

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 7, 2010

**Report of the Audit Committee of Magyar Telekom Plc.
for the General Meeting of the Company
on its 2009 activities in relation to the approval of
the 2009 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 2009 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 2009**

In Y2009, 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 Y2009, the Audit Committee held meetings on 9 occasions, and furthermore, it made resolutions without holding a meeting, via written (fax) voting on 21 occasions.

The Audit Committee kept in continuous contact with the Chief Financial Officer of the Company, the Head of Internal Audit, the Group Compliance Director and the Chief Legal Counsel of the Company, 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"). The Audit Committee, in relation to the Independent Investigation, has supervised the work of the independent outside counsel involved in the Independent Investigation.

The Audit Committee regularly discussed the issues with respect to the Independent Investigation, and the appropriateness of the remedial actions taken in response to the deficiencies revealed during 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 Audit Committee considered that with the preparation of the Final Report based on currently available facts, the independent outside counsel has completed those aspects of its mandate related to conducting an Independent Investigation and to reporting the factual results of that Independent Investigation to the Audit Committee.

After the presentation to the Audit Committee of the remedial actions proposed in light of the Final Report, the Company is considering, in consultation with the Audit Committee, whether and to what extent the Final Report warrants additional personnel remedial actions 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 outside 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 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 2009.

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 commented upon the Group Compliance Director's reports on

- the progress of the implementation of the compliance program;
- the Y2009 compliance risk assessment;
- the status of the implementation of the measures proposed on the bases of the Y2008 compliance risk assessment;
- 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. (In relation to the Q3 financial statements of the Company, the Audit Committee was advised that the independent external auditor of the Company has stated that it was not in the position to issue its opinion, and in the absence of such an opinion, the Audit Committee could not express a view.)

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 Y2009.

The Audit Committee reviewed the 2009 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, its own investigations 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 2009 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 1,166,377 million and Profit for the year of HUF 93,253 million.

The Audit Committee reviewed the 2009 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, its own investigations 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 Y2009 Annual Report of the Company prepared according to the Hungarian Accounting Regulations (HAR), including Balance Sheet Total Assets of HUF 968,412 million and After-tax Net Income of HUF 74,227 million.

The Audit Committee reviewed the proposal of the Board of Directors, according to which the Company shall pay a dividend of HUF 74 per ordinary share (with a face value of HUF 100) to the shareholders from the profit of 2009. The Audit Committee agrees with the proposal and proposes to the Supervisory Board for pre-approval and to the General Meeting for approval.

Budapest, March 11, 2010

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

Dr. János Illéssy
Chairman of the Audit Committee