange's official price list or any other current market quotation. In the absence of a quoted paid price, the bid price which is quoted as the closing price shall form the basis for the calculation. Days when no paid price or bid price is quoted, shall be excluded from the calculation.

The theoretical value of the subscription rights shall be calculated according to the following formula:

The value of a subscription right = $\frac{\text{the maximum number of new shares which may be issued pursuant to the issue resolution} \times (\text{the average share price} - \text{the issue price for the new share})}{\text{the number of shares prior to the issue resolution}}$

When re-calculating in accordance with the above formula, any shares held by the company shall be disregarded. If a negative value arises in connection with this calculation, the theoretical value of the subscription right shall be deemed to be zero.

The re-calculated subscription price and the re-calculated number of shares as set forth above shall be determined by the company two banking days after the expiration of the subscription period and shall apply to subscriptions executed thereafter.

During the period until the re-calculated subscription price and re-calculated number of shares are determined, subscription shall only be executed on a preliminary basis, whereupon the full number of shares according to the not yet re-calculated number of shares will be registered in the share account on an interim basis. In addition, a special note shall be recorded to the effect that the warrant may entitle the holder to additional shares pursuant to the re-calculated number of shares. Final registration in the share account shall be effected following the determination of the re-calculations.

- D.** Where the company carries out an issue in accordance with Chapter 14 or 15 of the Swedish Companies Act – with preferential rights for the shareholders – the provisions contained in subsection C, first paragraph, subsections 1 and 2, shall apply correspondingly, with respect to the right to participate in the issue.

Where subscriptions are made at such time that no right to participate in the issue arises, a re-calculated subscription price as well as a re-calculated number of shares which each warrant entitles to subscribe for shall be applied. Re-calculations shall be made by the company in accordance with the following formulas:

$$\begin{array}{l} \text{re-calculated subscription price} = \\ \\ \text{re-calculated number of shares} \\ \text{which each warrant entitles to} \\ \text{subscribe for} \end{array} \begin{array}{l} \text{previous subscription price} \times \text{the average} \\ \text{exchange price of the share during the} \\ \text{subscription period set forth in the} \\ \text{resolution approving the issue (average} \\ \text{share price)} \\ \text{the average share price increased by the} \\ \text{value of the subscription right} \\ \\ \text{previous number of shares which each} \\ \text{warrant entitles to subscribe for} \times \text{(the} \\ \text{average share price increased by the} \\ \text{value of the subscription right)} \\ \text{average share price} \end{array}$$

The average share price is calculated in accordance with the provisions set forth in subsection C. above.

The value of the subscription right shall be deemed to correspond to the average mean of the highest and lowest prices paid for such rights each trading day during the subscription period in transactions quoted on the Stockholm Exchange's official list or any other current market quotation. In the absence of a quoted paid price, the final bid price shall form the basis for the calculation. Days when no paid price or bid price is quoted, shall be excluded from the calculation.

The re-calculated subscription price and the re-calculated number of shares as set forth above shall be determined by the company two banking days after the expiration of the subscription period and shall apply to subscriptions made after such time.

In relation to subscriptions effected during the period until the re-calculated subscription price and re-calculated number of shares have been determined, the provisions set forth in the final paragraph of subsection C. above shall apply mutatis mutandis.

- E.** In the event the company, under circumstances other than those set forth in subsections A – D above, directs an offer to the shareholders, with a preferential right pursuant to the principles set forth in Chapter 13, section 1 of the Swedish Companies Act, to purchase securities or rights of any kind from the company, or where the company resolves, pursuant to the above-stated principles, to distribute to its shareholders such securities or rights without consideration, shall, with respect to subscriptions requested at such a time that the thereby acquired shares do not carry rights to participate in the offer, a re-calculation of the subscription price and the number of shares each warrant entitles to subscription of, shall be made. The re-calculations shall be made by the company in accordance with the following formulas:

$$\begin{array}{l} \text{previous subscription price} \times \text{the average} \\ \text{exchange price of the share during the} \end{array}$$

re-calculated subscription price	=	notice period set forth in the resolution <u>approving the issue (the average share price)</u> average share price increased by the value of the right to participate in the offer (the value of the purchase right)
re-calculated number of shares which each warrant entitles to subscribe for	=	previous number of shares which the warrant entitled to purchase x (the average share price increased by the value of the <u>purchase right</u>) average share price

The average share price is calculated in accordance with the provisions set forth in subsection C. above.

In the event the shareholders received purchase rights and trading in such rights has taken place, the value of the right to participate in the offer shall be deemed to be equivalent to the value of the purchase right. The value of the purchase right in such circumstances shall be deemed to correspond to the average mean of the highest and lowest prices paid each trading day during the application period in transactions quoted on Stockholm Exchange's official list or any other current market quotation. In the event no paid price is quoted, the bid price quoted as the closing price shall be used in the calculation instead. Days when no paid price or bid price is quoted, shall be excluded from such calculation.

In the event the shareholders have not received purchase rights or where such trading in purchase rights mentioned in the first paragraph has otherwise not taken place, re-calculation of the subscription price and number of shares shall take place, thereby applying, to the greatest extent possible, the principles set forth above in this subsection E, whereupon the following shall apply. If the securities or rights which are offered to the shareholders are listed, the value of the right to participate in the offer shall be deemed to correspond to the average of the calculated mean values, for each trading day during a period of 25 trading days commencing on the first day for listing, of the highest and lowest price paid during the said day, for transactions in these securities or rights on the Stockholm Exchange or any other current market quotation, where applicable, decreased by any consideration paid for such securities or rights in connection with the offer. In the absence of a quotation of paid price, the last bid price quoted shall be used in the calculation instead. If neither a selling price nor a bid price is quoted on certain given day or days, such day shall be excluded from calculation of the value of the right to participate in the offer. When re-calculation of the subscription price and the number of shares is made according to this paragraph, the above mentioned period of 25 trading days shall be deemed to correspond to the application period determined in the offer. In the event no such listing takes place, the value of the right to participate in the offer shall, to the greatest extent possible, be based upon the change in the market value of the company's shares, which may be deemed to have occurred as a consequence of the offer.

The subscription price and number of shares re-calculated in accordance with the above shall be determined by the company as soon as possible after the expiration of the offer and shall be applied on subscriptions which are effected after such determination.

