

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

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Magyar Telekom reaches agreement with the trade unions

Budapest – October 18, 2013 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB), the leading Hungarian telecommunications service provider, announces that it has reached an agreement with the trade unions on its headcount reduction and other cost efficiency measures for 2014 at its Hungarian operations.

According to the terms of the agreement, the Company plans to make around 250 employees redundant. The majority are expected to leave the Company by the end of 2013. Total severance expenses related to the headcount reduction will be approximately HUF 2.3 billion and the majority of these will be accounted for in the fourth quarter of 2013.

Meanwhile, in order to stay competitive, the Company needs to invest in new competencies that are integral to the expansion of its service portfolio along with the technological developments. After careful evaluation as to whether expansion or a restructuring of the existing resources is the more efficient, the Company has decided to recruit 270 new employees into these new areas by the end of 2014, compared to the level at the end of 2012.

The agreement with the trade unions also states that as part of the cost efficiency measures, there will not be any general increase in the base salaries for parent company employees during 2014.

Based on these measures, our goal is to keep Total Workforce Management related costs (excluding severance and capitalized employee expenses) flat in 2014 compared to 2012.

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, 2012 available on our website at <http://www.telekom.hu>.