

ABOUT THE GROUP

Magyar Telekom (www.telekom.hu/about_us) is Hungary's largest telecommunication provider, which provides the full range of telecommunication and infocommunication (ICT) services, including fixed-line and mobile telephony, data communication and non-voice services, as well as IT and systems integration services.

Magyar Telekom's employer and HR activities, business and investor relations, legal and corporate affairs, sustainability and social responsibility, technical and network development activities also go under the corporate Telekom brand.

Its governance structure enables Magyar Telekom to respond flexibly and on time to the changes in customer demands and to the challenges of the market by tapping new, innovative service and business possibilities and providing high-level, modern and efficient service to its customers. Chief officers, reporting

to the CEO, run the functional units (financial, human resources, residential, small- and medium-sized business, enterprise, technology/IT, legal and corporate affairs).

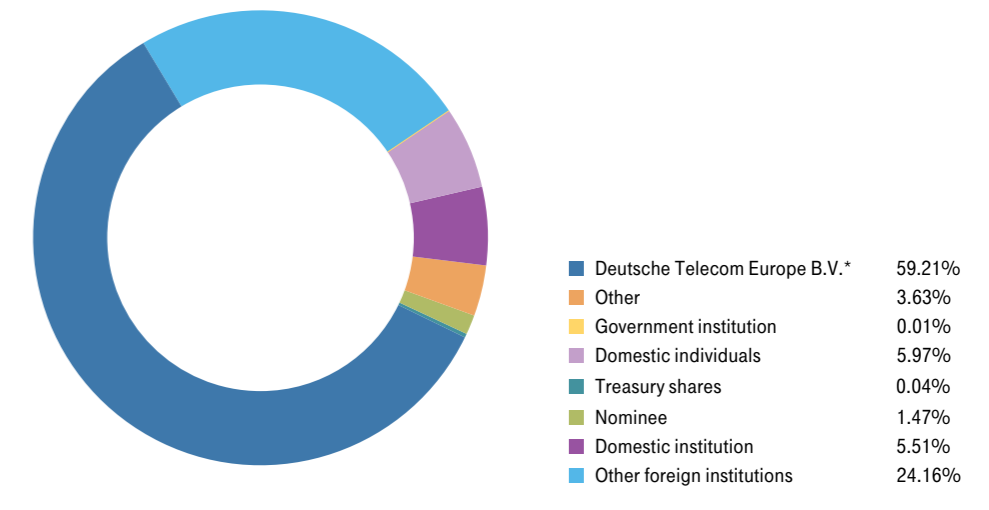
The national member companies of Magyar Telekom Group manage the content, media and other, non-access services provided under different brand names. The international member companies of the Group operate as integrated or alternative telecommunications providers in the markets of the Southeast European region. Magyar Telekom is majority owner of Makedonski Telekom, Macedonia's biggest fixed and mobile operator, and also holds majority share in Crnogorski Telekom, Montenegro's biggest telecom provider.

National and foreign members of the Group are described at: www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group

The activities of Magyar Telekom Group cover three main business areas:

- fixed-line and mobile telecommunication services to residential customers (under the Telekom brand),
- services to small- and medium-sized businesses (under the Telekom brand),
- and services to large businesses (under the T-Systems brand).

OWNERSHIP STRUCTURE OF MAGYAR TELEKOM ✓



Based on the company's share register as of March 31, 2015.
 *Deutsche Telekom Europe B.V. (formerly called CMobil B.V.) 100% owned by Deutsche Telekom Europe Holding B. V., whose 100% owner is Deutsche Telekom Europe Holding GmbH (formerly called T-Mobile Global Holding Nr. 2 GmbH) and Deutsche Telekom Europe Holding GmbH is 100% owned by Deutsche Telekom AG, as result Deutsche Telekom AG has 59.21% indirect ownership and voting rights in Magyar Telekom Nyrt.
https://www.telekom.hu/about_us/investor_relations/magyar_telekom_shares/ownership_structure

Number of employees of Magyar Telekom Group (as of 12.31.2014): 10 883.⁽¹⁾ ✓

Magyar Telekom, founded in 1991 (under the name of Matáv) was privatized in 1993. In 1997 the shares of Magyar Telekom were introduced at the Budapest and the New York stock exchanges. The majority shareholder of Magyar Telekom (59.21%) is Deutsche Telekom Europe B.V., which is owned indirectly by Deutsche Telekom AG.

