

Investor Release

Magyar Telekom

IR contacts:	Position:	Telephone:	E-mail address:
Linda László	Head of Investor Relations	+36-1-457-6084	laszlo.linda@telekom.hu
Rita Walfisch	IR manager	+36-1-457-6036	walfisch.rita@telekom.hu
Márton Teremi	IR manager	+36-1-457-6229	teremi.marton@telekom.hu

Magyar Telekom reaches agreement with trade unions

Budapest – October 01, 2012 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB), the leading Hungarian telecommunications service provider, announces that it has reached an agreement with trade unions on its headcount reduction and other cost efficiency measures for 2013 at the Hungarian operations.

According to the terms of the agreement, the Company plans to make 500 employees redundant in 2013. The majority are expected to leave the Company by the end of 2012. This figure does not include – among others – the employment termination of executives and employees retiring. In addition, to achieve further efficiency improvements, organizational restructuring will take place as of January 1st, 2013 and one element of social benefits, the employer contribution to postponed pension fund will be reduced by 25%, as well. Total severance expenses related to the headcount reduction will be approximately HUF 6.0 bn and the majority of these will be accounted for in the fourth quarter of 2012.

The agreement with the trade unions also states there will be 4% general increase in the base salary for the parent company employees from April 2013 to retain the real value of wages for those who stay with the Company.

Based on these measures, our goal is to reduce Total Workforce Management (TWM) related costs excluding severance and capitalized employee expenses by HUF 5.8 bn in 2013, compared to 2011, representing 5.6% decline over the two year period. Consequently, in the 5 year period of 2008-2013, TWM related costs excluding severance and capitalized employee expenses and adjusted for technical changes in the TWM cost structure are set to decrease by 18.4%.

This investor news may contain 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 Reports for the year ended December 31, 2011 available on our website at <http://www.telekom.hu>.