

**Magyar Telekom Telecommunications Public Limited Company  
Annual General Meeting**

**MINUTES**

taken at the Annual General Meeting of Magyar Telekom Telecommunications Public Limited Company (registered seat: 1013 Budapest, Krisztina krt. 55.; registration number: Cg. 01-10-041928) taking place at the headquarters of Magyar Telekom Plc. (1013 Budapest, 1<sup>st</sup> district, Krisztina krt. 55.; Tölösi Conference Centre) on April 7, 2017, from 11:04 a.m.

Way of participating at the General Meeting: in person.

Participants: as listed in the attached attendance sheet.

**Christopher Mattheisen:** Good Morning Ladies and Gentlemen! I welcome the Shareholders and the invitees. I hereby open the General Meeting at 11:04 o'clock. The General Meeting is held with shareholders' attendance in person, by decision-making on the meeting.

Let me inform the General Meeting that votes will be cast via computer and votes will be tallied electronically in accordance with the Articles of Association. I will state the result of voting as the computer counted votes appear on the screen. I ask **Mrs. Judit Borókné Matus**, present on behalf of KELER Zrt., to describe the essence and method of computer voting.

**Mrs. Judit Borókné Matus:** My name is Mrs. Judit Borókné Matus, representing KELER Zrt. assisting in the management of the General Meeting and in the registration process. I briefly introduce You the voting system and the persons participating in the voting process Sándor Rákos, Dávid Pataki, Tibor Petrás.

During the registration, You have received a wireless, radio-frequency operated voting device, which indicates the individual voting number of the shareholder. Therefore, please take care of the voting device and do not hand it over to anyone else. You may activate the device at the beginning of the General Meeting by pressing any button. You may vote with pressing buttons 1, 2, and 3: button no. 1 is the "YES" button, button no. 2 is the "NO" button, button no. 3 is the "ABSTENTION" button. Proposals will be put to the vote by the Chairman of the General Meeting and you can cast your vote during a 20 second period, the start and end of which is indicated by a voice signal.

After the start of the voting please push the applicable button (1, 2, 3) of the voting device then release it. Simultaneously with pushing the button your device will display the number of the respective button with which you cast your vote then the number disappears, indicating that the voting system received the vote and confirmed its receipt to the voting device. Please note that buttons must not be pressed continuously and in case the button is pressed several times only the last vote will be registered by the system!

Within a couple of seconds upon the closing of the voting the results are displayed on the screens and the monitor in front of the Chairman. In addition, the number of votes that were not cast will also be displayed. Naturally, the Chairman of the General Meeting will state verbally the result of the voting. Let me draw Your attention that the voting ratio will be rounded to 2 decimal places, therefore, there can be a situation when 1 "NO" vote is cast and the voting ratio will be 0.00% on the screen. Naturally, all votes will be registered both in the system and the minutes of the General Meeting.

Now, I propose to have a test voting. Please play the voice signal. Please, activate your device by pressing any button and then cast your vote. The voting is closed and the results are displayed. If the voting device does not work properly, please let us know and we immediately replace the device.

If you have any questions regarding the voting system, please let us know now. Thank you and I wish you good work and a successful General Meeting!

**Christopher Mattheisen:** Thank you very much.

Number of shares issued by the Company: 1,042,742,543 pcs of which non-voting treasury shares are: 77,335 pcs.

Total number of votes represented by the voting shares: 1,042,665,208 pcs.

The total number of votes represented by the shareholders appeared during registration: **675,885,126**, which in percentage is **64.82**.

Based on the registration I state that the General Meeting constitutes a quorum, as the shareholders representing more than half of the shares carrying voting rights at the General Meeting are present in person or by proxy. On the basis of the proxy instruments submitted to the Company, I state that proxies represent the shareholders legally.

I confirm that the General Meeting has been convened in compliance with the relevant provisions of law and the provisions of the Articles of Association, the convening notice of the General Meeting has been published on March 3, 2017.

I ask **Mr. Balázs Máthé**, Chief Legal and Corporate Affairs Officer of the Company, to outline the main procedural rules of the General Meeting.

**Balázs Máthé:** Entering the venue of the General Meeting, the Tölösi Conference Center, is only possible with the use of the wristband received during registration. When re-entering or returning after a break, the wristband shall be presented to the security personnel again.

Shareholders' rights and in particular voting rights may be exercised at the General Meeting only by the persons whose names are contained in the Share Register on the second working day prior to the starting date of the General Meeting, i.e. April 5, 2017. Persons who certify their share ownership during registration prior to the General Meeting by way of a securities account statement issued to the name of the person, but are not registered in the Share Register, may participate at the General Meeting but may not exercise shareholders' rights.

Submissions and the related report of the Supervisory Board thereto and resolution proposals connected to the agenda items could be preliminarily studied at the home page of the Company and the Budapest Stock Exchange, at KELER Zrt. and before the start of the meeting, here, at the venue of the General Meeting in documentation of the General Meeting.

No notice was submitted to the Board of Directors in connection with the supplementation of the agenda or the resolution proposal with respect to the items on or to be added to the agenda published as part of the Announcement. No further items can be included in the agenda at this General Meeting, because not all of the shareholders are present.

The General Meeting is conducted in Hungarian language with unofficial simultaneous interpretation provided by the Company from Hungarian into English and from English into Hungarian. I call the attention of our Distinguished Shareholders that agenda item no. 1 will be presented in English language.

Shareholders or their representatives may make any remarks about the agenda items discussed at the General Meeting after having been given the floor by the Chairman. You can make remarks only if speaking into the microphone and relevant to agenda items discussed, otherwise the Chairman withdraws your right to do so. At the beginning of your remark, please, state your name and the number indicated on the front panel of the voting device you hold, as well as use the microphone throughout your contribution, because only those remarks can be translated and appropriately recorded in the minutes that were made using the microphone.

**Christopher Mattheisen:** Thank you. I stipulate that the time limit for each contribution is maximum 3 minutes per shareholder per remark. In order to ensure reasonable time management I request the shareholders to observe the said limit at each agenda point. The planned duration of the General Meeting is approximately 2 hours.

The General Meeting will be audio-recorded by the Company. I make known the respective resolution proposal:

“The General Meeting agrees that the proceedings of the General Meeting shall be audio-recorded.”

I ask the Distinguished Shareholders whether there are any questions or remarks regarding this?

The voting ratio necessary for adopting this resolution is simple majority. I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 669,495,561 affirmative votes (98.99%), 650 negative votes (0.00%), and 1,190,789 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.205260%, Negative: 0.000062%, Abstention: 0.114198%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 670,687,000 pcs, and proportion thereof to the registered capital: 64.319520%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 1/2017 (IV.7.).**

**Christopher Mattheisen:** I propose to the General Meeting to elect the Chairman of the General Meeting before the discussion of the agenda items begins. Based on the respective submission, the Board of Directors proposes to the General Meeting to elect Christopher Mattheisen to be the Chairman of the General Meeting.

The voting ratio necessary for adopting this resolution is simple majority. I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,136,378 affirmative votes (99.82%), 103 negative votes (0.00%), and 1,190,686 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.746220%, Negative: 0.000010%, Abstention: 0.114188%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,327,167 pcs, and proportion thereof to the registered capital: 64.860418%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 2/2017 (IV.7.).**

**Chairman:** I propose to the General Meeting to elect dr. Zsolt Herczegh in-house legal counsel as Keeper of the Minutes. I further propose to elect Ms. Anne Beever, representative of Deutsche Telekom Europe B.V. as authenticator of the Minutes.

The voting ratio necessary for adopting this resolution is simple majority. I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,059,204 affirmative votes (99.81%), 85,878 negative votes (0.01%), and 1,191,342 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.738819%, Negative: 0.008236%, Abstention: 0.114251%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,336,424 pcs, and proportion thereof to the registered capital: 64.861306%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 3/2017 (IV.7.).**

**Chairman:** I propose that the General Meeting should approve the order for discussing the items on the agenda in accordance with the Announcement and as presented on the screen. (The order of the agenda items in accordance with the Announcement and as presented on the screen:

1. Report of the Board of Directors on the management of Magyar Telekom Plc., on the business operation, on the business policy and on the financial situation of the Company and Magyar Telekom Group in 2016;
2. Decision on the approval of the 2016 Consolidated Financial Statements of the Company prepared according to International Financial Reporting Standards (IFRS); presentation of the relevant report of the Supervisory Board, the Audit Committee and the Auditor;
3. Decision on the approval of the 2016 standalone Annual Report of the Company prepared in accordance with the Hungarian Accounting Act (HAR); presentation of the relevant report of the Supervisory Board, the Audit Committee and the Auditor;
4. Proposal of the Board of Directors for the use of the profit after tax earned in 2016; presentation of the relevant report of the Supervisory Board, the Audit Committee and the Auditor; decision on the use of the profit after tax earned in 2016;
5. Information of the Board of Directors on the purchase of treasury shares following the Annual General Meeting in 2016; authorization of the Board of Directors to purchase ordinary Magyar Telekom shares;
6. Decision on the approval of the Corporate Governance and Management Report;
7. Decision on granting relief from liability to the members of the Board of Directors;
8. Election of members of the Board of Directors;
9. Decision on the amendments of the Articles of Association of Magyar Telekom Nyrt. (Sections affected with amendments: 1.6. The Scope of Activities of the Company (1.6.2.); 4.3. Dividend; 5.6. Convocation of the General Meeting; 6.7. Liability of the members of the Board of Directors; 7.8. Audit Committee (7.8.2., 7.8.4.);
10. Approval of the amended Rules of Procedure of the Supervisory Board;
11. Election and determination of the remuneration of the Company's Statutory Auditor, and determination of the contents of the material elements of the contract to be concluded with the Statutory Auditor.)

The voting ratio necessary for adopting this resolution is simple majority. I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,139,081 affirmative votes (99.82%), 1,650 negative votes (0.00%), and 1,190,692 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.746479%, Negative: 0.000158%, Abstention: 0.114188%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,331,423 pcs, and proportion thereof to the registered capital: 64.860825%.)

**I state that the General Meeting has adopted the order of discussion of the agenda items of the General Meeting, in line with the resolution proposal in Resolution No. 4/2017 (IV.7.).**

**Chairman:** I open the discussion of the first agenda item.

#### **Agenda item no. 1**

#### **Report of the Board of Directors on the management of Magyar Telekom Plc., on the business operation, on the business policy and on the financial situation of the Company and Magyar Telekom Group in 2016**

**Chairman:** The Report of the Board of Directors is an informative and contains no resolution proposal. I inform the Distinguished Shareholders that the slide called "Management Committee" of the report to be displayed on the screen has been supplemented with the photograph and name of the new Human Resources Chief Officer appointed in the meantime. I will verbally outline the report of the Board of Directors in English language.