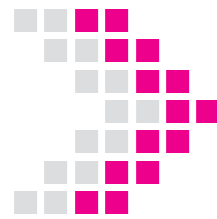
The registered company name of Magyar Telekom is Magyar Telekom Telecommunications Public Limited Company, and its short name Magyar Telekom Plc.

The Group's area of operation: Hungary, Macedonia, Montenegro, Romania, Bulgaria and Ukraine.

The headquarters of the Group are located in Budapest (I., Krisztina krt 55.).

You can find more information about the Group's products and services on the company's home page at: <http://www.t-mobile.hu/english/services>, or our partners can also inquire at our customer service offices.

(1) Closing FTE



The following table shows the major changes in the composition of the Group over a six-year time horizon. The content of the table also gives guidance to the interpretation of the diagrams.

CHANGE IN THE COMPOSITION OF MAGYAR TELEKOM GROUP OVER THE PAST YEARS ✓

2009	2010	2011	2012	2013	2014
Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.
IQSYS ⁽²⁾	IQSYS	IQSYS	IQSYS ⁽³⁾		
KFKI	KFKI	KFKI ⁽⁴⁾	T-Systems Hungary	T-Systems Hungary	T-Systems Hungary
T-Kábel ⁽⁵⁾	-	-	-	-	-
EPT	EPT ⁽⁶⁾	-	-	-	-
Pro-M ⁽⁷⁾	Pro-M	Pro-M	Pro-M ⁽⁸⁾	-	-
Dataplex ⁽⁹⁾	Dataplex	Dataplex	Dataplex ⁽¹⁰⁾	-	-
MFactory ⁽¹¹⁾	MFactory ⁽¹²⁾	-	-	-	-
Origo ⁽¹³⁾	Origo	Origo	Origo	Origo	Origo
-	-	ISH Informatika ⁽¹⁴⁾	ISH Informatika ⁽¹⁵⁾	-	-
-	-	Daten-Kontor ⁽¹⁶⁾	Daten-Kontor ⁽¹⁷⁾	-	-
-	-	Budakalász Kábel TV ⁽¹⁸⁾	Budakalász Kábel TV	Budakalász Kábel TV ⁽¹⁹⁾	KalászNet
TCG ⁽²⁰⁾	TCG	TCG	TCG	TCG	TCG
MakTel ⁽²¹⁾	MakTel	MakTel	MakTel	MakTel	MakTel

(2) In 2008 a new data provider appeared under the name of IQSYS as legal successor of the former INTEGRIS, IQSYS and T-Systems Hungary companies
 (3) From October 1, 2012 IQSYS continues to operate within T-Systems Magyarország Zrt.
 (4) From April 1, 2012 KFKI provides its services under the name of T-Systems Magyarország Zrt.
 (5) T-Kábel merged into Magyar Telekom (with effect 09.30.2009)
 (6) EPT merged into KFKI (with effect 09.30.2010)
 (7) In 2008 Pro-M appeared as a new data provider
 (8) In 2012 100% of Pro-M shares sold to the Nemzeti Infokommunikációs Szolgáltató Zártkörűen Működő Részvénytársaság
 (9) In 2008 Dataplex appeared as a new data provider
 (10) From October 1, 2012 Dataplex continues to operate within T-Systems Magyarország Zrt.
 (11) In 2008 MFactory appeared as a new data provider
 (12) MFactory merges into Origo (with effect July 31, 2010)
 (13) In 2008 Origo appeared as new data provider
 (14) In 2011 ISH Informatika appeared as new data provider
 (15) From October 1, 2012 ISH continues to operate within T-Systems Magyarország Zrt.
 (16) In 2011 Daten-Kontor appeared as new data provider
 (17) From April 1, 2013 Daten-Kontor continues to operate within T-Systems Magyarország Zrt.
 (18) In 2011 Budakalász Kábel TV appeared as new data provider
 (19) From March 27, 2013 Budakalász Kábel provides its services under the name of KalászNet
 (20) The data of Crnogorski Telekom is quoted under the name of TCG
 (21) The data of Makedonski Telekom AD and T-Mobile Macedonia AD are quoted under the name MakTel



Awards and recognitions achieved in 2014:

