

Magyar Telekom Telecommunications Public Limited Company

Submission

to the General Meeting of Magyar Telekom Plc.

Subject:	Amendment of the Remuneration Guidelines
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Budapest, April 16, 2012

The Remuneration Guidelines adopted by resolution no. 23/2009 (IV.2.) of the General Meeting shall be amended due to the following reasons:

- Structural changes affect the remuneration guidelines of the management.
- In order to comply with the Corporate Governance Recommendation of the Budapest Stock Exchange, it is recommended that the principles of the share-based incentive schemes are approved by the general meeting (Recommendation no. 2.7.4.).
- Pursuant to Section 302 c) of the Companies Act and the new Section 6.2. (u) of the Articles of Association, the General Meeting makes a non-mandatory decision concerning the guidelines and framework for a long-term salary and incentive scheme for executive officers, supervisory board members and executive employees (that is Remuneration Guidelines).
This non-mandatory decision shall not affect the exclusive competence of the general meeting pursuant to Section 231 (2) d) of the Companies Act and Section 6.2 (g) of the Articles of Association to make a mandatory decision on any remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee to be paid for their position as members under the Remuneration Guideline.

According to the new Section 6.2. (u) of the Articles of Association the Board of Directors proposes the non-mandatory (advisory) amendment of the Remuneration Guidelines, as follows:

Resolution proposal:

The General Meeting makes a non-mandatory decision on the amendments of Magyar Telekom Plc's Remuneration Guidelines, as stated in the submission.

Remuneration guidelines

The General Meeting of Magyar Telekom Plc. ~~held on April 2, 2009~~ approved the following guidelines regarding the remuneration and evaluation of the work performed by the Board of Directors (BoD), the Supervisory Board (SB), the Audit Committee (AC) and the management (Management Committee).

1. Board of Directors

- Members of the BoD are compensated by fee.
- The amount of the fee is determined by the GM.
- The amount of the fee is determined upon consideration of domestic market benchmark data.
- The fee may be revised upon initiative by the Remuneration Committee.
- Members elected from the management of the strategic investor waive their fees, and the members elected from the company's management donate their fees to charitable purposes.
- The BoD evaluates its activities along predefined aspects (strategy, business performance, compliance, efficiency, dividend policy, information flow...) annually. As part of this evaluation, the BoD also reviews the self evaluation performed by individual BoD members along predefined aspects.

2. Supervisory Board

- Members of the SB are compensated by fee.
- The amount of the fee is determined by the GM.
- The amount of the fee is determined upon consideration of domestic market benchmark data.
- The fee may be revised upon initiative by the Remuneration Committee.
- Members elected from the management of the strategic investor waive their fees.
- On the basis of reviewing each tasks defined by its Rules of Procedures, the SB evaluates the work done in order to accomplish the specific tasks in course of the given year, and determines which activity (activities) need(s) to be improved. As part of this evaluation, the SB evaluates the skills and experience of each SB member, which are relevant to performing their SB tasks.

3. Audit Committee

- Members of the AC are compensated by fee.
- The amount of the fee is determined by the GM.
- The amount of the fee is determined upon consideration of domestic market benchmark data.
- The fee may be revised upon initiative by the Remuneration Committee.
- On the basis of reviewing each tasks defined by its Rules of Procedures, the AC evaluates the work done in order to accomplish the specific tasks in course of the given year, and determines which activity (activities) need(s) to be improved.

4. Management

- The Remuneration Committee makes recommendations, upon consideration of domestic remuneration benchmark data, as to the size of specific elements in remuneration packages. Decision is made by Magyar Telekom's Board of Directors.
- Remuneration packages are reviewed once a year.
- Remuneration packages consist of the following elements:

Annual target salary ~~Basic salary~~

The components of the annual target salary are the annual base salary and the management bonus.

The annual base salary is a ~~fixed amounts~~ of compensation determined for individuals and varying according to the individual's position and annual evaluation of performance, paid in equal monthly amounts.

~~Variable pay~~

The annual management bonus is defined as a certain percentage of the basic salary payable pro rated to the achievement of the personalized bonus targets defined ~~before the start of~~ with respect to the business year, derived from ~~Magyar Telekom Group's~~ strategic targets. For each target, specific ranges from underachievement to overachievement are defined, along with the curve of payment on performance within the range. Annual targets and the evaluation of their achievement are to be approved by the BoD on the basis of the submission by the Remuneration Committee.

Mid – and long term incentives

The positive development of the Company depends on its management that aims at the long term and sustained increase of the corporate value, and closer harmonization of the interest of the management and the shareholders.

Magyar Telekom have launched / may have launch mid – and long term incentives programs, which items thereof, supplemented / provided by the Company, may be

- depending on / not depending on the share price index, and/or
- monetary / in shares, and/or
- one-time / periodically, and/or
- fixed to / free from a lock-out period, and/or
- certain percentage of the bonus shall be invested, or
- share purchase (call in) at a share price / from time determined in advance.

The terms and conditions of participation are set forth in the respective description of the programs.

Fringe and social benefits

Fringe benefits (e.g.: company car, mobile phone, managerial insurance etc.) are determined upon consideration of domestic benchmark data and the principles of cost efficiency. Fringe and social benefits are granted in compliance with the relevant stipulations of Magyar Telekom's Collective Agreement and policies.

- The performance and potential of individual management members are evaluated annually along predefined aspects and procedures.

| [Approved by resolution no. \[...\] /2012 \(IV.16.\) of the General Meeting.](#)