The Chairman presents the Report of the Board of Directors on the management of Magyar Telekom Plc., on the business operation, on the business policy and on the financial situation of the Company and Magyar Telekom Group in 2016<sup>1</sup> on the following topics:

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<sup>1</sup> The Report of the Board of Directors, verbally presented in English language, could also have been followed by the Shareholders at the General Meeting as it was displayed simultaneously in Hungarian and in English. The presented Report of the Board of Directors is attached in English as Annex no. 1 to these minutes.

- the Management Committee;
- awards won in 2016;
- Hungarian telecommunication market: subscriber breakdown;
- Hungarian economic environment;
- 2016 Group results – revenues;
- 2016 Group results – EBITDA;
- free cash flow;
- dividends;
- 2016 results and public targets for 2017.

I request **dr. László Pap**, Chairman of the Supervisory Board to outline the essence of the **Supervisory Board's Report** related to this agenda item verbally.

**dr. László Pap:** Distinguished General Meeting! The Supervisory Board's Report prepared for the General Meeting is available in whole in the disclosed documents and is also included in the handout that has been distributed to the Distinguished Shareholders. The Supervisory Board examined the report of the Board of Directors on the management of the Company, on the business operation, on the business policy and on the financial situation of the Company and Magyar Telekom Group in 2016, and acknowledged these.

**Chairman:** Thank you very much. I ask the Distinguished Shareholders whether there are any questions or remarks regarding the report of the Board of Directors? Here is a question.

**János Zelena:** János Zelena, device no. 151-5. Distinguished Board of Directors, thank you for the report and while listening to the report I had no questions. At the same time I would like to ask you a question in relation to the data on page 68-69 of the report, presumably to the Chief Financial Officer, to Mr. János Szabó. I would like to also request my fellow shareholders to go to page 68-69 of the financial statements so that you can easily follow my conclusion. So I only have a single question: on page 68 we list our liabilities towards related parties and we can see the interest rates and the loans in relation to related parties. My first question would be that DT AG - you can see it on page 68 - provides a floating rate loan in the amount of 38 and 3 and 1 x amount, we are talking about billion HUF, and the respective interest rates are 0.7; 0.28; 0.72; but these are variable and not fixed. It would help us to have a clear vision on this matter if the distinguished chief officer could answer my question whether the floating-rate ... so in this case where we have a fixed interest rate in the table, how should this be interpreted. What is the reference interest rate or the interest rate differential in the case of this floating interest rate and how do you get this 0.7; which is a fixed amount. This is my first question. Thank you.

**Balázs Máthé:** Sorry, just for the record, let me note that this question relates to the next agenda item, however, I do not see any problem if the chief officer answers this question now. Just for the minutes. Thank you.

**János Szabó:** Yes. It is practically an average, as we are talking about a cash pool we take the value of the assets used and the actual interest rate when we calculate the average for the entire year when we talk about 0.7 or 0.28, as a floating rate. This is how you should interpret this. Whereas in general, the fixed interest rate is determined at the time of concluding the relevant contract and this is what we continuously see in the financing, as the interest rate.

**János Zelena:** Thank you for the answer. So I would rather ask further questions at the appropriate time. Thank you.

**Chairman:** Thank you.

**Róbert Pelyhe:** Good morning! My name is Róbert Pelyhe, the number is 186-8. I would have a question to Christopher Mattheisen in relation to the ascending dividend policy. Prior to the general meeting here the shareholders were surprised to learn that we do not receive a higher, or I would rather say not higher than HUF 25

dividend, so actually the shareholders expected HUF 40-50 dividend per share. Can you maintain this ascending dividend policy in the long-term? Can we expect in the long-term, say in a 10 year period, higher dividend payments? This is my first question. And also, can we expect similar surprises, i.e. that we will not have 35 or HUF 40 dividend next year but the HUF 25 dividend remains. Thank you.

**Chairman:** Thank you for your question. Now, at the current general meeting we can give you a specific answer on the dividend for the year 2016 results. We gave you some kind of outlook on the expected dividends for 2017 and we also discussed what factors may influence this. The fact that we specified the factors that can have an impact on this result does not mean that we have a Board decision, as that will come later. But now, as the management of the company, we can give you a forecast on what is probable and whether it is probably sustainable and what factors may influence these results. Then the statement that we already gave is the view of the management on the outlook or the probability, it is not yet a decision, that is the competence of the Board of Directors and of a future general meeting. Now we cannot tell you much more in this forum. Are there any other questions or comments?

**Milán Fedor:** I would just ask about the dividend ...

**Dr. Zsolt Herczegh:** Sorry, could you please tell us your name and the number of your voting device.

**Milán Fedor:** 181-2, Milán Fedor. In connection with the dividend I would only like to ask, and my only question is, the interest of the main shareholder, the 60% owner, Deutsche Telekom. I think it is the objective of Deutsche Telekom that sooner or later Magyar Telekom pays HUF 50 dividend. In relation to this, what is the forecast of the main shareholder?

**Chairman:** If my interpretation of your question is correct, the question is about the intentions of Deutsche Telekom. And we can actually tell you one opinion, one forecast, how Magyar Telekom's management sees the situation. We cannot tell you anything more on this matter. There is one more, yes.

**János Zelena:** 151-5, János Zelena. Sorry to reiterate to the previous agenda item or my previous question. The first agenda item says that we discuss the business activities in year 2016. In the case of the business activities in 2016 I presume that some questions fit into this discussion, although these should be asked during the discussion of agenda item 2. If you allow me I would ask this question in relation to financing requested from related parties because this belongs to the business activities and then we would be through with this question. So it's on page 68, sorry on 71, that the weighted average of the bank loan's interest rate was 0.95% in 2016. In 2015 it was 1.88%. So these are the numbers referring to bank loans. I think, based on, say the OECD and the European Union and the Hungarian regulations, from the view of our company this would be considered as an "arms length" loan opportunity. Now, as opposed to this, on page 70 the report says that the weighted average of the interest rates of the loans taken from related parties, primarily from DT AG and DTIF was 3.81% in 2016 and 4.4% in 2015. So I would not have raised this issue, I swear to you, if the difference would be one or two tenth %, but there is a three-fourfold interest rate difference between the loans taken from related parties and the interest rates of arms length loan opportunities available in Hungary. So I think and on top of this yesterday I noticed in DTIF's annual report that our interest rates are higher than the interest rates of loans provided by DTIF to undertakings in other countries. So in connection of the pricing I would like to ask how this serves the interest of all shareholders, besides those of related parties? It was also noticeable that as we get closer to Deutsche Telekom, the main shareholder, so the affiliate finances us cheaper from the Netherlands, but once we take the loan from the main shareholder, it is even more expensive. So here we have, I would say a transparent practice, that raises concerns from the view of shareholders other than Deutsche Telekom. Thank you.

**János Szabó:** Although there was no concrete question asked I would like to put this issue into another perspective but in order to do so we have to reiterate, maybe to start with the very beginning, to Magyar Telekom's financing policy that has been approved and continuously monitored by the Board of Directors. So we are not just talking about management decisions and the related principles in given cases. Basically, as you can see, and maybe this is not absolutely clear from the material which might be due to lack of transparency in the material, that the vast

majority of Magyar Telekom's financing is based on long-term and not short-term financing. Long-term financing has the underlying risk, which in a given case is a possibility, depending on the actual status of the economy cycles, and the interest rates are based on the date when the loan was taken and not the actual period. Even more so, if Magyar Telekom, as you can see, takes fixed interest rate loans in light of the financing principles. Currently the average period of Magyar Telekom's financing is around three years, between two and a half - three years. This is applicable to the loans taken. This also means that if you take into account that someone calculates in retrospect, looking at when we took the loans, this has to be compared to whether the given loans were reasonable at the given point of time and they should not to be evaluated according to the current status. You can also see that expiring loans are refinanced and this is where the decrease comes from, but it is true that afterwards we could take these financing options at lower interest rates. When we are in a market with decreasing interest rates this naturally seems to be a disadvantage when the interest rates are going up. The same issue was not raised in respect of this policy between 2010 and 2013 because back then the company had a reverse advantage from the situation, that we could operate at earlier fixed interest rates. However, in order to understand this background it is very important to elaborate this and you have to look at the entire environment through these lens. As you can see it from the referenced 0.8-1.9 interest rates these are basically short-term - within one year - financing basis points available and you can see that in the short term financing, i.e. within one year Magyar Telekom's financing is in the same range. I have only one actual and justified comment on the transparency of the page there is one single item which is not fully transparent, in certain cases of borrowing transactions where the interest rate is different from the actual interest rates available on the market and here I would like to refer to the last loan on page 68 where we can see 5% interest rate. The actual current market interest rate of this item is 1.6% and the disadvantage of the difference between the two is that it is not indicated in the interest rate line but in the other financial revenue line therefore we cannot account it here. So wherever it is possible in the case of the currently renewed available at interest rates we go downwards. You also have to see that in the given cases this revenue is accounted for in a different line and this is how we get the compensation between the two.

**Chairman:** We have a question here.

**Andor Almás:** My name is Andor Almás, private shareholder. I actually would like to ask ...

**Dr. Zsolt Herczegh:** Sorry, could you please tell us the number of your voting device.

**Andor Almás:** Yes, 189/8.

**Chairman:** And could you please speak a bit louder into the microphone.

**Andor Almás:** Yes, so my name is Andor Almás, private shareholder, the number of my voting device is 189/8 and I made a rough calculation from the numbers that we have in the handout we received here, in respect of next year's plans and this year's free cash flow. As I see that, even if we do not calculate with this sale of Crnogorski Telekom we will have around HUF 100 billion accumulated in 2017 ... 2018 when we will be here again at the general meeting. Then we talk about a company that has more than HUF 100 billion cash flow, if I'm correct. So now we have 50 billion, 55 would be the plan for 2017 and even if I deduct the dividend but add the sale we have more than HUF 100 billion, I think. What will you do with that much cash? This is what I'm curious about.

**János Szabó:** Let us not discuss the mathematical details of what remains here, I actually have a lower number in my calculations, but if we go back to the presentation and the exact page number - presented by Chris - sorry I tried to quote the page number suddenly, but what we talk about here is that the company has a debt ratio and within that the objective is to reduce this debt ratio. Only at the beginning of this year we got to the level which is the upper level of the debt ratio: we managed to reduce our debt ratio to the level of 39.3%, which is the basis of our dividend policy and we pay dividend if we are within this range. We would like to avoid the situation where in the long-term there are major deviations from this range and this would have a disadvantageous effect on the basis of the dividend policy in the long-term, too. So in this respect about this free cash flow ... our tasks definitely include to repay our debt and reduce our credit volume. Besides, there are continuously new business opportunities or risks

for which we have to have reserve resources. So when we think about what we can do with the accumulated or generated free cash flow than we do not only think about dividend but also have to take into account other factors as well.

