

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

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**Magyar Telekom reaches agreement with the trade unions**

**Budapest – October 4, 2017 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB, hereinafter the “Company”), the leading Hungarian telecommunications service provider, hereby announces that it has reached an agreement with the trade unions on headcount reduction and wage increase measures for 2018.**

According to the terms of the agreement, the Company plans to make ca. 350 parent company employees redundant. In addition, around a further 160 employees are expected to leave the Company as a result of a number of discontinued corporate projects. The majority of the employees to be made redundant are expected to have left the Company by the end of 2017. It is planned to reinvest a significant proportion of the expected employee cost savings in resources related to the Company’s strategic objectives.

Total severance expenses related to the headcount reduction are estimated to be approximately HUF 2.8 billion, the majority of which will be accounted for in the fourth quarter of 2017.

Furthermore, as from January 1 2018, employee salaries at the Company will rise by an average of 5%.

Based on the above measures, workforce costs are expected to remain flat in 2018 compared to 2017.

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, 2016 available on our website at <http://www.telekom.hu>.