In relation to subscriptions which are effected during the period until the re-calculated subscription price and re-calculated number of shares have been determined, the provisions set forth in the final paragraph of subsection C above shall apply mutatis mutandis.

- F. Where the company carries out a new share issue or an issue in accordance with Chapter 14 or 15 of the Swedish Companies Act – with preferential rights for the shareholders – the company is entitled to decide that all warrant holders are entitled to the same preferential right that is bestowed upon the shareholders. In this conjunction the warrant holders, disregarding that subscription has not been made, will be considered as owners of the number of shares that the warrant holder would have received if the subscription had been executed before the issue. The circumstance that the warrant holder would have received an additional cash payment shall not give rise to any right in this case.

Should the company direct such an offer intended in subsection E, above, to its shareholders, the provisions set forth in previous paragraph will apply mutatis mutandis.

If the company was to give the warrant holders preference, in accordance to the provisions set forth in subsection F, re-calculation of the subscription price or of the number of shares that the warrant entitles to, according to subsections C, D or E, shall not be made.

- G. If a partial division in accordance with Chapter 24 of the Swedish Companies Act is resolved by which part of the company's assets and liabilities are taken over by one or several other companies, without the company dissolving, a re-calculation of the subscription price, and the number of shares each warrant entitles the holder to subscribe for, shall be made. The re-calculation shall be made by the company in accordance with the following formula:

$$\text{re-calculated subscription price} = \frac{\text{previous subscription price} \times \text{the average exchange price of the share during a period of 25 trading days calculated from the day on which the share is listed without any right to division payment}(\text{the average share price})}{\text{average share price increased by the value of the division payment paid per share}}$$

$$\text{re-calculated number of shares which each warrant entitles to subscribe for} = \frac{\text{previous number of shares which each warrant entitles to subscribe for} \times (\text{the average share price increased by the division payment paid per share})}{\text{average share price}}$$

The average share price shall be deemed to correspond to the average during the period of 25 trading days set out above of the calculated mean value for each trading day of the highest and lowest price paid quoted on the Stockholm Exchange's official list or any other current market quotation. In the event no paid price is quoted, the final bid price shall form the basis of the calculation. Days when no paid price or bid price is quoted, shall be excluded from the calculation.

The value of the division payment that is paid per share shall if it is paid in shares or other securities that are listed on a stock exchange or other authorised market place be deemed as the calculated mean value for each trading day under the above stated period of 25 trading days of the highest and lowest price paid quoted on the Stockholm Exchange's official list or any other current market quotation. In the event no paid price is quoted, the final bid price shall form the basis of the calculation.

In the event the division payment in shares or other securities are subject to listing, the value shall to greatest extent possible be based on the change in the market value of the

company's share, which may be deemed to have occurred as a consequence of the division payment.

The re-calculated subscription price and the re-calculated number of shares shall be determined by the company two banking days after the expiration of the period of 25 trading days set out above and shall apply to subscriptions executed thereafter.

The holder shall not be able to claim any right according to these terms against the company or companies that at the partial division takes over assets and liabilities from the company.

- H.** If a cash dividend to shareholders is resolved such that the shareholders receive, combined with other dividends paid during the same fiscal year, a total dividend exceeding 15 percent of the average price of the share during a period of 25 trading days immediately preceding the day on which the board of directors announced its intention to propose that the general meeting of shareholders approves such a dividend, a re-calculation of the subscription price, and the number of shares each warrant entitles the holder to subscribe for, shall be made regarding subscriptions requested at such a time, that the shares thereby received do not carry rights to receive such dividend. The re-calculation shall be based upon such part of the total dividend which exceeds 15 percent of the average price of the shares during the above mentioned period (extra-ordinary dividend). The re-calculation shall be made by the company in accordance with the following formula:

$$\text{re-calculated subscription price} = \frac{\text{previous subscription price} \times \text{the average exchange price of the share during a period of 25 trading days calculated from the day on which the share is listed without any right to extra-ordinary dividend (the average share price)}}{\text{average share price increased by the extra-ordinary dividend paid per share}}$$

$$\text{re-calculated number of shares which each warrant entitles to subscribe for} = \frac{\text{previous number of shares which each warrant entitles to subscribe for} \times (\text{the average share price increased by the extra-ordinary dividend paid per share})}{\text{average share price}}$$

The average share price shall be deemed to correspond to the average during the period of 25 trading days set out above of the calculated mean value for each trading day of the highest and lowest price paid quoted on the Stockholm Exchange's official list or any other current market quotation. In the event no paid price is quoted, the final bid price shall form the basis of the calculation. Days when no paid price or bid price is quoted, shall be excluded from the calculation.

The re-calculated subscription price and the re-calculated number of shares shall be determined by the company two banking days after the expiration of the period of 25 trading days set out above and shall apply to subscriptions executed thereafter.

- I.** In the event the company's share capital is reduced through a repayment to the shareholders that is compulsory, a re-calculation shall be made of the subscription price as well as the number of shares which each warrant entitles the holder to subscribe for. The re-calculations shall be carried out by the company in accordance with the following formulas:

re-calculated subscription price =	previous subscription price x the average exchange price of the share during a period of 25 trading days calculated from the day on which the share is listed without any right to participate in the distribution (the average <u>share price</u>) average share price increased by the amount repaid per share
re-calculated number of shares which each warrant entitles to subscribe for =	previous number of shares which the warrant entitles to subscribe for x (the average share price of the share increased by the amount <u>repaid per share</u>) average share price

When re-calculating according to the above and in the event that reduction is effected through redemption of shares, a repayment amount according to the calculation below shall be used, instead of the actual amount that will be repaid per share.

calculated repayment per share =	the actual amount that has been repaid per redeemed share reduced by the average exchange price of the shares during a 25 day period immediately prior to the day the share is listed without the right to participate in the <u>reduction (the average share price)</u> the number of shares in the company that serves as basis for the redemption of shares reduced with the number 1.
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The average share price is calculated in accordance with the provisions set forth in subsection C above.

The re-calculated subscription price and re-calculated number of shares, pursuant to the above, shall be determined by the company two banking days after the expiration of the above-stated period of 25 trading days, and shall apply to subscriptions made after such time. Subscriptions shall not be executed during the period commencing with the adoption of the resolution to reduce the share capital up to and including the day on which the re-calculated subscription price and re-calculated number of shares is determined.