**Chairman:** Another question.

**János Zelena:** János Zelena, 151-5. I would like to react on the chief officer, Mr. Szabó's answer to my previous question, if you look at the table regarding which you said that the interest rates are always based on the relevant date when the loan was taken, at first sight certain figures could be misleading in this table. Also, it turns out from the table that if we compare it we can only make the conclusion that in 2015, in last year, on page 69 we do not have the 42 billion 237 million loan from DTIF based on which we may conclude that this 5.45% EUR interest rate loan was taken in 2016, and the fixed interest rate is applicable until July 2021. The earlier DTIF loan was 2.26 and the previous one was the 2.26% EUR loan. So this is just against the market trends or the financial interest rates or the international interest rate trend and this is what I would like to call your attention to and I'm sorry but I cannot accept your answer. As in 2016 such EUR loan could have been easily taken at 5.45% interest rate from the Hungarian bank sector. Please allow me to note that two years ago as a shareholder I called the attention of the OTP's and FHB's management to the financing opportunities in Magyar Telekom and comrade Csányi ... Mr. Csányi confirmed that they would contact Telekom on the possibility of ensuring cheaper financing. This is in the interest of the Hungarian bank sector. Actually my opinion is that probably sooner or later the Hungarian Tax Authority will detect this transfer pricing scheme and maybe it will come to no good. Maybe we will have a huge slap on the face. I'm just trying to protect you to avoid such situation. Thank you.

**János Szabó:** Thank you. Let me refer back to the previous comment. It was me who called the attention exactly to this specific credit line and made the remark that the number that you can see here is really misleading. As this loan, this loan agreement has another part about a reimbursement, so the actual loan, and I repeat the number again: loan interest rate 1.6% compared to as it appears 5.45% in the report. However, the reimbursement of this is shown in the other financial revenues line therefore we cannot display it here because this would be against accounting rules.

**Chairman:** Thank you. If there are no other comments we shall proceed the with agenda item no. 2.

## **Agenda item no. 2**

### **Decision on the approval of the 2016 Consolidated Financial Statements of the Company prepared according to International Financial Reporting Standards (IFRS); presentation of the relevant report of the Supervisory Board, the Audit Committee and the Auditor**

**Chairman:** I ask **Mr. Máthé**, to make known the introduction to the submission.

**Balázs Máthé:** In accordance with the provisions of the Accounting Act, the Company shall prepare a financial statements and, as a parent company, a consolidated financial statements to be approved by the General Meeting. In line with this, the 2016 Consolidated Financial Statements of the Company has been prepared according to International Financial Reporting Standards (IFRS) and the draft of it was published where stipulated in the Articles of Association. PricewaterhouseCoopers Könyvvizsgáló Kft. audited the financial statements. The Company deposits and discloses its financial statement approved by the General Meeting in compliance with the provisions of the relevant legal regulations.

**Chairman:** I request **dr. László Pap**, Chairman of the Supervisory Board to outline the essence of the **Supervisory Board's Report** related to this agenda item verbally.

**dr. László Pap:** The Supervisory Board, with the involvement of the Audit Committee and the Statutory Auditor, examined the 2016 Consolidated Financial Statements prepared according to International Financial Reporting

Standards (IFRS), to be submitted to the General Meeting by the Board of Directors, and the proposal of the Board of Directors for their approval. In the opinion of the Supervisory Board, the Consolidated Financial Statements are in compliance with the prescriptions of the law, the Supervisory Board agrees with their content. The Supervisory Board proposes to the General Meeting for approval the 2016 Consolidated Financial Statements of the Company prepared according to International Financial Reporting Standards (IFRS) with Balance Sheet Total Assets and Profit for the year in accordance with the proposal of the Board of Directors and the Audit Committee.

**Chairman:** Thank you very much. I request **dr. János Illéssy**, Chairman of the Audit Committee to outline the essence of the **Audit Committee's Report** related to this agenda item verbally.

**dr. János Illéssy:** Thank you Mr. Chairman. Distinguished General Meeting! Please also let me read out the essence of the report to be accurate. The Audit Committee's Report prepared for the General Meeting was available in whole in the disclosed documents and is also included in the handout that has been distributed to the Distinguished Shareholders. The Audit Committee reviewed and evaluated the 2016 Consolidated Financial Statements prepared according to International Financial Reporting Standards (IFRS) to be submitted to the Supervisory Board and the General Meeting by the Board of Directors, the proposal of the Board of Directors for their approval, and listened to the relevant report of the Auditor. The Audit Committee, based on its activities performed during the year and the report of the Auditor, agrees with the content of the Consolidated Financial Statements and the proposal, and submitted it to the Supervisory Board. The Audit Committee proposed to the Supervisory Board for agreement of the content of the 2016 Consolidated Financial Statements of the Company prepared according to International Financial Reporting Standards (IFRS), and proposes to the General Meeting for approval the Consolidated Financial Statements including Balance Sheet Total Assets of HUF 1,175,529 million and Profit for the year of HUF 57,223 million. Thank you very much.

**Chairman:** Thank you very much. I request **Mr. Árpád Balázs** representative of the Auditor, to verbally outline the essence of the **Auditor's Report** related to this agenda item.

**Árpád Balázs:** Thank you very much. Distinguished Shareholders! My name is Árpád Balázs, employee of PricewaterhouseCoopers Kft., the registered appointed auditor of Magyar Telekom Plc. PricewaterhouseCoopers has audited the 2016 consolidated financial statements of Magyar Telekom Group. The report was signed by myself as registered appointed auditor and Mr. Armin Krug, who is also present on behalf of our company. As a result of the auditing, we issued our report containing an unqualified opinion. Let me read out the opinion. In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Magyar Telekom Távközlési Nyrt. and its subsidiaries as of 31 December 2016, and of the consolidated results of its operation and of the consolidated cash-flow for the year then ended in accordance with international Financial Reporting Standards as adopted by the European Union. The consolidated business report is consistent with the disclosures in the consolidated financial statements and the consolidated business report has been prepared in accordance with the Accounting Act. Based on all these, we propose the financial statements to the General Meeting for approval. Thank you.

**Chairman:** Thank you very much. I now ask the Shareholders whether there are any questions or remarks regarding this agenda item?

**János Zelena:** János Zelena 151-5 device no. Now I would have only one question, on which line we can see the revenue constituting the reimbursement, if the Chief Financial Officer or the Auditor could tell and on what title we get reimbursement, if you could tell me, resulting in that the 5.45% EUR loan interest has been finally decreased to 1.6. Thank you.

**János Szabó:** As I have also stated in my previous answer, it can be found on the other financial revenue line and I would like to call the attention, that on page 90 there is a line called related party transactions, where it is not detailed, as we do not indicate every single item by line in the financial statements, but you can that in relation to DT AG we do not only have liabilities, we also have revenues. So in relation to related parties and this applies to

DTAG as well, we also have revenues, and the reimbursement in question is included here in a consolidated manner. [*Referring to the shareholder's question: 90.*]

**Chairman:** Any other question or remark? If there are none, I ask **Mr. Máthé** to make known the resolution proposal.

**Balázs Máthé:** "The General Meeting approves the 2016 Consolidated Financial Statements of the Company, prepared according to International Financial Reporting Standards (IFRS), including Balance Sheet Total Assets of HUF 1,175,529 million and Profit for the year 2016 of HUF 57,223 million."

**Chairman:** Thank you very much. The voting ratio necessary for adopting this resolution is simple majority. I put the proposal to vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 669,494,317 affirmative votes (98.99%), 3,556 negative votes (0.00%), and 1,202,735 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.205141%, Negative: 0.000341%, Abstention: 0.115343%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 670,700,608 pcs, and proportion thereof to the registered capital: 64.320825%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 5/2017 (IV.7.).**

### **Agenda item no. 3**

**Decision on the approval of the 2016 standalone Annual Report of the Company prepared in accordance with the Hungarian Accounting Act (HAR); presentation of the relevant report of the Supervisory Board, the Audit Committee and the Auditor**

**Chairman:** I ask **Mr. Máthé**, to make known the introduction to the submission.

**Balázs Máthé:** In accordance with the provisions of the Accounting Act the 2016 standalone Annual Report of the Company has been prepared and the draft of it was published where stipulated in the Articles of Association. The approval on it falls into the exclusive scope of authority of the General Meeting. PricewaterhouseCoopers Könyvvizsgáló Kft. audited the financial statements.

**Chairman:** I request **dr. László Pap**, Chairman of the Supervisory Board to outline the essence of the **Supervisory Board's Report** related to this agenda item verbally.

**dr. László Pap:** Distinguished General Meeting! The Supervisory Board, with the involvement of the Audit Committee and the Statutory Auditor, examined the 2016 standalone Annual Report prepared in accordance with the Hungarian Accounting Acts (HAR) to be submitted to the General Meeting by the Board of Directors, and the proposal of the Board of Directors for their approval. In the opinion of the Supervisory Board, the standalone Annual Report is in compliance with the prescriptions of the law, the Supervisory Board agrees with its content. The Supervisory Board proposes to the General Meeting for adoption the 2016 standalone Annual Report prepared in accordance with the Hungarian Accounting Acts (HAR) with Balance Sheet Total Assets and Profit after tax in accordance with the proposal of the Board of Directors and the Audit Committee.

**Chairman:** Thank you very much. I request **dr. János Illéssy**, Chairman of the Audit Committee to outline the essence of the **Audit Committee's Report** related to this agenda item verbally.

**dr. János Illéssy:** Yes. Distinguished General Meeting! The Audit Committee reviewed and evaluated the 2016 standalone Annual Report prepared in accordance with the Hungarian Accounting Act to be submitted to the Supervisory Board and the General Meeting by the Board of Directors, the proposal of the Board of Directors for

their approval, and listened to the relevant report of the Auditor. The Audit Committee, based on its activities performed during the year and the report of the Auditor, agrees with the content of the standalone Annual Report and the proposal, and submitted it to the Supervisory Board. The Audit Committee proposes to the Supervisory Board for agreement of the content of the 2016 standalone Annual Report of the Company prepared in accordance with the Hungarian Accounting Act (HAR), and proposes to the General Meeting for approval the standalone Annual Report including Balance Sheet Total Assets of HUF 984,574 million and Profit after tax of HUF 28,536 million. Thank you very much.

**Chairman:** Thank you very much. I request **Mr. Árpád Balázs**, representative of the Auditor, to verbally outline the essence of the **Auditor's Report** related to this agenda item.

