

**Investor Release****Magyar Telekom**

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**Magyar Telekom reaches agreement with the trade unions**

**Budapest – July 24, 2014 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB), the leading Hungarian telecommunications service provider, announces that it has reached an agreement with the trade unions on its headcount reduction and wage increase measures for 2015-2016 at Magyar Telekom Plc.**

According to the terms of the agreement, the Company plans to make maximum 1700 employees redundant. 40% is expected to leave the Company between October 1, 2014 and March 1, 2015 while the remaining 60% is expected to leave as of January 1, 2016. Total severance expenses related to the 2-year headcount reduction programme will be approximately HUF 12 billion and out of that around HUF 4 billion will be accounted for in September 2014.

Meanwhile, in order to keep the wages competitive, there will be a 4% wage increase for employees in lower wage categories as of January 1, 2016 effective retrospectively from July 1, 2015.

The above measures are expected to result in net HUF 15 billion cost savings in 2 years, i.e. the programme is expected to have a return period of 9 months.

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, 2013 available on our website at <http://www.telekom.hu>.