



Investor Release

Magyar Telekom

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Magyar Telekom reaches agreement with trade unions

Budapest – October 8, 2010 –Magyar Telekom (Reuters: NYSE: MTA.N, BÉT: MTEL.BU and Bloomberg: NYSE: MTA US, BÉT: MTELEKOM HB), the leading Hungarian telecommunications service provider, announces that it has reached an agreement with trade unions on parent company wage development and headcount reduction for 2011.

According to the terms of the agreement, the Company plans to make 300 parent company employees redundant in 2011, which however does not include – among others – the employment termination of executives and employees retiring. Total severance expenses related to the headcount reduction will be approximately HUF 3.5bn. The majority of these expenses will be accounted for in the fourth quarter of 2010 and the remainder in 2011.

The agreement with the trade unions also sets the increase in remuneration for the parent company employees next year at 4% from July 2011. However, higher paid employees (ca. 520), typically in managerial positions, will be entitled to an average wage increase of 2%. Related to the wage increase, a minor part of the 2011 regular bonus payment will be dependent on the financial performance of the Company in 2011 and will only be paid in case of EBITDA overachievement.

Taking into account the other terms of the agreement as well, our goal is to reduce Total Workforce Management (TWM) related costs by HUF 9.5bn in 2011, compared to 2009 excluding severance expenses, which represents a reduction of more than 8% over the two year period. (In 2009, TWM costs without severance expenses reached HUF 115.5bn at the parent company and its Hungarian subsidiaries.) The planned savings reflect the success of the TWM system introduced in 2009 and efficient resource management.

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, 2009 filed with the U.S. Securities and Exchange Commission.