**Árpád Balázs:** Distinguished Shareholders! PricewaterhouseCoopers has audited the 2016 standalone financial statements of the Company in addition to the auditing of the consolidated financial statements of Magyar Telekom and issued the report containing an unqualified opinion. Let me read out the essence of the opinion. In our opinion, the financial statements give a true and fair view of the financial position of Magyar Telekom Távközlési Nyrt. as of 31 December 2016, and of the results of its operations for the year then ended in accordance with the provisions of the Accounting Act. The business report is consistent with the disclosures in the financial statements and the business report has been prepared in accordance with the Accounting Act. Based on our auditing, we propose the report to the General Meeting for approval. Thank you.

**Chairman:** Thank you very much. I ask the Distinguished Shareholders whether there are any questions or remarks regarding this agenda item? If there are none, I ask **Mr. Máthé** to make known the resolution proposal.

**Balázs Máthé:** "The General Meeting approves the 2016 standalone Annual Report of the Company prepared according to the Hungarian Accounting Act (HAR), including Balance Sheet Total Assets of HUF 984,574 million and Profit after tax of HUF 28,536 million."

**Chairman:** The voting ratio necessary for adopting this resolution is simple majority. I put the proposal to vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,048,381 affirmative votes (99.81%), 85,304 negative votes (0.01%), and 1,202,729 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.737781%, Negative: 0.008181%, Abstention: 0.115343%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,336,414 pcs, and proportion thereof to the registered capital: 64.861305%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 6/2017 (IV.7.).**

#### **Agenda item no. 4**

**Proposal of the Board of Directors for the use of the profit after tax earned in 2016; presentation of the relevant report of the Supervisory Board, the Audit Committee and the Auditor; decision on the use of the profit after tax earned in 2016**

**Chairman:** I ask **Mr. Máthé**, to make known the submission and the resolution proposal.

**Balázs Máthé:** According to the Civil Code and the Articles of Association the deciding on the utilisation of after-tax earnings belongs to the exclusive scope of authority of the General Meeting. Shareholders shall be entitled to dividend who are registered in the Share Register at the record date of the dividend payment identification process ordered by the Company. I make known the resolution proposal:

"A dividend of HUF 25 per ordinary share (with a face value of HUF 100) shall be paid by the Company to the shareholders from the profit of 2016.

The HUF 26,066,630,200 to be disbursed as dividends shall be paid from the after-tax profits of 28,535,872,243 based on HAR figures, and the remaining amount of HUF 2,469,242,043 of the after-tax profits based on HAR figures shall be allocated to retained earnings.

May 23, 2017 shall be the first day of dividend disbursement. The record date of the dividend payment shall be May 12, 2017.

On April 13, 2017, the Board of Directors of Magyar Telekom Plc shall publish a detailed announcement on the order of the dividend disbursement on the homepage of the Company and the Budapest Stock Exchange.

The dividends shall be paid by KELER Ltd., in compliance with Magyar Telekom Plc's instructions."

**Chairman:** Thank you very much. I request **dr. László Pap** Chairman of the Supervisory Board to outline the essence of the **Supervisory Board's Report** related to this agenda item verbally.

**dr. László Pap:** Distinguished General Meeting! The Supervisory Board, with the involvement of the Audit Committee, discussed the proposal of the Board of Directors, according to which the Company shall pay a dividend of HUF 25 per ordinary share (with a face value of HUF 100) to the shareholders from the profit of 2016. The Supervisory Board provides prior approval to the proposal of the Board of Directors, and proposes the proposal to the General Meeting for approval.

**Chairman:** Thank you very much. I request **dr. János Illéssy**, Chairman of the Audit Committee to outline the essence of the **Audit Committee's Report** related to this agenda item verbally.

**dr. János Illéssy:** Distinguished General Meeting! The Audit Committee reviewed and evaluated the proposal of the Board of Directors, according to which the Company shall pay a dividend of HUF 25 per ordinary share (i.e. for all shares with a face value of HUF 100) to the shareholders from the profit of 2016. According to the review of the Audit Committee, the appropriate coverage for dividend payment is available, the Audit Committee agreed with the proposal. The Audit Committee earlier proposed the proposal to the Supervisory Board for prior approval and now proposes to the General Meeting for approval. Thank you very much.

**Chairman:** Thank you. I request **Mr. Árpád Balázs**, representative of the Auditor, to verbally outline the Auditor's Report on this agenda item.

**Árpád Balázs:** Distinguished Shareholders! As previously discussed, it is the proposal of the Board of Directors to pay dividend of HUF 25 per share after the 2016 business year. Having reviewed the financial statements of Magyar Telekom Plc., including the balances sheet and the profit and loss statement, I hereby confirm that the After-tax Net Income and the available retained earnings of the Company provide sufficient coverage for the proposed dividend payment. Thank you.

**Chairman:** I ask the Distinguished Shareholders whether there are any questions or remarks regarding this agenda item? If there are none, I inform the Distinguished Shareholders that the voting ratio necessary for adopting this resolution is simple majority. I put the proposal to vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 674,152,869 affirmative votes (99.68%), 120,303 negative votes (0.02%), and 2,060,702 abstentions (0.30%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.651900%, Negative: 0.011537%, Abstention: 0.197623%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,333,874 pcs, and proportion thereof to the registered capital: 64.861060%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 7/2017 (IV.7.).**

## **Agenda item no. 5**

### **Information of the Board of Directors on the purchase of treasury shares following the Annual General Meeting in 2016; authorization of the Board of Directors to purchase ordinary Magyar Telekom shares**

**Chairman:** I ask **Mr. Máthé**, to make known the submission and the resolution proposals.

**Balázs Máthé:** The submission is available in whole in the disclosed documents and is also included in the handout that has been distributed to the Shareholders during the registration. For the efficient time management of the General Meeting the parts of the submission and the respective resolution proposals are displayed on the screen. I hereby summarize the essence of the submission:

First part of the submission: Information of the Board of Directors on the purchase of treasury shares following the Annual General Meeting in 2016

According to the Civil Code the Board of Directors shall provide information at the next general meeting about the reasons and type of the treasury share purchase, the number, the aggregate face value and the proportion of these shares to the Company's share capital, and also the purchase price of the acquired shares.

In accordance with the authorization of the General Meeting, the Company purchased in the course of July 2016, a total number of 1,261,204 Magyar Telekom ordinary shares with the aggregate face value of HUF 126,120,400 (the proportion of these shares to share capital equals 0.12%) in six rounds, for the purpose of the Employee Share Ownership Program announced on May 2, 2016. The Company paid the total amount of HUF 562 773 069 in consideration for these shares.

On March 3, 2017, upon convocation of the General Meeting, the total number of the treasury shares of Magyar Telekom Plc: 77,335 pieces. I make known the resolution proposal:

“The General Meeting acknowledges the information of the Board of Directors on the purchase of treasury shares following the Annual General Meeting in 2016.”

Second part of the submission: authorization for the Board of Directors to purchase ordinary Magyar Telekom shares

The Board of Directors proposes to the General Meeting to give an authorization to purchase treasury shares. I make known the resolution proposal:

“The General Meeting authorizes the Board of Directors to purchase Magyar Telekom ordinary shares, the purpose of which could be the following:

- to supplement Magyar Telekom's current shareholder remuneration policy in line with international practice;
- to operate a share based incentive plan.

The authorization will be valid for 18 months starting from the date of approval of this General Meeting resolution. The shares to be purchased on the basis of this authorization together with the treasury shares already held by Magyar Telekom shall not at any time exceed more than 10% of the share capital effective at the date of granting this authorization (i.e. up to 104,274,254 ordinary shares with a face value of HUF 100 each) of Magyar Telekom Plc.

The shares can be purchased through the stock exchange or on the OTC market. The equivalent value per share paid by Magyar Telekom Plc. may not be more than 5% above the market price of the share determined by the opening auction on the trading day at the Budapest Stock Exchange. The minimum value to be paid for one share is HUF 1.

The authorization may be exercised in full or in part, and the purchase can be carried out in partial tranches spread over various purchase dates within the authorization period until the maximum purchase volume has been reached.

Authorization granted to the Board of Directors by Resolution No. 8/2016 (IV.12.) of the General Meeting is hereby repealed.”

**Chairman:** Thank you very much. I request **dr. László Pap**, Chairman of the Supervisory Board to outline the essence of the **Supervisory Board’s Report** related to this agenda item verbally.

**dr. László Pap:** Distinguished General Meeting! The Supervisory Board examined the information of the Board of Directors on the purchase of treasury shares following the Annual General Meeting in 2016 and the proposal of the Board of Directors to purchase ordinary Magyar Telekom shares, and acknowledged these informative.

**Chairman:** Thank you very much. I ask the Shareholders whether there are any questions or remarks regarding this agenda item? If there are none, I inform the Distinguished Shareholders that the voting ratio necessary for adopting this resolution is simple majority. This agenda item contains two resolution proposals on which we will vote in line with the submission, one by one, in the order of the proposals. First we will vote on the information of the Board of Directors. I put the proposal to vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,135,800 affirmative votes (99.82%), 650 negative votes (0.00%), and 1,191,342 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.746164%, Negative: 0.000062%, Abstention: 0.114251%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,327,792 pcs, and proportion thereof to the registered capital: 64.860477%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 8/2017 (IV.7.).**

Now we will vote on the authorization to purchase treasure shares. I put the proposal to vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,100,205 affirmative votes (99.82%), 2,980 negative votes (0.00%), and 1,192,182 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.742751%, Negative: 0.000286%, Abstention: 0.114331%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,295,367 pcs, and proportion thereof to the registered capital: 64.857368%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 9/2017 (IV.7.).**

#### **Agenda item no. 6**

#### **Decision on the approval of the Corporate Governance and Management Report**

**Chairman:** I ask **Mr. Máthé**, to make known the submission:

**Balázs Máthé:** Pursuant to the Civil Code, the board of directors of public limited companies must submit the corporate governance and management report to the Annual General Meeting of the company, prepared according to the rules applicable to the persons of the given stock exchange. According to the Articles of Association, the approval of the corporate governance and management report is within the exclusive authority of the General Meeting. The report and the declaration attached thereto were prepared on the basis of the provisions of the Civil Code and the Corporate Governance Recommendations of the Budapest Stock Exchange. The Board of Directors submits to the General Meeting the Corporate Governance and Management Report for the business year of 2016 of Magyar Telekom Plc. in line with the disclosed material.

**Chairman:** I ask **dr. László Pap**, Chairman of the Supervisory Board to outline the essence of the **Supervisory Board’s Report** related to this agenda item verbally.

