

Investor Release

Magyar Telekom

IR contacts:	Position:	Telephone:	E-mail address:
Krisztina Förhécz	Head of Investor Relations	+36-1-457-6029	forhecz.krisztina@telekom.hu
Linda László	IR manager	+36-1-457-6084	laszlo.linda@telekom.hu
Márton Szot	IR manager	+36-1-458-0453	szot.marton@telekom.hu
Márton Teremi	IR manager	+36-1-457-6229	teremi.marton@telekom.hu

Magyar Telekom Enters into Final Settlement with the U.S. Department of Justice and the U.S. Securities and Exchange Commission

Budapest – December 29, 2011 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB) announces that it has entered into final settlement with the U.S. Department of Justice (the “DOJ”) and the U.S. Securities and Exchange Commission (the “SEC”) to resolve the DOJ’s and the SEC’s investigations relating to the Company. The settlements conclude the DOJ’s and the SEC’s investigations.

As previously disclosed, the Audit Committee of Magyar Telekom Plc. (the “Company”) conducted an internal investigation regarding certain contracts relating to the activities of the Company and/or its affiliates in Montenegro and Macedonia that totaled more than EUR 31 million. In particular, the internal investigation examined whether the Company and/or its Montenegrin and Macedonian affiliates had made payments prohibited by U.S. laws or regulations, including the U.S. Foreign Corrupt Practices Act (the “FCPA”). The Company’s Audit Committee informed the DOJ and the SEC of the internal investigation. The DOJ and the SEC commenced investigations into the activities that were the subject of the internal investigation. The Company has previously disclosed the results of the internal investigation. As also previously disclosed, the Company’s Board of Directors approved an agreement in principle with the staff of the SEC to resolve the SEC’s investigation through a settlement.

Today, the Company announces that it has entered into a two-year deferred prosecution agreement (the “DPA”) with the DOJ, under which the Company is charged with a violation of the anti-bribery provisions of the FCPA and two violations of the books and records provisions of the FCPA. In accordance with the DPA, the DOJ has today filed a criminal information (the “Information”) setting out these charges in the U.S. District Court for the Eastern District of Virginia. The Company has agreed to admit to the DOJ’s allegations and to acknowledge responsibility for the acts as charged in the Information. The Company has agreed to pay a criminal penalty of USD 59.6 million (HUF 14.3 billion at today’s official exchange rate published by the Hungarian National Bank), to cooperate with the DOJ in future investigations, to refrain from any violations of U.S. federal criminal law, to continue to operate a compliance program and to report to the DOJ annually regarding the compliance program during the term of the DPA. The DOJ will seek to dismiss the charges upon conclusion of the two-year term, unless the Company violates the terms of the DPA. The terms of the DPA are subject to approval by the U.S. District Court for the Eastern District of Virginia.

Today, the SEC filed in the U.S. District Court for the Southern District of New York a Complaint (the “Complaint”) and a proposed Final Judgment against the Company (the “Final Judgment”). Without admitting or denying the allegations in the Complaint, the Company consented to the filing of the Complaint and entry of the Final Judgment to resolve the SEC’s investigation. The Complaint alleges civil violations of the FCPA’s anti-bribery, books and records and internal control provisions. If approved by the court, the Final Judgment will permanently enjoin the Company from violating these provisions and will require the Company to pay USD 25.2 million (HUF 6.1 billion) for disgorgement of profits and USD 6.0 million (HUF 1.4 billion) of prejudgment interest thereon.

The aggregate amount of USD 90.8 million (HUF 21.8 billion) payable by the Company in settlement of the DOJ’s and SEC’s investigations is fully provided for.

The final settlements recognize the DOJ’s and the SEC’s consideration of the Company’s self-reporting, thorough internal investigation, remediation and cooperation with the DOJ’s and the SEC’s investigations. The Company has undertaken several remedial measures to address the issues identified during the course of these investigations. These measures include steps designed to revise and enhance the Company’s internal controls, as well as the establishment of the Corporate Compliance Program. The Corporate Compliance Program promotes awareness of the Company’s compliance policies and procedures through training, the operation of a whistleblower hotline, and monitoring of, and communications with, employees and subsidiaries of the Company. The Company remains fully committed to responsible corporate behavior.



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, 2010 filed with the U.S. Securities and Exchange Commission.