

Magyar Telekom Telecommunications Public Limited Company

Submission
to the General Meeting of Magyar Telekom Plc.

Subject:	Report of the Audit Committee
----------	-------------------------------

Budapest, April 12, 2011

**Report of the Audit Committee of Magyar Telekom Plc.
for the General Meeting of the Company
on its 2010 activities in relation to the approval of
the 2010 consolidated annual financial statements of the Company prescribed by the Accounting
Act according to the requirements of the International Financial Reporting Standards (IFRS),
of the 2010 annual stand alone financial statements of the Company prepared in accordance with
requirements of the Accounting Act (HAR),
and the use of the profit after tax earned in 2010**

In Y2010, the Audit Committee of Magyar Telekom Plc. (the "Company") has performed its work in accordance with the Articles of Association of the Company and the Rules of Procedure of the Audit Committee, based on its accepted Working Schedule, and in case of the occurrence of an extraordinary case, with a focus on its discussion without delay and on the interest of making the appropriate decision. In Y2010, the Audit Committee held meetings on 7 occasions, and furthermore, it made resolutions without holding a meeting, via written (fax) voting on 22 occasions.

The Audit Committee kept in continuous contact with the Chief Financial Officer, the Chief Legal Counsel / Chief Legal and Corporate Affairs Officer of the Company, the Head of Internal Audit, the Group Compliance Director, and the independent external auditor.

The Company, by the direction of the Audit Committee, has conducted an independent internal investigation with the involvement of an independent outside counsel, regarding certain contracts and conduct involving the Company and certain of its affiliates (the "Independent Investigation"). On December 2, 2009 the Audit Committee delivered the report titled "Report of Investigation to the Audit Committee of Magyar Telekom Plc.", dated November 30, 2009 (the "Final Report") to the Board of Directors of the Company.

The Company has taken such remedial measures to address issues previously identified by the Independent Investigation, which included steps designed to revise and enhance the Company's internal controls as well as the establishment of the Corporate Compliance Program.

Due to these measures, no modifications to the Corporate Compliance Program were viewed as necessary in response to the Final Report, therefore, the Audit Committee has not made recommendations either relating to the Corporate Compliance Program or internal controls.

The Company has considered, in consultation with the Audit Committee, what additional personnel remedial actions the Final Report warranted to address the findings of the Final Report.

The Audit Committee, in accordance with its purpose, oversaw the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements falling within the scope of authorities and responsibilities of the Audit Committee, the qualifications and independence of the Company's independent external auditor and the performance of the Company's internal audit function and independent external auditor.

In the course of overseeing the work and performance of the independent external auditor, the Audit Committee reviewed and evaluated the Management Letter, and regularly monitored the services provided by the independent external auditor and their fees. The independent external auditor, with the general or specific pre-approval of the Audit Committee, provided audit and audit-related, and on one occasion other type of – IFRS training - service for the Company in 2010.

In the course of overseeing the performance of the Internal Audit, the Audit Committee regularly reviewed and evaluated the reports on the activities of the Internal Audit, reviewed and approved the Audit Workplan of the Internal Audit.

The Audit Committee quarterly reviewed and evaluated the Group Compliance Director's reports on

- the progress of the implementation of the compliance program;
- the reported comments and complaints, the status of the investigations initiated with respect to them, and the proposed remedial actions.

In the course of overseeing the Company's internal controls over financial reporting, the Audit Committee has continuously monitored the Company's SOX 404 compliance.

The Audit Committee reviewed and evaluated the reports to be submitted to the stock exchanges and the financial authorities, including the Form 20-F annual report of the Company, the quarterly reports and the relevant press releases, and the quarterly reports of the Company's Disclosure Committee.

The Audit Committee reviewed and evaluated the changes in the risk management system of the Magyar Telekom Group, and quarterly, the risk management reports.

There was no shareholder notification to the Audit Committee in Y2010.

The Audit Committee reviewed the 2010 consolidated annual financial statements prescribed by the Accounting Act according to the requirements of the International Financial Reporting Standards (IFRS) as endorsed by the EU to be submitted to the General Meeting by the Board of Directors, the proposal of the Board of Directors for their acceptance, and listened to the relevant report of the independent external auditor.

The Audit Committee, based on its activities performed during the year and the report of the independent external auditor, agrees with the content of the financial statements and the proposal, and submits it to the Supervisory Board. The Audit Committee proposes to the General Meeting for approval the 2010 Consolidated Financial Statements of Magyar Telekom Group prepared according to the International Financial Reporting Standards (IFRS) as endorsed by the EU, including Balance Sheet Total Assets of HUF 1,109,006 million and Profit for the year of HUF 77,371 million.

The Audit Committee reviewed the 2010 annual stand alone financial statements prepared in accordance with requirements of the Accounting Act (HAR) to be submitted to the General Meeting by the Board of Directors, the proposal of the Board of Directors for their acceptance, and listened to the relevant report of the independent external auditor.

The Audit Committee, based on its activities performed during the year and the report of the independent external auditor, agrees with the content of the financial statements and the proposal, and submits it to

the Supervisory Board. The Audit Committee proposes to the General Meeting for approval the Y2010 Annual Report of the Company prepared according to the Hungarian Accounting Regulations (HAR), including Balance Sheet Total Assets of HUF 921,747 million and After-tax Net Income of HUF 64,929 million.

The Audit Committee reviewed the proposal of the Board of Directors, according to which the Company shall pay a dividend of HUF 50 per ordinary share (with a face value of HUF 100) to the shareholders from the profit of 2010. The Audit Committee agrees with the proposal and proposes to the Supervisory Board for prior approval and to the General Meeting for approval.

Budapest, March 7, 2011

In representation of the Audit Committee of Magyar Telekom Plc.:

Dr. János Illéssy
Chairman of the Audit Committee