**dr. László Pap:** Distinguished General Meeting! Briefly. The Supervisory Board examined the Corporate Governance and Management Report of the Company, and acknowledged it and proposes it to the General Meeting for acceptance.

**Chairman:** Thank you. I ask the Distinguished Shareholders whether there are any questions or remarks regarding this agenda item? If there are none, I ask **Mr. Máthé** to make known the resolution proposal:

**Balázs Máthé:** "The General Meeting approves the Corporate Governance and Management Report of the Company for the business year of 2016."

**Chairman:** The voting ratio necessary for adopting this resolution is simple majority. I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,114,529 affirmative votes (99.82%), 9,032 negative votes (0.00%), and 1,204,231 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.744124%, Negative: 0.000866%, Abstention: 0.115487%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,327,792 pcs, and proportion thereof to the registered capital: 64.860477%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 10/2017 (IV.7.).**

#### **Agenda item no. 7**

##### **Decision on granting relief from liability to the members of the Board of Directors**

**Chairman:** I ask **Mr. Máthé**, to make known the submission and the resolution proposal:

**Balázs Máthé:** Pursuant to the Civil Code, the company's general meeting, simultaneously with the approval of the financial statements, upon request of an executive officer, may grant relief from liability to the executive officer on ascertaining the appropriateness of the management activities during the previous business year. According to the Articles of Association, the decision on granting liability relief to the members of the Board of Directors is within the exclusive authority of the General Meeting. The company may bring action against the executive officer on the grounds of breaching management activities in a claim for damages if the facts and information based on which the relief of liability was granted were false or insufficient. I make known the resolution proposal:

"The General Meeting of Magyar Telekom Plc. ascertains the appropriateness of the management activities of the Board of Directors members of the Company in the previous business year and decides to grant the relief from liability to the members of the Board of Directors of the Company with respect to the 2016 business year. By granting the relief, the General Meeting confirms that the members of the Board of Directors have performed the management of the Company in 2016 by giving primacy of the interests of the Company."

**Chairman:** I request **dr. László Pap**, Chairman of the Supervisory Board to outline the essence of the **Supervisory Board's Report** related to this agenda item verbally.

**dr. László Pap:** Distinguished General Meeting! The Supervisory Board examined the submission of the Board of Directors on granting relief from liability to the members of the Board of Directors, and agrees that the General Meeting should grant relief from liability to the members of the Board of Directors for the business year of 2016.

**Chairman:** I ask the Distinguished Shareholders whether there are any questions or remarks regarding this agenda item? If there are none, I inform the Shareholders that the voting ratio necessary for adopting this resolution is simple majority and I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 674,698,456 affirmative votes (99.76%), 392,686 negative votes (0.06%), and 1,244,632 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.704223%, Negative: 0.037659%, Abstention: 0.119361%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,335,774 pcs, and proportion thereof to the registered capital: 64.861243%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 11/2017 (IV.7.).**

#### **Agenda item no. 8**

#### **Election of Members of the Board of Directors**

**Chairman:** I ask **Mr. Máthé**, to make known the submission.

**Balázs Máthé:** Mrs. Kerstin Günther, Mr. Günter Mossal and dr. Ralph Rentschler, members of the Board of Directors of Magyar Telekom Plc., informed the Board of Directors of the Company, that they intend to resign from their position being a member of the Board of Directors effective upon the date of the Annual General Meeting of Magyar Telekom Plc. in 2017. Therefore, election of new members of the Board of Directors is proposed. We thank the successful work of the leaving Board of Directors.

In accordance with the provisions of the Articles of Association the Board of Directors shall be comprised of a minimum of six (6), and a maximum of eleven (11) members. The members of the Board of Directors shall be elected by the General Meeting. The assignment of the members of the Board of Directors, unless otherwise provided by the General Meeting, lasts for a term of three years until May 31 of the third year subsequent to the date of the said General Meeting with the exception, that if the General Meeting in the third year is held prior to May 31 than their assignment lasts until the date thereof.

The Board of Directors with the agreement of the Remuneration and Nomination Committee proposes the following persons to be elected by the General Meeting:

1. Dr. Robert Hauber
2. Mr. Guido Menzel and
3. Mrs. Mardia Niehaus

The biographies of the nominees are available among the published documents and are presented on the screen along with the respective resolution proposal.

**Chairman:** I request **dr. László Pap**, Chairman of the Supervisory Board to outline the essence of the **Supervisory Board's Report** related to this agenda item verbally.

**dr. László Pap:** Very briefly. The Supervisory Board examined the proposal and submission of the Board of Directors regarding the members of the Board of Directors, and acknowledged it.

**Chairman:** Any questions or remarks regarding this agenda item? There is a question in the back.

**Milán Novakovity:** Good afternoon. My name is Milán Novakovity, a private shareholder, device number 199-1. I would like to ask that if the nominees are present in this room and it is possible, to see them who they are, then I would ask it.

**Chairman:** Thank you for your question, they are not present. If there is no other remark, I inform the Shareholders that we will vote on the Board of Directors members in line with the submission, one by one, in the order of the proposals. The voting ratio necessary for adopting these resolutions is simple majority.

I make known resolution proposal no 1 regarding the election of Dr. Robert Hauber:

“The General Meeting elects Dr. Robert Hauber to the member of the Board of Directors of Magyar Telekom Plc. until May 31, 2019, provided that if the General Meeting is held prior to May 31 of the year in which such mandate expires, then his assignment lasts until the date of the General Meeting.”

I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 674,950,784 affirmative votes (99.79%), 102,269 negative votes (0.02%), and 1,268,738 abstentions (0.19%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.728421%, Negative: 0.009808%, Abstention: 0.121673%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,321,791 pcs, and proportion thereof to the registered capital: 64.859902%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 12/2017 (IV.7.).**

I make known resolution proposal no 2 regarding the election of Mr. Guido Menzel:

“The General Meeting elects Mr. Guido Menzel to the member of the Board of Directors of Magyar Telekom Plc. until May 31, 2019, provided that if the General Meeting is held prior to May 31 of the year in which such mandate expires, then his assignment lasts until the date of the General Meeting.”

I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 674,943,402 affirmative votes (99.79%), 102,269 negative votes (0.02%), and 1,236,313 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.727713%, Negative: 0.009808%, Abstention: 0.118564%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,281,984 pcs, and proportion thereof to the registered capital: 64.856085%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 13/2017 (IV.7.).**

I make known resolution proposal no 3 regarding the election of Mrs. Mardia Niehaus:

“The General Meeting elects Mrs. Mardia Niehaus to the member of the Board of Directors of Magyar Telekom Plc. until May 31, 2019, provided that if the General Meeting is held prior to May 31 of the year in which such mandate expires, then her assignment lasts until the date of the General Meeting.”

I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 674,951,434 affirmative votes (99.79%), 142,676 negative votes (0.02%), and 1,236,313 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.728483%, Negative: 0.013683%, Abstention: 0.118564%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,330,423 pcs, and proportion thereof to the registered capital: 64.860730%.)

I state that the General Meeting has adopted the resolution proposal in Resolution No. 14/2017 (IV.7.).

**Agenda item no. 9**

**Decision on the amendments of the Articles of Association of Magyar Telekom Nyrt. (Sections affected with amendments: 1.6. The Scope of Activities of the Company (1.6.2.); 4.3. Dividend; 5.6. Convocation of the General Meeting; 6.7. Liability of the members of the Board of Directors; 7.8. Audit Committee (7.8.2., 7.8.4.))**

**Chairman:** I ask **Mr. Máthé**, to make known the submission on the amendments of the Articles of Association and the resolution proposals.

**Balázs Máthé:** According to the Civil Code and the Articles of Association the decision on the amendment of the Articles of Association falls into the exclusive scope of authority of the General Meeting of the Company. The detailed reasons for the modifications and the textual modifications of the Articles of Association are available in whole as part of the submission in the disclosed documents and are also included in the handout that has been distributed to the Distinguished Shareholders during the shareholders' registration. For the efficient time management and for ease of reference the textual modifications and the resolution proposals are also displayed on the screen. The Articles of Association shall be amended due to the following reasons:

1. The Company provides graphic design activities (in the TEÁOR this is 74.10'08 Specialised design activities), therefore Section 1.6.2 (Other activities) of the Articles of Association shall be supplemented accordingly. No permission or notification is required to perform the activity. You can see it on the screen, can't you? Good. The relevant resolution proposal:

"The General Meeting approves the amendment of Section 1.6.2. of the Articles of Association according to the submission."

2. The Act LXXVII of 2016 on the modification of the Civil Code, among others, modified Section 3:263(1) b) of the Civil Code effective as of July 1, 2016. The modification affects Section 4.3. (Dividend) of the Articles of Association, which is amended to be aligned with the text of the effective law, as follows. Compared to the disclosed material, there is a technical correction (only in the Hungarian text) in subsection b) as affected by the modification, according to which the text of "meg a" has been deleted by mistake, it shall remain unchanged as appropriate. It is completely clear on the screen. So the relevant resolution proposal with the previous verbal technical correction is:

"The General Meeting approves the amendment of Section 4.3. of the Articles of Association according to the submission."

3. Section 5.6. (Convocation of the General Meeting) is amended to simplify the text (i.e. deletion of the unnecessary provision), as follows. Shown on the screen. The relevant resolution proposal:

"The General Meeting approves the amendment of Section 5.6. of the Articles of Association according to the submission."

4. The Act LXXVII of 2016 on the modification of the Civil Code, among others, modified Section 3:24 of the Civil Code effective July 1, 2016. The modification affects Section 6.7. (Liability of the members of the Board of Directors) of the Articles of Association, which is amended to be aligned with the text of the effective law, as follows. On the screen. The relevant resolution proposal:

"The General Meeting approves the amendment of Section 6.7. of the Articles of Association according to the submission."

5. The Act XLIV of 2016, among others, modified Section 62 of the Capital Markets Act effective June 4, 2016. The modification affects Section 7.8.2. (Audit Committee) of the Articles of Association, which is amended to be aligned with the text of the effective law, as follows. Shown on the screen. The relevant resolution proposal:

“The General Meeting approves the amendment of Section 7.8.2. of the Articles of Association according to the submission.”

6. The Act XLIV of 2016, among others, modified Section 62 of the Capital Markets Act effective June 4, 2016. The modification affects Section 7.8.4. (Audit Committee) of the Articles of Association, which is amended to be aligned with the text of the effective law, as follows. On the screen. I leave more time if there are more modifications. The relevant resolution proposal:

“The General Meeting approves the amendment of Section 7.8.4. of the Articles of Association according to the submission.”

**Chairman:** Thank you very much. I request **dr. László Pap**, Chairman of the Supervisory Board to outline the essence of the **Supervisory Board’s Report** related to this agenda item verbally.

