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## Update on Magyar Telekom's headcount reduction program - costs to be lower than anticipated

**Budapest – December 20, 2007 – Magyar Telekom (Reuters: NYSE: MTA.N, BÉT: MTEL.BU and Bloomberg: NYSE: MTA US, BÉT: MTELEKOM HB), the leading Hungarian telecommunications service provider, announces further details on the headcount reduction agreed with the trade unions in October.**

In line with the announcement made on 1<sup>st</sup> October, Magyar Telekom aims to decrease the underlying Group-level employee related expenses by 5% next year. The related severance payments accounted in the fourth quarter 2007 will, however, be lower than the HUF 24bn originally estimated. After finalizing the details with the trade unions, defining the final structure of the headcount reduction and identifying the employees to be laid off, the financial cost of the program decreased. In addition, the headcount reduction program at the international subsidiaries has been postponed. As a result, severance expenses accounted in the fourth quarter are now expected to be around HUF 19 bn. The cash flow impact for 2007 will be around HUF 3 bn.

This investor news contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore should not have undue reliance placed upon them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, our Annual Report on Form 20-F for the year ended December 31, 2006 filed with the U.S. Securities and Exchange Commission.