For subscriptions that are executed during the period until the re-calculated subscription price has been determined, provisions set forth in subsection C, last paragraph, is applicable, mutatis mutandis.

If the company's share capital is reduced through a non compulsory redemption of shares with repayment to the shareholders, or if the company – when no reduction of the share capital is made – would execute a repurchase of own shares, but the circumstances, when considering the technical design and economic consequences, makes it comparable with a compulsory reduction, a re-calculation of the subscription price as well as of the number of shares which each warrant entitles to subscription of shall be made by applying the principles set forth in subsection I to the extent possible.

- J.** If the company carries out a change of the currency of its share capital resulting in that the share capital of the company shall be determined in a currency other than Swedish kronor, the subscription price shall be re-calculated into the same currency as the currency of the

share capital. Such re-calculation of the currency shall be made with application of the exchange rate which has been used when re-calculating the currency of the share capital.

The re-calculated subscription price in accordance with above shall be determined by the company and shall be applied on subscriptions which are effected as from the day the currency change of the share capital is effected.

- K.** Upon re-calculation pursuant to the above, the subscription price shall be rounded to the nearest 10 öre, with 5 öre rounded upwards and the number of shares rounded off to two decimals.
- L.** In the event it is resolved that the company shall enter into liquidation, application for subscriptions may not thereafter be made regardless of the reasons for such liquidation. The right to apply for subscription shall terminate immediately upon the entry of an order placing the company in liquidation, notwithstanding that such order may not be final.

Not later than two months prior to the adoption of a resolution by the shareholders' meeting in respect of whether the company shall be placed into liquidation pursuant to Chapter 25, section 1 of the Swedish Companies Act, the warrant holders shall be notified of the intended liquidation pursuant to § 10 below. Such notice shall contain a reminder that subscription for new shares may not be made following the adoption of a final resolution in respect of a liquidation.

In the event the company gives notice of the intended liquidation pursuant to the above, the warrant holders shall - notwithstanding the provisions set forth in § 4 regarding time for application for subscription - be entitled to apply for subscription commencing on the day on which the notice is given, provided that subscription may be effected not later than the tenth calendar day prior to the shareholders' meeting at which the resolution regarding the liquidation of the company shall be addressed.

- M.** In the event that the company resolves a division pursuant to Chapter 24 of the Swedish Companies Act by approving a division plan, pursuant to which all the assets and liabilities of the company are taken over by one or more other companies and the company thereby is dissolved without liquidation, application for subscriptions may not thereafter be made.

Not later than two months prior to the adoption of a resolution by the company of division in accordance with the above, the warrant holders shall be notified of the intended division plan pursuant to § 10 below. Such notice shall contain a summary of the principal contents of the intended division plan and the warrant holders shall be reminded that applications for subscription may not be made after a final resolution has been adopted regarding a division in accordance with the provisions set forth in the preceding paragraph.

In the event the company gives notice of the intended division pursuant to the above, the warrant holders shall - notwithstanding the provisions set forth in § 4 regarding time for application for subscription - be entitled to apply for subscription commencing on the day on which the notice is given, provided that subscription may be effected not later than the tenth calendar day prior to the shareholders' meeting at which the resolution regarding the division shall be resolved pursuant to Chapter 24 in the Swedish Companies Act.

- N.** In the event the shareholders' meeting, pursuant to Chapter 23, section 15 of the Swedish Companies Act, approves a merger plan pursuant to which the company shall be merged into another company, applications for subscription may not be made thereafter.

Not later than one month before the company adopts a final position regarding a merger as set forth above, the warrant holders shall be notified pursuant to § 10 of the merger plans. Such notice shall contain a summary of the principal contents of the intended merger plan and the warrant holders shall be reminded that applications for subscription may not be made after a final resolution has been adopted regarding a merger in accordance with the provisions set forth in the preceding paragraph.

In the event the company gives notice of a planned merger in accordance with the preceding provisions, the warrant holders shall - notwithstanding the provisions set forth in § 4 regarding time for application for subscription - be entitled to apply for subscription commencing on the day on which the notice of the merger plans is given, provided that subscription may be effected not later than the tenth calendar day prior to the shareholders' meeting at which the merger plan pursuant to which the company shall be merged into another company is to be approved.

- O.** In the event the company's board of directors decides on a merger plan pursuant to Chapter 23, section 28 of the Swedish Companies Act or where the company's shares are subject to compulsory redemption pursuant to Chapter 22 of the above-stated Act or other similar company law legislation, the following shall apply:

Where a Swedish limited liability company owns all of the shares in the company and where the company's board of directors makes public its intention to decide a merger plan in accordance with the legislation referred to in the preceding paragraph, the company shall, in the event that the final day for application for subscription pursuant to § 4 above occurs after such information is made public, determine a new final date for application for subscription (expiration date). The above-stated expiration date shall occur within 60 days of the day on which the information was made public.

In the event a shareholder (majority shareholder), alone or together with its subsidiaries, owns shares to such extent of all shares of the company that the majority shareholder, according to applicable law, may request compulsory redemption of remaining shares and such majority shareholder announces its intention to request such compulsory redemption the provisions set forth in the preceding paragraph relating to the expiration date shall apply *mutatis mutandis*.

Where the information has been made public in accordance with the provisions set forth above in this subsection, the warrant holders shall - notwithstanding the provisions set forth in § 4 regarding time for application for subscription - be entitled to apply for subscription until the expiry date. Not later than four weeks prior to the expiry date, the company shall notify the warrant holders, pursuant to § 10 below, of such right and that applications for subscription may not be made after the expiry date.

- P.** Notwithstanding what is stated in subsections L , M, N and O above to the effect that applications for subscriptions may not be made after a resolution to place the company in liquidation, approve a division plan, merger plan, or the close of a new expiry date, the right to apply for subscription shall be reinstated where the liquidation is terminated or where the division plan or merger plan is not executed.
- Q.** In the event the company is placed into bankruptcy, application for subscription may not thereafter be made. Where, however, the bankruptcy decision is revoked a higher court of law, subscription may again be requested.

