

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

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Magyar Telekom to launch employee share ownership program

Budapest – May 2, 2016 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB), the leading Hungarian telecommunications service provider, the Company, hereby announces the decision by its Board of Directors to launch a Remuneration Policy based employee share ownership program (ESOP) under which Magyar Telekom shares will be distributed to the vast majority of the employees of Magyar Telekom Plc. and T-Systems Hungary Ltd.. This program will be in addition to the Company’s regular remuneration package.

The award of shares is contingent on the Company’s actual internal operating Free Cash Flow of MT-Hungary segment of the year ending December 31, 2016 exceeding that of the year ended December 31, 2015. Each eligible individual will be entitled to receive shares in the value of HUF 100,000 calculated on the unweighted average share price of 20 trading days prior to June 30, 2016, along with any entitlement to the dividends attached to such shares and with no lock-up restrictions.

In July 2016, the Company will purchase a maximum of 1.6 million of Magyar Telekom shares in the open market. In order to distribute the purchased shares an employee share ownership organization (ESOP Organization) will be established by the Company in the course of Q3 2016.

Upon the confirmation of the improvement of the operating Free Cash Flow of MT-Hungary segment by the Board of Directors in late February 2017, the ESOP Organization is expected to distribute the shares amongst approximately 7,500 employees in April 2017.

Magyar Telekom expects this initiative to increase further employee engagement through a strengthening of the ownership culture.

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>.