

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

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**Magyar Telekom receives grant of EU funds**

**Budapest – September 16, 2016 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB, hereinafter the “Company”), the leading Hungarian telecommunications service provider, hereby announces that HUF 12.2 billion of EU funds have been granted to Magyar Telekom Group. This is a result of the first and second rounds of a tender aimed at developing digital networks nationwide to cover households in Western and Eastern parts of Hungary with a fixed network capable of reaching speed of at least 30 Mbps.**

Improving the digital economy is a key driver of Hungary’s competitiveness. In line with this, Magyar Telekom – as Hungary’s long-term partner – plays a leading role in building state-of-the-art digital infrastructure. The Company accelerated the roll-out of its high speed fixed broadband network in 2015 from own resources, resulting in coverage of additional 464 thousand household capable of reaching speed of at least 30 Mbps.

In the tender aimed at developing digital networks nationwide Magyar Telekom applied for HUF 34.8 billion of EU funds (partly in a consortium) and, according to the current status of the tender process, has been awarded HUF 12.2 billion of the total HUF 42.4 billion due to be distributed. Supplemented by company resources, access to at least 30 Mbps could be provided to approximately 111 thousand new households (Magyar Telekom was awarded funds to cover 2400 households in a consortium). These households are located in so called ‘white areas’, where no carriers have provided fixed broadband services or internet access capable of reaching 30 Mbps so far.

At the same time, the Company intends to continue with its investment programme using own resources. As such, the Company reiterates its target of ca. 10% lower Capex (excluding any spectrum acquisitions) in 2016 compared to 2015.

This investor news may contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore should not have undue reliance placed upon them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, our Annual Reports for the year ended December 31, 2015 available on our website at <http://www.telekom.hu>.