- R.** Should the company take actions such as those stipulated above and, in an independent party's opinion, application of the re-calculation formula established for such action, taking into account the technical framework of such actions or for other reasons, can not be made or would result that the economic compensation received by the warrant holder is unreasonable in comparison with the shareholders, an independent party shall, under the prerequisite that the board of directors of the company approves in writing thereto, carry out the re-calculation in a way that an independent party find appropriate in order to achieve that the re-calculation gives a reasonable result. In corresponding way an independent party shall, under the prerequisite that the board of directors approves in writing thereto, carry out the re-calculation when the company takes measures which, according to above, would not entail a re-calculation but such measures would have unreasonable economic consequences for the warrant holders or for the shareholders. The board of directors may also, if it is appropriate, apply other term or time period in the application of this § 8.
- S.** In the event the company's shares are not listed, a re-calculation of the subscription and the number of shares that each warrant entitles to subscription of, shall be made applying to the greatest extent possible the principles that follows from subsections C – I above and shall have as a basis that the value of the warrants remains unchanged.

§ 9 Special undertaking by the company

The company agrees not to undertake any measure described in § 8 above that would result in an adjustment of the subscription price to an amount less than the quota value of the company's shares.

§ 10 Notices

Notices concerning the warrants shall provided to each warrant holder and other entitled holders that are registered in the company's record register.

§ 11 Nominee

In applying these terms and conditions, the nominee shall be considered holder of the warrants which are registered as held by nominee according to the Financial Instruments Account Act.

§ 12 Changes of terms and conditions

The company shall be entitled to decide upon changes in the terms of these warrants insofar as such changes are required by legislation, court decisions or decisions of public authorities, or if - in the opinion of the company - such action is otherwise appropriate or necessary for practical reasons and the warrant holders' rights are in no respect adversely affected.

§ 13 Confidentiality

Unless so authorized, neither the company, bank nor VPC may provide information on holders of warrants to third parties.

The company is entitled to receive the following details from VPC regarding the holders of warrants account in the company's record register.

1. The holder of warrants name, personal identification number, or other identification number, and postal address.

2. The number of warrants.

§ 14 Limitation of the bank's, the company's and VPC's liability

With respect to the actions incumbent on the bank, company and VPC – in case of VPC subject to the provisions of the Financial Instruments Accounts Act – the bank, company and VPC can not be held liable for loss due to Swedish or foreign legal decrees, Swedish or foreign action by public authorities, acts of war, strikes, blockades, boycotts, lockouts or other similar causes. The reservations with respect to strikes, blockades, boycotts and lockouts apply even if the bank, company or VPC themselves undertake or are the objects of such actions.

Neither the bank, the company nor VPC is under obligation to provide compensation for loss arising in other situations, if the bank, company and VPC have exercised normal prudence.

If the bank, company or VPC is hindered from taking action by circumstances such as those described in the first paragraph, the action may be deferred until the hindrance has ceased to exist.

§ 15 Governing law

These terms and conditions and relating legal matters shall be governed by Swedish law. Any action, claim or appeal with respect to these warrants shall be brought before the Stockholm District Court or other such forum that is accepted by the company in writing.

TERMS AND CONDITIONS FOR MODERN TIMES GROUP MTG AB'S (PUBL) WARRANTS 2006/2011

§ 1 Definitions

All references to the following designations in these terms and conditions shall have the meaning presented below.

“bank day”

a day which is not a Sunday, or other public holiday or, with respect to the payment of debentures, is not deemed to be the equivalent of a public holiday in Sweden;

“bank”

the bank or account operator which the company at each time has appointed to handle the administration of the warrants in accordance with these terms and conditions;

“company”

Modern Times Group MTG AB (publ), reg. no. 556309-9158;

“warrant”

the right to subscribe for Class B shares of the company upon payment in cash pursuant to these terms and conditions;

“subscription”

such subscription of new Class B shares in the company as referred to in the Swedish Companies Act Chapter 14;

“subscription price”

the price at which subscription for new Class B shares may be made;

“VPC”

VPC AB (the Swedish Central Securities Depository);

§ 2 Warrants and registration

The maximum number of warrants is 266,666.

The warrants shall be registered by VPC in a record register as prescribed in the Financial Instruments Accounts Act (1998:1479), in consequence whereof no securities certificates will be issued.

The warrants are registered for the account of the holder in an account in the company's record register. Registrations of warrants resulting from measures pursuant to §§ 6, 7 and 8 below shall be undertaken by the bank. Other registration measures concerning the account may be taken by the bank or other account-operating institute.

§ 3 Right to subscribe for new shares

For each warrant held, the holder shall have the right to subscribe for one new share in the company.

The subscription price shall correspond to 115 percent of the average last trading prices of the Class B share at the Stockholm Exchange ten trading days immediately following the day of the

Annual General Meeting of Shareholders' on May 10, 2006 less SEK one (1). The subscriptions price calculated in this manner shall be rounded off to the nearest tens of öre, whereby five öre is to be rounded downward.

Re-calculation of the subscription price, as well as the number of new shares which each warrant entitles to subscribe for, may take place in the circumstances set forth in § 8 below. Subscription may only be made in respect of the entire number of shares to which the total number of warrants entitles to and that are registered by a certain account operating institute, and which one and the same warrant holder wishes to exercise simultaneously.

§ 4 Notification for subscription

Notification for subscription of shares may be made during the period commencing May 15, 2006 up to and including May 15, 2011.

When such notification is made, an application form duly filled out as prescribed shall, for purpose of registrations, be presented to the company or to a party appointed by the company.

A notification for subscription is binding and may not be withdrawn.

If notification of subscription is not made within the period of time stated in the first paragraph, all right according to the warrants cease to exist.

§ 5 Payment

In connection with a subscription notification, cash payment must be remitted on a single occasion for the number of shares specified in the notification. Payment shall be made in cash to an account appointed by the company.

§ 6 Entry in share register etc

Following subscription, allotment of shares will be effected by the new shares being registered as interim shares in the company's share register. Once registration has taken place at the Companies Registration Office, registration in the share account will become final. As indicated in § 8 below, the date of such final registration may be deferred in certain cases.

§ 7 Dividends on a new share

Share issued as a result of subscription will carry right to dividends as of the first record date for dividends, which has been established after subscription is executed.

§ 8 Re-calculation of subscription price etc.

