



FOR IMMEDIATE RELEASE

10 December 2010

**MTG PROVIDES DETAILS OF CDON GROUP SPIN-OFF AND SUBSCRIBES TO
SEK 250 MILLION CONVERTIBLE BOND ISSUE BY CDON GROUP**

Modern Times Group MTG AB (publ.) ('MTG' or 'the Group'), the international entertainment broadcasting group, today announced that the prospectus for the listing of its wholly owned subsidiary CDON Group AB ('CDON Group') is available on www.mtg.se, www.cdongroup.com and www.handelsbanken.se. CDON Group's shares will commence trading on the Mid Cap market of Nasdaq OMX Stockholm under the 'CDON' symbol on Wednesday 15 December 2010, and the record date for the dividend of shares in CDON Group to MTG shareholders is Friday 17 December 2010¹.

Following an Extraordinary General Meeting of CDON Group shareholders held on 25 November 2010, CDON Group has issued a SEK 250 million convertible bond. MTG has subscribed for 100% of the issued bond, which is unsubordinated, bears interest of 2.85 percent per annum, and is due to be repaid on 2 December 2015 if not redeemed or converted prior to maturity. The bond may be converted into CDON Group shares between 15 June 2012 and 1 December 2015. The conversion rate has been set at 125 per cent of the volume-weighted CDON Group share price between 15 December 2010 and 14 January 2011 (the first 20 days of trading in CDON Group's shares).

MTG shareholders will receive one share in CDON Group for each MTG class A and/or class B share that they hold. MTG class C shareholders are not entitled to receive dividends. The last trading day on which MTG's shares include the right to receive CDON Group shares will be Tuesday 14 December 2010, while the first day of trading in MTG's shares excluding the right to receive CDON Group shares will be Wednesday 15 December 2010.

MTG's Viasat Broadcasting has also concluded a three year marketing agreement with CDON Group, whereby CDON Group will continue to advertise on MTG's free-TV channels in Scandinavia, in order to promote its various internet stores.

CDON Group's financial results for the third quarter and nine months ended 30 September 2010 are included in the listing prospectus, and CDON Group's fourth quarter and full year 2010 financial results will be announced on 2 February 2011. CDON Group's sales grew by 27% year on year to SEK 1,441 (1,131) million for nine months ended 30 September 2010, and CDON Group's operating income increased by 31% year on year to SEK 97 (75) million, with a stable operating margin of 7% (7%) for the nine month period.

¹ Distributed shares will be recorded on VP accounts on 20 December 2010

Hans-Holger Albrecht, President & CEO of MTG, commented: “The listing of CDON Group’s shares marks the latest step in a journey that started over 10 years ago with the first appearance of the CDON brand. The Company has grown rapidly and successfully to become a market leader in its Nordic operating segments. Furthermore, CDON Group has a scalable and efficient platform that will enable it to continue to grow and to capitalise further on the accelerating migration of retail sales from the high street to the internet.

“We have subscribed to the convertible bond issue, in order to provide the company with the financial resources to fund its further development, and to provide MTG with the option of a future equity interest in this exciting business.

“This equity dividend demonstrates our commitment to delivering enhanced total shareholder returns and is in addition to the SEK 5.50 cash dividend per share that we paid to shareholders earlier this year.”

ABOUT CDON GROUP

CDON Group, which comprises all of MTG’s internet retailing business, was launched in February 1999 with the introduction of CDON.COM, which initially sold music CDs via internet sites in Sweden, Norway and Denmark. CDON.COM is now the number one online retailer of entertainment products in the Nordic region, with a broad offering of DVDs, computer games, CDs, books and electronic products, as well as music downloads and on-demand film streaming services. Finnish internet book retailer BookPlus.fi was acquired in 2007 and Swedish online toy retailer Lekmer.se was acquired on 31 March 2010.

CDON Group’s Fashion business was established in 2007 with the acquisition of fashion retailer Nelly.com and children’s clothing retailer LinusLotta.com, whilst shoe retailer Heppo.com was launched on 31 August 2010. The Sports & Health business was established in 2008 with the acquisition of nutritional supplement retailer Gymgrossisten.com and dietary and health supplement retailer Bodystore.com.

Mikael Olander has been President and Chief Executive Officer of CDON since 2000, and of CDON Group since it was established in 2007.

Please visit www.mtg.se or www.cdongroup.com for more information about CDON Group and its businesses.

For further information, please visit www.mtg.se or contact:

Hans-Holger Albrecht, Chief Executive Officer
Tel: +46 (0) 8 562 000 50

Investor & Analyst Enquiries:
Matthew Hooper
Tel: +44 (0) 7768 440 414
Email: investor.relations@mtg.se

Media Enquiries:
Bert Willborg
Tel: +44 (0) 791 2280 850
Email: bert.willborg@mtg.se

Modern Times Group is a leading international entertainment broadcasting group with the largest geographical broadcast footprint in Europe. MTG's Viasat Broadcasting is the leading free-TV and pay-TV operator in Scandinavia and the Baltics, and has broadcasting operations in Bulgaria, Czech Republic, Hungary, Slovenia, Russia, Ukraine and Ghana. Viasat's free-TV and pay-TV channels and pay-TV platforms attract a total of 125 million viewers in 31 countries. MTG is also the major shareholder in Russia's largest independent television broadcaster (CTC Media – Nasdaq: CTCM), and the number one commercial radio operator and internet retailer of entertainment products in the Nordic region.

Modern Times Group MTG AB Class A and B shares are listed on Nasdaq OMX Stockholm's Large Cap market ('MTGA' and 'MTGB').

The information in this announcement is that which Modern Times Group MTG AB is required to disclose under the Securities Markets Act. This information was released for publication at 08.00 CET on 10 December 2010.