**dr. László Pap:** The Supervisory Board examined the amendments to the Company’s Articles of Association proposed by the Board of Directors, and agrees with them.

**Chairman:** I ask the Shareholders whether there are any questions or remarks regarding this agenda item? If ... there is a question.

**János Zelena:** Thank you! János Zelena, 151-5. I have a question on the dividend payment. The Articles of Association specifies a minimum time that needs to pass between the decision on the payment of the dividend and the actual payment. My question is whether there's any requirement on the maximum period in the Hungarian law? And maybe, would it be reasonable to include this, too? For example, if there is no limitation in this respect on the maximum and we adopt a resolution on the payment of X dividend and if it is allowed by the Hungarian law then the date of payment, presumably, could be five years later, which in given cases could be justified. For example, if the general meeting would decide next year that we do not withdraw the dividend in the given financial year, or in the year of making the resolution, and the general meeting would propose or adopt a resolution that the total dividend would be fully used for the prepayment of an unfavorable loan provided by the owner and to avoid that this causes problems to the financing of the company, so in this case we, all shareholders, would be entitled to withdraw the dividend with the same interest rate and the date of the expiry of the loan, and until that date we would repay the owner’s loan by way of waiving from the immediate payment in the given year. So is there any maximum specified, and if there is not, theoretically, do you think it would be possible that even after many years the dividend could be withdrawn with the same interest rate as the interest rate of the more favorable owner loans?

**Balázs Máthé:** The actual dividend payment deadlines - that have been voted upon - are contained in the minutes. Otherwise the dividend is for five years and after that we have a forfeiture deadline. I cannot make a comment on the innovative solution outlined in the question.

**János Zelena:** Practically there are no obstacles. This issue can be decided within the competence of the general meeting. There are no legal obstacles.

**Balázs Máthé:** We have a resolution, that we voted upon, on the date of dividend payment.

**János Zelena:** This is fine for this year. I asked you in connection with the amendment of the Articles of Association, for the future, as this is an option, because the earliest date, the latest date, I'm sorry, of the payment, is not regulated by the Articles of Association, so the possibility that I'm talking about is given, isn't it? Even with HUF interest rates, if we deposited the dividend for five years, for this we would need the decision of all members of the

general meeting, a positive decision, so we would be happy to deposit it and redeem the financing from the expensive connected loans and we would be happy to leave this amount with the company, even for five years, or I could name any loan with the maturity term of 2-3-4 years, 5 years. The opportunity is given.

**Balázs Máthé:** Thank you, we recorded this as a comment and if next year the management or the Board of Directors, depending on the competence, makes a proposal on this then the scheme will be submitted to the general meeting.

**János Zelena:** Yes, besides this I would like to ask whether shareholders can make a motion on the amendment of Section 5.2 of the Articles of Association regarding decisions within the exclusive competence of the general meeting? You list x numbers up to paragraph s), in paragraph t), am I entitled to propose a submission to the general meeting of the Company regarding the amendment of Section 5.2. of the Articles of Association on the exclusive resolution of the General Meeting? Or competence, sorry.

**Balázs Máthé:** Sorry, do you have a written textual proposal?

**János Zelena:** Yes, and the proposal would be very simple. So I would propose as paragraph t) that you list the exclusive competences of the General Meeting up to paragraph s) and as a continuation, in paragraph t), I would propose that the taking of loans from the owner with more than LIBOR + 100 bp HUF interest rate or EURIBOR + 100 bp rate should be subject to the General Meeting's approval and the adoption of a resolution by the General Meeting. So I have a proposal on the limitation of interest rates of loans provided by the owner and I propose that this matter should belong to the exclusive competence of the General Meeting. Let me repeat it, paragraph t) would set out that in the case of above LIBOR + 100 bp HUF interest rates or EURIBOR + 100 bp interest rate EUR loans the adoption of a General Meeting approval is required.

**Balázs Máthé:** Could you please hand over the text to me. I will read out.

**János Zelena:** Let me repeat it. The approval of owner's loans, can you record this? The approval of owner's loans, so please record this ...

**Balázs Máthé:** Sorry, in accordance with the order of the general meeting I am the one who reads out the resolution proposals that is why I said that if you have it in writing I read it out and put it on the vote. Are you satisfied with this?

**János Zelena:** Yes I am, then I need one more minute of your time because I have one more line in mind.

**Róbert Pelyhe:** Until then another question or proposal. Róbert Pelyhe, 186-8. As I was listening to the first proposal of my fellow shareholder, based on which he proposed, if we understood it correctly, that the payable dividend is paid to the company's own account from which Telekom should pay its existing loans and for that purpose the company should take a loan with a favorable interest rate. I have a proposal to this to Telekom that in this case the company should open a long-term investment account and it could be submitted to the general meeting that the company pays the outstanding part of the loan from that account. Because long-term investment accounts present good savings opportunities. Thank you.

**Balázs Máthé:** Thank you. From a genre point of view this is regarded as a proposal, a motion, that we will review from a professional point of view and if it can be supported then we come back to the topic. Can I ask Mr. Zelena if he's ready with his written proposal?

**Tibor Lenhardt:** Good afternoon, I'm Tibor Lenhardt, 190-1.

**Dr. Zsolt Herczegh:** Could you please repeat your name and the number of your voting device.

**Tibor Lenhardt:** My name is Tibor Lenhardt and my question is what Magyar Telekom's Articles of Association says about making proposals, what is the minimum ownership percentage to make a proposal and what is the percentage that gives entitlement to asking questions? Thank you.

**Balázs Máthé:** As a concrete rule one needs 1% ownership, right, however, there's a conservative interpretation based on which everybody should be allowed, and we do allow it, to be on the safe side that is why we put this solution proposed by Mr. Zelena to the vote. [*As a reaction to another participant's comment voice to without using the microphone.*] So you agree to put the proposal to the vote. Thank you. Then I read it out. The proposed amendment of the Articles of Association by Mr. Zelena says, in the context of course, is that Section 5.2. of the Articles of Association be amended with a new paragraph t): "(t) approval of loans provided by the owner where the interest rate in the case of HUF loans exceeds BUBOR + 100 bp and in the case of EUR loans EURIBOR + 100 bp."<sup>2</sup> Let me request the Distinguished Shareholders to vote on the proposal.

**Chairman:** The proposal is put to the vote.

**Balázs Máthé:** Sorry, we should vote in the original order, first on the proposal by the Board of Directors and this will be voted upon at the end.

**Chairman:** Then we have to cancel this voting and we will have one more additional voting item at the end. Are there any other question or comment? Then in regards to the original agenda item on the amendment of the Articles of Association I inform the Distinguished Shareholders that the voting ratio necessary for the amendment is three quarters majority. Within this agenda item please cast your votes regarding the modifications of the Articles of Association in separate resolutions, Section by Section.

Resolution proposal no. 1: "The General Meeting approves the amendment of Section 1.6.2. of the Articles of Association according to the submission."

I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,083,582 affirmative votes (99.81%), 8,032 negative votes (0.00%), and 1,202,729 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.741157%, Negative: 0.000770%, Abstention: 0.115343%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,294,343 pcs, and proportion thereof to the registered capital: 64.857270%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 15/2017 (IV.7.).**

Resolution proposal no. 2: "The General Meeting approves the amendment of Section 4.3. of the Articles of Association according to the submission."

I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,083,202 affirmative votes (99.81%), 1,030 negative votes (0.00%), and 1,210,111 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.741120%, Negative: 0.000099%, Abstention: 0.116051%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,294,343 pcs, and proportion thereof to the registered capital: 64.857270%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 16/2017 (IV.7.).**

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<sup>2</sup> The text of the outlined shareholder resolution proposal is attached in English (unofficial translation) as Annex no. 2 to these minutes.

Resolution proposal no. 3: "The General Meeting approves the amendment of Section 5.6. of the Articles of Association according to the submission."

I put it to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,090,117 affirmative votes (99.82%), 650 negative votes (0.00%), and 1,203,575 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.741783%, Negative: 0.000062%, Abstention: 0.115424%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,294,342 pcs, and proportion thereof to the registered capital: 64.857269%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 17/2017 (IV.7.).**

Resolution proposal no. 4: "The General Meeting approves the amendment of Section 6.7. of the Articles of Association according to the submission."

I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,049,398 affirmative votes (99.81%), 11,287 negative votes (0.00%), and 1,236,160 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.737878%, Negative: 0.001082%, Abstention: 0.118549%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,296,845 pcs, and proportion thereof to the registered capital: 64.857509%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 18/2017 (IV.7.).**

Resolution proposal no. 5: "The General Meeting approves the amendment of Section 7.8.2. of the Articles of Association according to the submission."

I put the proposal to vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,083,981 affirmative votes (99.81%), 650 negative votes (0.00%), and 1,191,538 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.741195%, Negative: 0.000062%, Abstention: 0.114270%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,276,169 pcs, and proportion thereof to the registered capital: 64.855527%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 19/2017 (IV.7.).**

Resolution proposal no. 6: "The General Meeting approves the amendment of Section 7.8.4. of the Articles of Association according to the submission."

I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 675,070,283 affirmative votes (99.81%), 14,348 negative votes (0.00%), and 1,191,538 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.739881%, Negative: 0.001376%, Abstention: 0.114270%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,276,169 pcs, and proportion thereof to the registered capital: 64.855527%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 20/2017 (IV.7.).**

**Chairman:** I request **Mr. Máthé** to read out the earlier proposed resolution proposal.

**Balázs Máthé:** For the sake of simplicity I propose that the Distinguished Shareholders vote on the minuted text that I have just read out. The essence of it was clear.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 882,517 affirmative votes (0.13%), 617,589,722 negative votes (91.31%), and 29,166,291 abstentions (4.31%), the General Meeting has not adopted the resolution proposal. (Voting ratios in proportion to the registered capital: 0.084634%, Negative: 59.227441%, Abstention: 2.797075%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 647,638,530 pcs, and proportion thereof to the registered capital: 62.109150%.)

**I state that the General Meeting has rejected the resolution proposal in Resolution No. 21/2017 (IV.7.).**

#### **Agenda item no. 10**

##### **Approval of the amended Rules of Procedure of the Supervisory Board**

**Chairman:** I request **dr. László Pap**, Chairman of the Supervisory Board, to make known the submission and the essence of the Report of the Supervisory Board related to this agenda item verbally.

**dr. László Pap:** Distinguished General Meeting! According to the Civil Code and the Articles of Association the Supervisory Board sets its own Rules of Procedure, and that is approved by the General Meeting. The detailed submission is available in whole in the disclosed documents and is also included in the handout that has been distributed to the Shareholders.