With regard to the right which shall belong to warrant holders in certain situations, the following shall apply:

- A. If the company effects a bonus issue of shares, subscription shall – if the notification for subscription is made at such time that it cannot be effected at the latest on the tenth day prior to the shareholders' meeting which resolves upon the bonus issue – be effected only after the shareholders' meeting has resolved to carry out the bonus issue. A share which is issued as a consequence of subscription executed after such a resolution, shall be registered on an interim basis in the share account, which means that the holders of such

shares are not entitled to participate in the bonus issue. Final registration in the share account shall take place only after the record date for the issue.

In connection with subscription which are effected after the bonus issue resolution, a re-calculated subscription price as well as a re-calculated number of shares which each warrant shall entitle to subscribe for shall apply. Re-calculations shall be made by the company in accordance with the following formulas:

$$\text{re-calculated number of shares which each warrant entitles to = subscribe for} = \frac{\text{the previous number of shares which each warrant entitled to subscribe for} \times \text{the number of shares after the bonus issue}}{\text{the number of shares prior to the bonus issue}}$$

$$\text{the re-calculated subscription price} = \frac{\text{the previous subscription price} \times \text{the number of shares prior to the bonus issue}}{\text{the number of shares after the bonus issue}}$$

When re-calculating in accordance with the above formula, any shares held by the company shall be disregarded. The re-calculated subscription price and number of shares as calculated above will be determined by the company as soon as possible after the general meeting of the shareholders' decision regarding the bonus issue, but will not be applied until after the record date for the issue.

- B.** If the company undertakes a reverse share split or a share split, subsection A above shall apply mutatis mutandis, whereupon the record date shall be deemed to be the date on which the reverse share split or share split is effected at VPC upon request by the company.
- C.** If the company carries out a new issue of shares - with a preferential right for shareholders to subscribe for new shares in exchange for cash payment or offset against a claim - the following shall apply with respect to the right to participate in the issue for shares which are issued pursuant to subscription due to exercise of warrants:
 - 1.** Where the board of directors resolves to carry out the issue, contingent upon the approval of the shareholders' meeting or pursuant to authorisation by the shareholders' meeting, the resolution to carry out the issue shall set forth the last date on which subscription shall be executed in order that shares, which are issued as a consequence of such subscription, shall entitle the holders to participate in the issue. Such date may not be earlier than ten calendar days after the publication of the notice.
 - 2.** Where the resolution to carry out the issue is adopted by the shareholders' meeting, subscriptions – for which application is made at such time that the subscription cannot be executed on or before the tenth calendar day prior to the shareholders' meeting which decides upon the issue – shall be executed only after the company has effected re-calculation in accordance with the penultimate paragraph of this subsection C. Shares which are issued as a consequence of such subscription shall be registered on an interim basis in the share account and shall not entitle the holders to participate in the issue.

Where subscription is made at such time that no right to participate in the new issue arises, a re-calculated subscription price as well as a re-calculated number of shares which each warrant entitles to subscribe for shall apply. Re-calculations shall be made by the company in accordance with the following formulas:

re-calculated subscription price = $\frac{\text{the previous subscription price} \times \text{the average exchange price of the share during the subscription period set forth in the issue resolution (average share price)}}{\text{the average share price increased by the theoretical value of the subscription right calculated on the basis thereof.}}$

re-calculated number of shares which each warrant entitles to subscribe for = $\frac{\text{the previous number of shares which each warrant entitled to subscribe for} \times (\text{the average exchange price of the share increased by the theoretical value of the subscription right calculated on the basis thereof})}{\text{the average share price.}}$

The average share price shall be deemed to correspond to the average for each trading day during the subscription period of the calculated mean value of the highest and lowest price paid according to Stockholm Exchange's official price list or any other current market quotation. In the absence of a quoted paid price, the bid price which is quoted as the closing price shall form the basis for the calculation. Days when no paid price or bid price is quoted, shall be excluded from the calculation.

The theoretical value of the subscription rights shall be calculated according to the following formula:

The value of a subscription right = $\frac{\text{the maximum number of new shares which may be issued pursuant to the issue resolution} \times (\text{the average share price} - \text{the issue price for the new share})}{\text{the number of shares prior to the issue resolution}}$

When re-calculating in accordance with the above formula, any shares held by the company shall be disregarded. If a negative value arises in connection with this calculation, the theoretical value of the subscription right shall be deemed to be zero.

The re-calculated subscription price and the re-calculated number of shares as set forth above shall be determined by the company two banking days after the expiration of the subscription period and shall apply to subscriptions executed thereafter.

During the period until the re-calculated subscription price and re-calculated number of shares are determined, subscription shall only be executed on a preliminary basis, whereupon the full number of shares according to the not yet re-calculated number of shares will be registered in the share account on an interim basis. In addition, a special note shall be recorded to the effect that the warrant may entitle the holder to additional shares pursuant to the re-calculated number of shares. Final registration in the share account shall be effected following the determination of the re-calculations.

- D.** Where the company carries out an issue in accordance with Chapter 14 or 15 of the Swedish Companies Act – with preferential rights for the shareholders – the provisions contained in subsection C, first paragraph, subsections 1 and 2, shall apply correspondingly, with respect to the right to participate in the issue.

Where subscriptions are made at such time that no right to participate in the issue arises, a re-calculated subscription price as well as a re-calculated number of shares which each warrant entitles to subscribe for shall be applied. Re-calculations shall be made by the company in accordance with the following formulas:

$$\begin{array}{l} \text{re-calculated subscription price} = \\ \\ \text{re-calculated number of shares} \\ \text{which each warrant entitles to} \\ \text{subscribe for} \end{array} \begin{array}{l} \text{previous subscription price} \times \text{the average} \\ \text{exchange price of the share during the} \\ \text{subscription period set forth in the} \\ \text{resolution approving the issue (average} \\ \text{share price)} \\ \text{the average share price increased by the} \\ \text{value of the subscription right} \\ \\ \text{previous number of shares which each} \\ \text{warrant entitles to subscribe for} \times \text{(the} \\ \text{average share price increased by the} \\ \text{value of the subscription right)} \\ \text{average share price} \end{array}$$

The average share price is calculated in accordance with the provisions set forth in subsection C. above.

The value of the subscription right shall be deemed to correspond to the average mean of the highest and lowest prices paid for such rights each trading day during the subscription period in transactions quoted on the Stockholm Exchange's official list or any other current market quotation. In the absence of a quoted paid price, the final bid price shall form the basis for the calculation. Days when no paid price or bid price is quoted, shall be excluded from the calculation.

