

Magyar Telekom Telecommunications Public Limited Company

Submission  
to the General Meeting of Magyar Telekom Plc.

Subject:	Report of the Audit Committee
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Budapest, April 16, 2012

**Report of the Audit Committee of Magyar Telekom Plc.  
for the General Meeting of the Company  
on its 2011 activities in relation to the approval of  
the 2011 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 2011 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 2011**

In Y2011, 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 review without delay and on the interest of making the appropriate decision. In Y2011, the Audit Committee held meetings on 7 occasions, and furthermore, it made resolutions without holding a meeting, via written (fax) voting on 13 occasions.

The Audit Committee kept in continuous contact with the Chief Financial Officer, the Chief Legal and Corporate Affairs Officer (chief legal counsel) of the Company, the Head of Internal Audit, the Group Compliance Officer, and the independent external auditor.

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 various other services, salary and benefits survey and training services for the Company in 2011.

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 Officer'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, realignment from SOX to the Internal Control System ("ICS") and ICS compliance.

The Audit Committee reviewed and evaluated the reports to be submitted to the Budapest Stock Exchange 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 risk management system of the Magyar Telekom Group, and the quarterly risk management reports.

There was no shareholder notification to the Audit Committee in Y2011.

The Audit Committee reviewed the 2011 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 2011 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 1,098,028 million and Profit for the year of HUF 3,179 million.

The Audit Committee reviewed the 2011 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 Y2011 Annual Report of the Company prepared according to the Hungarian Accounting Regulations (HAR), including Balance Sheet Total Assets of HUF 918,414 million and After-tax Net Income of HUF 31,675 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 2011. 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 5, 2012

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

Dr. János Illéssy  
Chairman of the Audit Committee