

Investor Release

Magyar Telekom

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Magyar Telekom reaches agreement with trade unions

Budapest – October 18, 2011 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB), the leading Hungarian telecommunications service provider, announces that it has reached an agreement with trade unions on its headcount reduction and other cost efficiency measures for 2012 at the Hungarian operations.

According to the terms of the agreement, the Company plans to make 250 employees redundant in 2012. The majority are expected to leave the Company by the end of 2011. This figure does not include – among others – the employment termination of executives and employees retiring. In addition, to achieve further efficiency improvements, the organization will be simplified and the number of directors will be cut by 24%. Total severance expenses related to the headcount reduction will be approximately HUF 2.6bn and the majority of these will be accounted for in the fourth quarter of 2011.

The agreement with the trade unions also states there will be no general increase in the base salary for employees in 2012. However, to meet the Government's expectation to compensate employees with below average wages for adverse tax law changes, benefits in kind will be increased for effected employees. These additional employee benefits will be cut at managerial positions.

Based on these measures, our goal is to reduce Total Workforce Management (TWM) related costs excluding severance and capitalized employee expenses by HUF 3.4 bn in 2012, compared to 2010. Together with the HUF 13.9 bn of savings achieved since the end of 2008, this will represent a reduction of more than 13.8% over the four year period. On top of these – as part of next year's planning process – the management plans further efficiency enhancing measures, depending on the external environment.

This investor news contains 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 Report on Form 20-F for the year ended December 31, 2010 filed with the U.S. Securities and Exchange Commission.