The re-calculated subscription price and the re-calculated number of shares as set forth above shall be determined by the company two banking days after the expiration of the subscription period and shall apply to subscriptions made after such time.

In relation to subscriptions effected during the period until the re-calculated subscription price and re-calculated number of shares have been determined, the provisions set forth in the final paragraph of subsection C. above shall apply mutatis mutandis.

- E.** In the event the company, under circumstances other than those set forth in subsections A – D above, directs an offer to the shareholders, with a preferential right pursuant to the principles set forth in Chapter 13, section 1 of the Swedish Companies Act, to purchase securities or rights of any kind from the company, or where the company resolves, pursuant to the above-stated principles, to distribute to its shareholders such securities or rights without consideration, shall, with respect to subscriptions requested at such a time that the thereby acquired shares do not carry rights to participate in the offer, a re-calculation of the subscription price and the number of shares each warrant entitles to subscription of, shall be made. The re-calculations shall be made by the company in accordance with the following formulas:

$$\begin{array}{l} \text{previous subscription price} \times \text{the average} \\ \text{exchange price of the share during the} \end{array}$$

re-calculated subscription price	=	notice period set forth in the resolution <u>approving the issue (the average share price)</u> average share price increased by the value of the right to participate in the offer (the value of the purchase right)
re-calculated number of shares which each warrant entitles to subscribe for	=	previous number of shares which the warrant entitled to purchase x (the average share price increased by the value of the <u>purchase right</u>) average share price

The average share price is calculated in accordance with the provisions set forth in subsection C. above.

In the event the shareholders received purchase rights and trading in such rights has taken place, the value of the right to participate in the offer shall be deemed to be equivalent to the value of the purchase right. The value of the purchase right in such circumstances shall be deemed to correspond to the average mean of the highest and lowest prices paid each trading day during the application period in transactions quoted on Stockholm Exchange's official list or any other current market quotation. In the event no paid price is quoted, the bid price quoted as the closing price shall be used in the calculation instead. Days when no paid price or bid price is quoted, shall be excluded from such calculation.

In the event the shareholders have not received purchase rights or where such trading in purchase rights mentioned in the first paragraph has otherwise not taken place, re-calculation of the subscription price and number of shares shall take place, thereby applying, to the greatest extent possible, the principles set forth above in this subsection E, whereupon the following shall apply. If the securities or rights which are offered to the shareholders are listed, the value of the right to participate in the offer shall be deemed to correspond to the average of the calculated mean values, for each trading day during a period of 25 trading days commencing on the first day for listing, of the highest and lowest price paid during the said day, for transactions in these securities or rights on the Stockholm Exchange or any other current market quotation, where applicable, decreased by any consideration paid for such securities or rights in connection with the offer. In the absence of a quotation of paid price, the last bid price quoted shall be used in the calculation instead. If neither a selling price nor a bid price is quoted on certain given day or days, such day shall be excluded from calculation of the value of the right to participate in the offer. When re-calculation of the subscription price and the number of shares is made according to this paragraph, the above mentioned period of 25 trading days shall be deemed to correspond to the application period determined in the offer. In the event no such listing takes place, the value of the right to participate in the offer shall, to the greatest extent possible, be based upon the change in the market value of the company's shares, which may be deemed to have occurred as a consequence of the offer.

The subscription price and number of shares re-calculated in accordance with the above shall be determined by the company as soon as possible after the expiration of the offer and shall be applied on subscriptions which are effected after such determination.

In relation to subscriptions which are effected during the period until the re-calculated subscription price and re-calculated number of shares have been determined, the provisions set forth in the final paragraph of subsection C above shall apply mutatis mutandis.

- F. Where the company carries out a new share issue or an issue in accordance with Chapter 14 or 15 of the Swedish Companies Act – with preferential rights for the shareholders – the company is entitled to decide that all warrant holders are entitled to the same preferential right that is bestowed upon the shareholders. In this conjunction the warrant holders, disregarding that subscription has not been made, will be considered as owners of the number of shares that the warrant holder would have received if the subscription had been executed before the issue. The circumstance that the warrant holder would have received an additional cash payment shall not give rise to any right in this case.

Should the company direct such an offer intended in subsection E, above, to its shareholders, the provisions set forth in previous paragraph will apply mutatis mutandis.

If the company was to give the warrant holders preference, in accordance to the provisions set forth in subsection F, re-calculation of the subscription price or of the number of shares that the warrant entitles to, according to subsections C, D or E, shall not be made.

- G. If a partial division in accordance with Chapter 24 of the Swedish Companies Act is resolved by which part of the company's assets and liabilities are taken over by one or several other companies, without the company dissolving, a re-calculation of the subscription price, and the number of shares each warrant entitles the holder to subscribe for, shall be made. The re-calculation shall be made by the company in accordance with the following formula:

$$\text{re-calculated subscription price} = \frac{\text{previous subscription price} \times \text{the average exchange price of the share during a period of 25 trading days calculated from the day on which the share is listed without any right to division payment (the average share price)}}{\text{average share price increased by the value of the division payment paid per share}}$$

$$\text{re-calculated number of shares which each warrant entitles to subscribe for} = \frac{\text{previous number of shares which each warrant entitles to subscribe for} \times (\text{the average share price increased by the division payment paid per share})}{\text{average share price}}$$

The average share price shall be deemed to correspond to the average during the period of 25 trading days set out above of the calculated mean value for each trading day of the highest and lowest price paid quoted on the Stockholm Exchange's official list or any other current market quotation. In the event no paid price is quoted, the final bid price shall form the basis of the calculation. Days when no paid price or bid price is quoted, shall be excluded from the calculation.

The value of the division payment that is paid per share shall if it is paid in shares or other securities that are listed on a stock exchange or other authorised market place be deemed as the calculated mean value for each trading day under the above stated period of 25 trading days of the highest and lowest price paid quoted on the Stockholm Exchange's official list or any other current market quotation. In the event no paid price is quoted, the final bid price shall form the basis of the calculation.

In the event the division payment in shares or other securities are subject to listing, the value shall to greatest extent possible be based on the change in the market value of the

company's share, which may be deemed to have occurred as a consequence of the division payment.

The re-calculated subscription price and the re-calculated number of shares shall be determined by the company two banking days after the expiration of the period of 25 trading days set out above and shall apply to subscriptions executed thereafter.