- Oekom responsible investor assessment: Prime category (recommended for responsible investors)
- CEERIUS sustainability index membership
- Biker-friendly Workplace 2013
- Family-friendly Company 2014 Special Award
- Energy-conscious Company-T-Systems Ltd. Co.
- Customer Service Excellence Award in the Electronic Channel category

A list of all the awards won since the strategy took effect is available through the link below:
http://www.telekom.hu/society_and_environment/prizes_ratings

SUBSTANTIAL FINANCIAL SUPPORT FROM THE STATE ⁽²²⁾

	2011	2012	2013	2014
Tax credit utilization	1628 million HUF	4946 million HUF ✓	3011 million HUF ✓	3323 million HUF ✓
Film- and sport subsidies	285 million HUF	723 million HUF ✓	409 million HUF ✓	584 million HUF ✓
Tax benefit on wage cost of software developers	20 million HUF	20 million HUF ✓	20 million HUF ✓	-
Tax impact of tax base decreasing item on donations	4 million HUF	8 million HUF ✓	8 million HUF ✓	0.4 million HUF ✓
Tax impact of tax base decreasing item on R&D	48 million HUF	1 million HUF ✓	58 million HUF ✓	-

About economic performance of Magyar Telekom more details can be found in 2014 Annual Report:
http://www.telekom.hu/static/sw/download/HAR_2014_Eng_Eves_Jelentes.pdf; http://www.telekom.hu/static/sw/download/IFRS_Group_2014.pdf

(22) There is no significant state financial aid (donation, R+D or tax discount, etc.) in other countries above Hungary, that we report in Hungary

CREATING VALUE FOR OUR STAKEHOLDERS

		2012	2013	2014	2014	2014	2014	2014	2014
		Group	Group	Group	Hungary	Macedonia	Montenegro	Romania	Bulgaria
Produced economic value									
	Revenues (total revenue + share from the after-tax profit of the affiliates)	607 128 million HUF ✓	637 521 million HUF ✓	626 447 million HUF ✓	532 885 million HUF ✓	55 733 million HUF ✓	32 256 million HUF ✓	3 868 million HUF ✓	1 705 million HUF ✓
Stakeholder	Distributed economic value								
Suppliers	Operating costs (total revenue-related payments + net other operating costs)	318 226 million HUF ✓	361 368 million HUF ✓	350 473 million HUF ✓	306 578 million HUF ✓	26 104 million HUF ✓	13 943 million HUF ✓	2 617 million HUF ✓	1 231 million HUF ✓
Employees	Employee wages and benefits (employee-related costs)	94 084 million HUF ✓	96 691 million HUF ✓	94 750 million HUF ✓	82 565 million HUF ✓	6 158 million HUF ✓	5 536 million HUF ✓	275 million HUF ✓	216 million HUF ✓
Investors	Payments to capital investors (dividend pay + net other operating costs)	80 715 million HUF ✓	83 677 million HUF ✓	28 397 million HUF ✓	28 275 million HUF ✓	419 million HUF ✓	-294 million HUF ✓	-1 million HUF ✓	-2 million HUF ✓
State	Payments to the state budget (profit tax + crisis tax + telecom tax + utility tax) ⁽²³⁾	46 560 million HUF ✓	45 693 million HUF ✓	53 614 million HUF ✓	45 960 million HUF ✓	6 848 million HUF ✓	746 million HUF ✓	60 million HUF ✓	0 million HUF ✓
Communities	Community investments (donations, institutional sponsorship, voluntary work, education)	226 million HUF ✓	218 million HUF ✓	497 million HUF ✓	455 million HUF ✓	24 million HUF ✓	18 million HUF ✓	n.a.	n.a.
Overall stakeholders in future	Retained earnings (after-tax profit + depreciation - dividend paid)	100 635 million HUF ✓	81 479 million HUF ✓	132 674 million HUF ✓	102 968 million HUF ✓	16 204 million HUF ✓	12 325 million HUF ✓	917 million HUF ✓	260 million HUF ✓

N.B.: in brackets the lines used in the IFRS profit and loss statement are given (with the exception of the community investments, since no such line/s is/are given in that statement).

(23) Value of 2012 contains profit tax, crisis tax and telecom tax, values of 2013 and 2014 contains profit tax, telecom tax and utility tax