The textual modification and the resolution proposal are also displayed on the screen so that Shareholders may easily understand. The Rules of Procedure of the Supervisory Board shall be amended due to the following reasons:

Act XLIV of 2016 amended Section 62 of Act CXX of 2001 on the Capital Markets with the effect of June 4, 2016 as a result Paragraph 7.8.4. of the Articles of Association regarding the Audit Committee is being updated to comply with the requirements of the effective law.

Based on the above it is recommended to amend Paragraph 5.3. of the Rules of Procedure to ensure sufficient flexibility providing compliance with the legislative changes affecting the Audit Committee in accordance with corporate governance documents. The essence of the Supervisory Board's Report related to this agenda item is the following: The Supervisory Board accepted its amended Rules of Procedure, and submits it to the General Meeting for approval.

**Chairman:** Thank you very much. I ask the Distinguished Shareholders whether there are any questions or remarks regarding this agenda item? If there are none, I make known the resolution proposal:

„The General Meeting approves the amended and restated Rules of Procedure of the Supervisory Board with the modifications set out in the submission.”

The voting ratio necessary for adopting these resolutions is simple majority. I put the proposal to the vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 674,977,186 affirmative votes (99.80%), 650 negative votes (0.00%), and 1,224,270 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.730953%, Negative: 0.000062%, Abstention: 0.117409%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,202,106 pcs, and proportion thereof to the registered capital: 64.848424%.)

I state that the General Meeting has adopted the resolution proposal in Resolution No. 22/2017 (IV.7.).

**Agenda item no. 11**

**Election and determination of the remuneration of the Company's Statutory Auditor, and determination of the contents of the material elements of the contract to be concluded with the Statutory Auditor**

**Chairman:** To elect, remove and determine the remuneration of the Statutory Auditor of the Company and to define the contents of the essential elements of the contract to be concluded with the Statutory Auditor falls within the exclusive scope of authority of the General Meeting. It is the competence of the Supervisory Board to make proposal in this regard to the General Meeting.

I request **dr. László Pap**, Chairman of the Supervisory Board, to make known the **proposal of the Supervisory Board** and the essence of its Report related to this agenda item verbally to the Shareholders.

**dr. László Pap:** Distinguished Shareholders! The Supervisory Board accepted its proposal on the election and determination of the remuneration of the Company's Statutory Auditor, and determination of the contents of the material elements of the contract to be concluded with the Statutory Auditor, and submits it to the General Meeting as follows:

The Supervisory Board proposes the contents of the material elements of the contract to be concluded with the Auditor to be determined with the following content:

- First one: Scope of the contract:  
The audits of the standalone Annual Report and the Consolidated Financial Statements of the Company prepared according to International Financial Reporting Standards (IFRS) for the business year 2017.
- Two: Billing and payment:  
The fee of the Auditor shall be paid in 12 monthly installments. The Auditor may change the fees reasonably and proportionally if the scope of the work is changed (such reasons may be, change in Magyar Telekom Group, significant change in business or regulatory circumstances) for an unforeseeable reason, or if excess work arises for a reason attributable to the interests of the Company, provided that the scope and fees of the excess work are mutually agreed in advance by the contracting parties and the Audit Committee pre-approves the same according to its Pre-Approval Policy.
- Duration of the contract:  
The contract is for the period ending May 31<sup>st</sup>, 2018 or if the Annual General Meeting closing the 2017 business year will be held prior to May 31<sup>st</sup> 2018 then until the date thereof.

And I submit the following resolution proposal to the General Meeting:

"The General Meeting elects as Statutory Auditor of Magyar Telekom Plc. (the "Company") PricewaterhouseCoopers Auditing Ltd. (registered office: 1055 Budapest, Bajcsy-Zsilinszky út 78.; company registration number: 01-09-063022; registration number: 001464) to perform audit services for the business year 2017 in accordance with the submission, for the period ending May 31st 2018 or if the Annual General Meeting closing the 2017 business year will be held prior to May 31st 2018 then on the date thereof.

Personally responsible registered auditor appointed by the Statutory Auditor: Árpád Balázs  
Chamber membership number: 006931  
Address: 1124 Budapest, Dobsinai u. 1.

Mother's maiden name: Hedvig Kozma

In the event he is incapacitated, the appointed deputy auditor is: Balázs Mészáros (chamber membership number: 005589, mother's maiden name: Orsolya Lőcsei, address: 1137 Budapest, Katona József u. 25. V. em. 4.).

The General Meeting approves HUF 215,946,000 + VAT + 8 % related costs + VAT to be the Statutory Auditor's annual compensation to perform audit services for the business year 2017, covering the audits of the standalone Annual Report and the Consolidated Financial Statements of the Company prepared according to International Financial Reporting Standards (IFRS).

The General Meeting approves the contents of the material elements of the contract to be concluded with the Statutory Auditor according to the submission."

**Chairman:** Thank you very much. I ask the Shareholders whether there are any questions or remarks regarding this agenda item? There is a question in the back.

**Milán Novakovity:** My name is Milán Novakovity, 199-1. I make a motion to the Board of Directors that when the assignment is prepared for the auditor and if the auditor prepares its report in a foreign language, besides the Hungarian language, the Hungarian language report should prevail. Thank you.

**Balázs Máthé:** We record your comment in the minutes and naturally the responsible bodies will take it into account, including the Audit Committee. Thank you.

**Chairman:** Thank you. Any other questions or comments? If there are none, I inform the Shareholders that the voting ratio necessary for adopting this resolution is simple majority. I put the proposal to vote.

The result of the voting: with the number of votes cast indicated by the computer and recorded in the minutes, i.e. with 674,657,222 affirmative votes (99.75%), 401,963 negative votes (0.06%), and 1,238,813 abstentions (0.18%), the General Meeting has adopted the resolution. (Voting ratios in proportion to the registered capital: Affirmative: 64.700268%, Negative: 0.038549%, Abstention: 0.118803%; Shares represented by validly cast votes, i.e. total number of validly cast votes: 676,297,998 pcs, and proportion thereof to the registered capital: 64.857620%.)

**I state that the General Meeting has adopted the resolution proposal in Resolution No. 23/2017 (IV.7.).**

**Chairman:** With no more items on the agenda of the General Meeting, let me thank the Shareholders for their participation. I declare the General Meeting closed at 1:18 p.m.

.....  
**Christopher Mattheisen**  
Chairman of the General Meeting

.....  
**dr. Zsolt Herczegh**  
Keeper of the Minutes

.....  
**Anne Beever**  
Authenticator of the Minutes

Countersigned by:

.....  
**dr. Balázs Máthé**  
Chief Legal Counsel  
Chief Legal and Corporate Affairs Officer  
In House certificate No.: 13691

# REPORT OF THE BOARD OF DIRECTORS ON THE MANAGEMENT OF MAGYAR TELEKOM PLC., ON THE BUSINESS OPERATION, ON THE BUSINESS POLICY AND ON THE FINANCIAL SITUATION OF THE COMPANY AND MAGYAR TELEKOM GROUP IN 2016

CHRISTOPHER MATTHEISEN  
CEO – MEMBER OF THE BOARD OF DIRECTORS

ANNUAL GENERAL MEETING  
APRIL 7, 2017



EGYÜTT. VELED

## MANAGEMENT COMMITTEE



Christopher Mattheisen  
Chief Executive Officer



Tibor Rékasi  
Chief Commercial  
Officer Residential



Péter Lakatos  
Chief Commercial  
Officer SMB



Zoltán Kaszás  
Chief Commercial  
Officer Enterprise\*



János Szabó  
Chief Financial  
Officer



Balázs Máthé  
Chief Legal and  
Corporate Affairs  
Officers



Dr. Kim Kyllesbech  
Larsen  
Chief Technology  
and IT Officer



Zsuzsanna Friedl  
Chief Human  
Resources Officer\*\*

\*Acting

\*\* As of May 15, 2017



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# AWARDS WON IN 2016



Family-friendly Mentor Company 2016

FTSE4Good Emerging Index membership



OpenSignal - Global 3rd best 4G network



DIVERSITY CHARTER  
Hungary

Telekom has joined to EU Diversity Charter Hungary

The Most Innovative Partner Of The Year: T-Systems Hungary



CEERIUS sustainability index membership

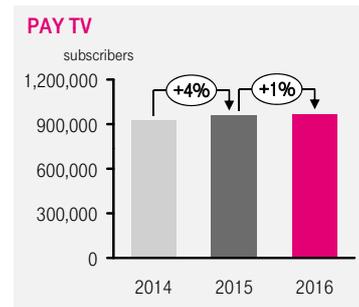
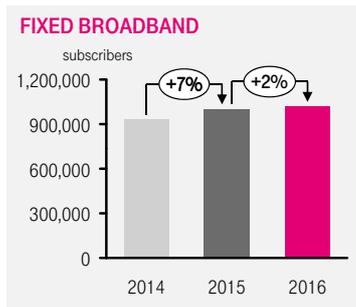
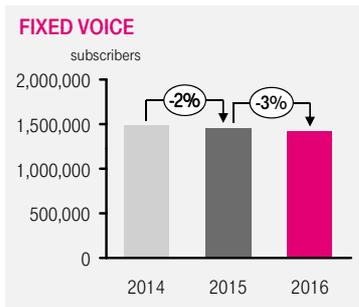
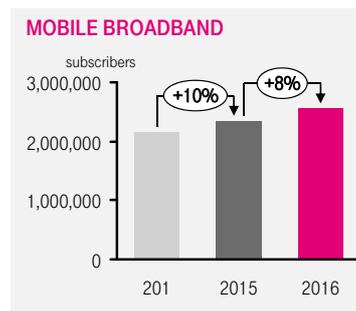
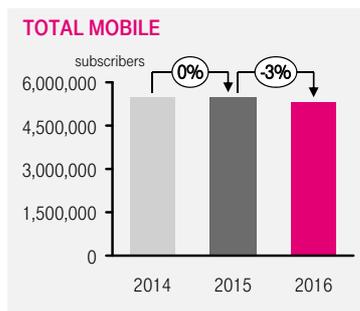
Carbon neutral operation