The holder shall not be able to claim any right according to these terms against the company or companies that at the partial division takes over assets and liabilities from the company.

- H.** If a cash dividend to shareholders is resolved such that the shareholders receive, combined with other dividends paid during the same fiscal year, a total dividend exceeding 15 percent of the average price of the share during a period of 25 trading days immediately preceding the day on which the board of directors announced its intention to propose that the general meeting of shareholders approves such a dividend, a re-calculation of the subscription price, and the number of shares each warrant entitles the holder to subscribe for, shall be made regarding subscriptions requested at such a time, that the shares thereby received do not carry rights to receive such dividend. The re-calculation shall be based upon such part of the total dividend which exceeds 15 percent of the average price of the shares during the above mentioned period (extra-ordinary dividend). The re-calculation shall be made by the company in accordance with the following formula:

$$\text{re-calculated subscription price} = \frac{\text{previous subscription price} \times \text{the average exchange price of the share during a period of 25 trading days calculated from the day on which the share is listed without any right to extra-ordinary dividend (the average share price)}}{\text{average share price increased by the extra-ordinary dividend paid per share}}$$

$$\text{re-calculated number of shares which each warrant entitles to subscribe for} = \frac{\text{previous number of shares which each warrant entitles to subscribe for} \times (\text{the average share price increased by the extra-ordinary dividend paid per share})}{\text{average share price}}$$

The average share price shall be deemed to correspond to the average during the period of 25 trading days set out above of the calculated mean value for each trading day of the highest and lowest price paid quoted on the Stockholm Exchange's official list or any other current market quotation. In the event no paid price is quoted, the final bid price shall form the basis of the calculation. Days when no paid price or bid price is quoted, shall be excluded from the calculation.

The re-calculated subscription price and the re-calculated number of shares shall be determined by the company two banking days after the expiration of the period of 25 trading days set out above and shall apply to subscriptions executed thereafter.

- I.** In the event the company's share capital is reduced through a repayment to the shareholders that is compulsory, a re-calculation shall be made of the subscription price as well as the number of shares which each warrant entitles the holder to subscribe for. The re-calculations shall be carried out by the company in accordance with the following formulas:

re-calculated subscription price =	previous subscription price x the average exchange price of the share during a period of 25 trading days calculated from the day on which the share is listed without any right to participate in the distribution (the average <u>share price</u>) average share price increased by the amount repaid per share
re-calculated number of shares which each warrant entitles to subscribe for =	previous number of shares which the warrant entitles to subscribe for x (the average share price of the share increased by the amount <u>repaid per share</u>) average share price

When re-calculating according to the above and in the event that reduction is effected through redemption of shares, a repayment amount according to the calculation below shall be used, instead of the actual amount that will be repaid per share.

calculated repayment per share =	the actual amount that has been repaid per redeemed share reduced by the average exchange price of the shares during a 25 day period immediately prior to the day the share is listed without the right to participate in the <u>reduction (the average share price)</u> the number of shares in the company that serves as basis for the redemption of shares reduced with the number 1.
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The average share price is calculated in accordance with the provisions set forth in subsection C above.

The re-calculated subscription price and re-calculated number of shares, pursuant to the above, shall be determined by the company two banking days after the expiration of the above-stated period of 25 trading days, and shall apply to subscriptions made after such time. Subscriptions shall not be executed during the period commencing with the adoption of the resolution to reduce the share capital up to and including the day on which the re-calculated subscription price and re-calculated number of shares is determined.

For subscriptions that are executed during the period until the re-calculated subscription price has been determined, provisions set forth in subsection C, last paragraph, is applicable, mutatis mutandis.

If the company's share capital is reduced through a non compulsory redemption of shares with repayment to the shareholders, or if the company – when no reduction of the share capital is made – would execute a repurchase of own shares, but the circumstances, when considering the technical design and economic consequences, makes it comparable with a compulsory reduction, a re-calculation of the subscription price as well as of the number of shares which each warrant entitles to subscription of shall be made by applying the principles set forth in subsection I to the extent possible.

- J.** If the company carries out a change of the currency of its share capital resulting in that the share capital of the company shall be determined in a currency other than Swedish kronor, the subscription price shall be re-calculated into the same currency as the currency of the

share capital. Such re-calculation of the currency shall be made with application of the exchange rate which has been used when re-calculating the currency of the share capital.

The re-calculated subscription price in accordance with above shall be determined by the company and shall be applied on subscriptions which are effected as from the day the currency change of the share capital is effected.

- K.** Upon re-calculation pursuant to the above, the subscription price shall be rounded to the nearest 10 öre, with 5 öre rounded upwards and the number of shares rounded off to two decimals.
- L.** In the event it is resolved that the company shall enter into liquidation, application for subscriptions may not thereafter be made regardless of the reasons for such liquidation. The right to apply for subscription shall terminate immediately upon the entry of an order placing the company in liquidation, notwithstanding that such order may not be final.

Not later than two months prior to the adoption of a resolution by the shareholders' meeting in respect of whether the company shall be placed into liquidation pursuant to Chapter 25, section 1 of the Swedish Companies Act, the warrant holders shall be notified of the intended liquidation pursuant to § 10 below. Such notice shall contain a reminder that subscription for new shares may not be made following the adoption of a final resolution in respect of a liquidation.

In the event the company gives notice of the intended liquidation pursuant to the above, the warrant holders shall - notwithstanding the provisions set forth in § 4 regarding time for application for subscription - be entitled to apply for subscription commencing on the day on which the notice is given, provided that subscription may be effected not later than the tenth calendar day prior to the shareholders' meeting at which the resolution regarding the liquidation of the company shall be addressed.

- M.** In the event that the company resolves a division pursuant to Chapter 24 of the Swedish Companies Act by approving a division plan, pursuant to which all the assets and liabilities of the company are taken over by one or more other companies and the company thereby is dissolved without liquidation, application for subscriptions may not thereafter be made.

Not later than two months prior to the adoption of a resolution by the company of division in accordance with the above, the warrant holders shall be notified of the intended division plan pursuant to § 10 below. Such notice shall contain a summary of the principal contents of the intended division plan and the warrant holders shall be reminded that applications for subscription may not be made after a final resolution has been adopted regarding a division in accordance with the provisions set forth in the preceding paragraph.