Marketing Innovation Partner of the Year

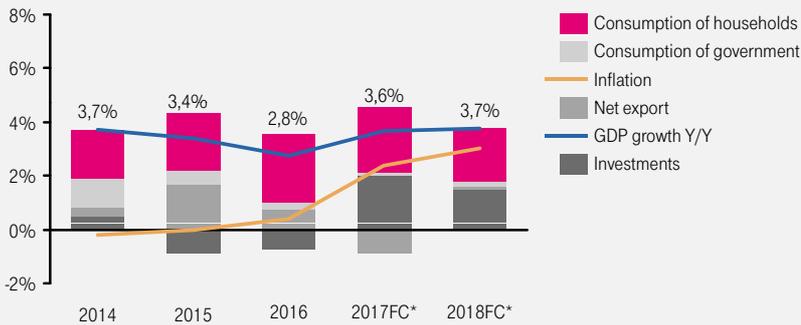


# HUNGARIAN TELECOMMUNICATION MARKET: SUBSCRIBER BREAKDOWN



# HUNGARIAN ECONOMIC ENVIRONMENT

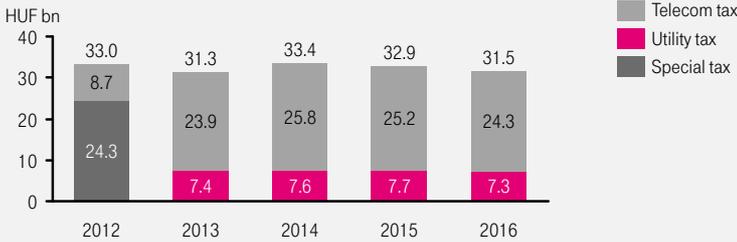
## GROWTH STRUCTURE



## IMPROVED MACROECONOMIC ENVIRONMENT

- Domestic demand improved as economy recovers
- Governmental measures support consumer spending
- Investment levels show strong volatility due to EU fund cycles
- MT is expected to benefit from positive trends of domestic demand

## TAXES LEVIED ON MAGYAR TELEKOM



## TAX BURDENS TO REDUCE BUDGET DEFICIT

- Temporary special revenue-based sector tax levied between 2010-2012
- Permanent traffic-based telecom tax introduced in July 2012 and increased in August 2013
- Permanent tax on utility and telecom networks levied in 2013, but slight decrease in 2016 due to 5-year tax holiday on networks > 100Mbps



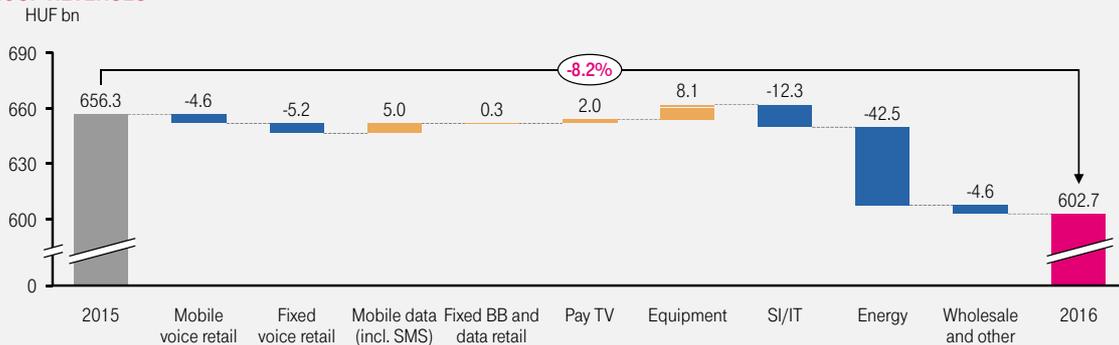
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\* Central Bank of Hungary December 2016 forecast

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# 2016 GROUP RESULTS - REVENUES

## GROUP REVENUES



- Despite lower mobile voice retail revenues, total mobile revenues up by 4.9% mainly driven by higher equipment sales and data growth
- Mobile broadband increase due to 4G push
- Stable fixed broadband revenues as higher customer numbers offset the slight decline in ARPU
- Significant increase in pay TV revenues thanks to growth in the customer base and ARPU
- Decline in SI/IT due to a slowdown in EU fund inflows, but gross margin improved
- Drop in energy revenues following the exit from the residential gas business and transfer of the B2B energy business into the joint venture with MET Holding AG

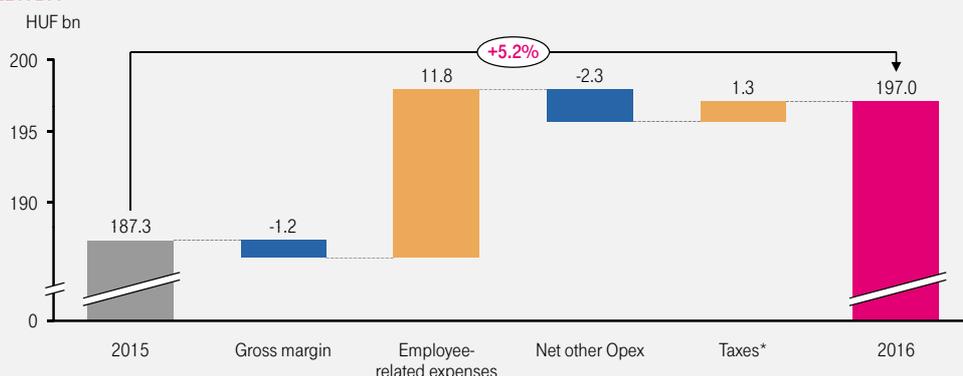


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## 2016 GROUP RESULTS – EBITDA

### GROUP EBITDA



- Improving SI/IT margins and bad debt expenses counterbalanced by higher direct costs due to increased mobile equipment sales leading to slight decline in gross margin
- Significant improvement in employee-related expenses attributable to lower severance expenses and actual savings from lower headcount
- Lower telco tax due to fewer subscribers and changing calling habits coupled with a decline in the utility tax driven by the 5-year tax holiday granted after every new network investment capable of at least 100Mbps speed
- Higher operating expenses mostly driven by the higher advisory fee related to the HSI development for the Digital Welfare Program, higher marketing expenses and increased sponsorship activities, higher maintenance, repairs, and remedial work expenses and increased rental cost due to the sale of Infopark (building G), which we now rent



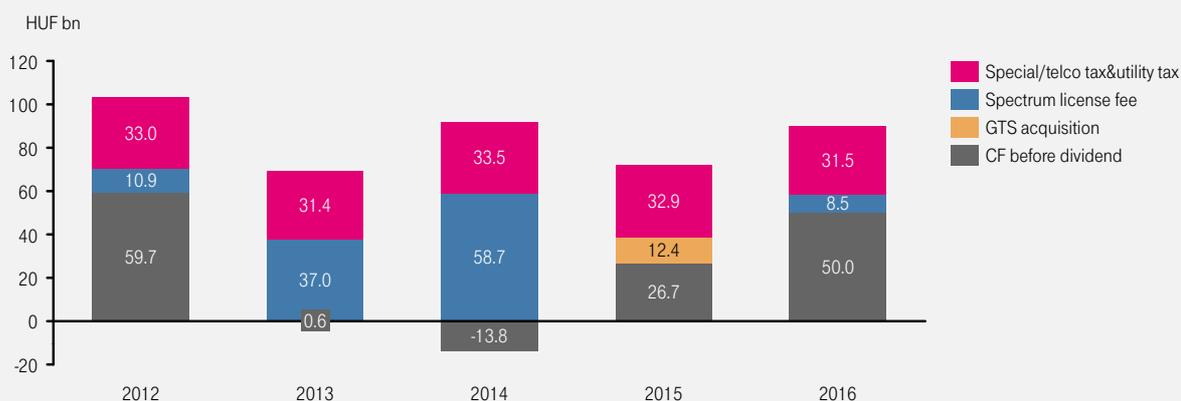
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\* telecom and utility taxes

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## FREE CASH FLOW

### FREE CASH FLOW\* GENERATION



- Free cash flow increase reflects
  - higher EBITDA
  - one-off profits in 2016 from the sale of Infopark and Origo
  - lower interest payments



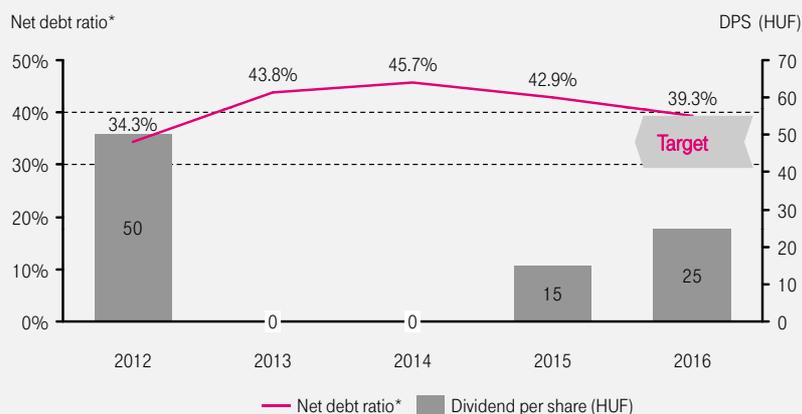
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\*operating cash flow and investing cash flow adjusted for proceeds from / payments for other financial assets and repayment of other financial liabilities

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## DIVIDENDS

### DIVIDEND POLICY



- We have a net debt ratio target of 30%-40% in order to maintain an efficient capital structure
- Net debt ratio is on a downward trajectory and got back to the targeted range by end 2016
- Following FCF turnaround, sufficient cash was generated in 2015 to resume dividend payments
- The Board of Directors proposes HUF 25 dividend per share payment on 2016 earnings for approval at the AGM



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\* defined as net debt / (net debt + total equity)

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## 2016 RESULTS AND PUBLIC TARGETS FOR 2017

	2016 RESULTS	2016 RESULTS excluding Crnogorski Telekom financials	2017 TARGETS excluding Crnogorski Telekom financials
REVENUE	HUF 602.7 bn	HUF 574.0 bn	around HUF 560 bn
EBITDA	HUF 197.0 bn	HUF 188.1 bn	around HUF 182 bn
CAPEX <sup>1</sup>	HUF 104.8 bn	HUF 97.9 bn	around HUF 85 bn
FCF <sup>2</sup>	HUF 50.0 bn	HUF 57.3 bn	around HUF 55 bn



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<sup>1</sup> Excluding spectrum license fees and annual frequency fee capitalization

<sup>2</sup> Excluding the transaction price of the disposal of the majority ownership in Crnogorski Telekom

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# THANK YOU FOR YOUR ATTENTION!

FOR FURTHER QUESTIONS PLEASE CONTACT THE INVESTOR RELATIONS DEPARTMENT:

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Annex no. 2 - Unofficial English translation of the handwritten proposal of Mr. János Zelena shareholder on supplementing Section 5.2 of the Articles of Association:

[5.2. Matters within the Exclusive Scope of Authority of the General Meeting

The following matters shall be within the exclusive scope of authority of the General Meeting:]

5.2. "(t) approval of shareholders' loans with an interest exceeding BUBOR + 100 bp in case of HUF loans, or EURIBOR + 100 bp in case of EUR loans."