In the event the company gives notice of the intended division pursuant to the above, the warrant holders shall - notwithstanding the provisions set forth in § 4 regarding time for application for subscription - be entitled to apply for subscription commencing on the day on which the notice is given, provided that subscription may be effected not later than the tenth calendar day prior to the shareholders' meeting at which the resolution regarding the division shall be resolved pursuant to Chapter 24 in the Swedish Companies Act.

- N.** In the event the shareholders' meeting, pursuant to Chapter 23, section 15 of the Swedish Companies Act, approves a merger plan pursuant to which the company shall be merged into another company, applications for subscription may not be made thereafter.

Not later than one month before the company adopts a final position regarding a merger as set forth above, the warrant holders shall be notified pursuant to § 10 of the merger plans. Such notice shall contain a summary of the principal contents of the intended merger plan and the warrant holders shall be reminded that applications for subscription may not be made after a final resolution has been adopted regarding a merger in accordance with the provisions set forth in the preceding paragraph.

In the event the company gives notice of a planned merger in accordance with the preceding provisions, the warrant holders shall - notwithstanding the provisions set forth in § 4 regarding time for application for subscription - be entitled to apply for subscription commencing on the day on which the notice of the merger plans is given, provided that subscription may be effected not later than the tenth calendar day prior to the shareholders' meeting at which the agreement regarding the merger plan pursuant to which the company shall be merged into another company is to be approved.

- O.** In the event the company's board of directors decides on a merger plan pursuant to Chapter 23, section 28 of the Swedish Companies Act or where the company's shares are subject to compulsory redemption pursuant to Chapter 22 of the above-stated Act or other similar company law legislation, the following shall apply:

Where a Swedish limited liability company owns all of the shares in the company and where the company's board of directors makes public its intention to decide a merger plan in accordance with the legislation referred to in the preceding paragraph, the company shall, in the event that the final day for application for subscription pursuant to § 4 above occurs after such information is made public, determine a new final date for application for subscription (expiration date). The above-stated expiration date shall occur within 60 days of the day on which the information was made public.

In the event a shareholder (majority shareholder), alone or together with its subsidiaries, owns shares to such extent of all shares of the company that the majority shareholder, according to applicable law, may request compulsory redemption of remaining shares and such majority shareholder announces its intention to request such compulsory redemption the provisions set forth in the preceding paragraph relating to the expiration date shall apply *mutatis mutandis*.

Where the information has been made public in accordance with the provisions set forth above in this subsection, the warrant holders shall - notwithstanding the provisions set forth in § 4 regarding time for application for subscription - be entitled to apply for subscription until the expiry date. Not later than four weeks prior to the expiry date, the company shall notify the warrant holders, pursuant to § 10 below, of such right and that applications for subscription may not be made after the expiry date.

- P.** Notwithstanding what is stated in subsections L , M, N and O above to the effect that applications for subscriptions may not be made after a resolution to place the company in liquidation, approve a division plan, merger plan, or the close of a new expiry date, the right to apply for subscription shall be reinstated where the liquidation is terminated or where the division plan or merger plan is not executed.
- Q.** In the event the company is placed into bankruptcy, application for subscription may not thereafter be made. Where, however, the bankruptcy decision is revoked a higher court of law, subscription may again be requested.

- R.** Should the company take actions such as those stipulated above and, in an independent party's opinion, application of the re-calculation formula established for such action, taking into account the technical framework of such actions or for other reasons, can not be made or would result that the economic compensation received by the warrant holder is unreasonable in comparison with the shareholders, an independent party shall, under the prerequisite that the board of directors of the company approves in writing thereto, carry out the re-calculation in a way that an independent party find appropriate in order to achieve that the re-calculation gives a reasonable result. In corresponding way an independent party shall, under the prerequisite that the board of directors approves in writing thereto, carry out the re-calculation when the company takes measures which, according to above, would not entail a re-calculation but such measures would have unreasonable economic consequences for the warrant holders or for the shareholders. The board of directors may also, if it is appropriate, apply other term or time period in the application of this § 8.
- S.** In the event the company's shares are not listed, a re-calculation of the subscription and the number of shares that each warrant entitles to subscription of, shall be made applying to the greatest extent possible the principles that follows from subsections C – I above and shall have as a basis that the value of the warrants remains unchanged.

§ 9 Special undertaking by the company

The company agrees not to undertake any measure described in § 8 above that would result in an adjustment of the subscription price to an amount less than the quota value of the company's shares.

§ 10 Notices

Notices concerning the warrants shall provided to each warrant holder and other entitled holders that are registered in the company's record register.

§ 11 Nominee

In applying these terms and conditions, the nominee shall be considered holder of the warrants which are registered as held by nominee according to the Financial Instruments Account Act.

§ 12 Changes of terms and conditions

The company shall be entitled to decide upon changes in the terms of these warrants insofar as such changes are required by legislation, court decisions or decisions of public authorities, or if - in the opinion of the company - such action is otherwise appropriate or necessary for practical reasons and the warrant holders' rights are in no respect adversely affected.

§ 13 Confidentiality

Unless so authorized, neither the company, bank nor VPC may provide information on holders of warrants to third parties.

The company is entitled to receive the following details from VPC regarding the holders of warrants account in the company's record register.

1. The holder of warrants name, personal identification number, or other identification number, and postal address.
2. The number of warrants.

§ 14 Limitation of the bank's, the company's and VPC's liability

With respect to the actions incumbent on the bank, company and VPC – in case of VPC subject to the provisions of the Financial Instruments Accounts Act – the bank, company and VPC can not be held liable for loss due to Swedish or foreign legal decrees, Swedish or foreign action by public authorities, acts of war, strikes, blockades, boycotts, lockouts or other similar causes. The reservations with respect to strikes, blockades, boycotts and lockouts apply even if the bank, company or VPC themselves undertake or are the objects of such actions.

Neither the bank, the company nor VPC is under obligation to provide compensation for loss arising in other situations, if the bank, company and VPC have exercised normal prudence.

If the bank, company or VPC is hindered from taking action by circumstances such as those described in the first paragraph, the action may be deferred until the hindrance has ceased to exist.

§ 15 Governing law

These terms and conditions and relating legal matters shall be governed by Swedish law. Any action, claim or appeal with respect to these warrants shall be brought before the Stockholm District Court or other such forum that is accepted by the company in writing.