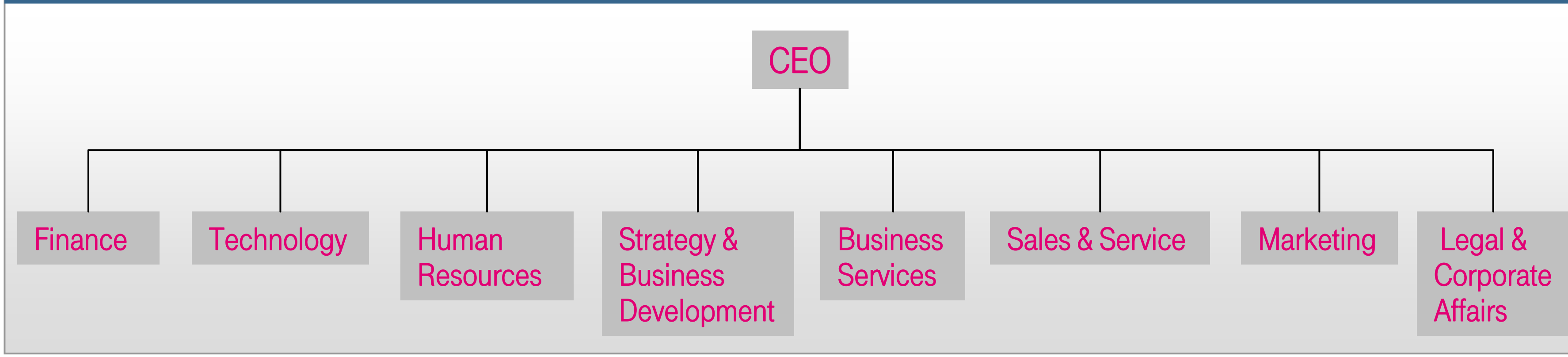
Presentation
Magyar Telekom First Quarter 2010 results

Economic difficulties continue to exert downward pressures

Change in organizational structure

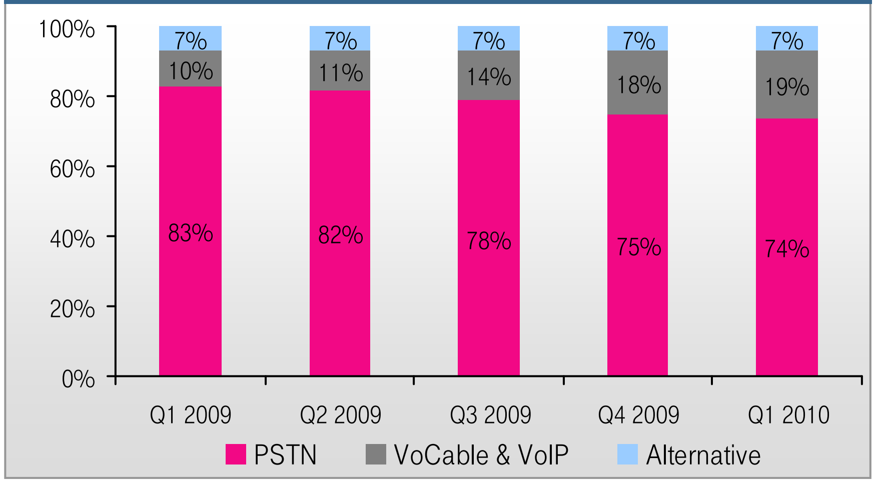
New organizational structure – effective from July 1, 2010



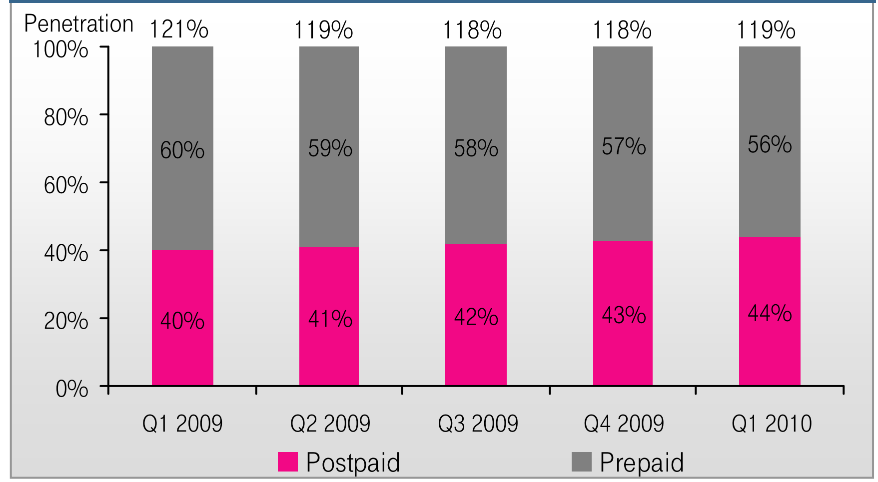
- improve effectiveness in responding to quickly changing market and economic conditions
- changes will enhance cooperation between marketing, sales and technology areas
- streamlining of the Finance area and the integration of the finance areas of the Business Units is driven primarily by the related rationalization and cost saving potentials
- new areas:
  - Marketing: all mass market product management, communications, market research and branding competencies
  - Sales & Service: responsible for sales, customer service, provisioning and logistics for customer premise equipment
  - Legal & Corporate Affairs: Legal and Regulatory, Public Affairs, Internal Audit, Compliance, Security

Hungarian market – infrastructure based-competition

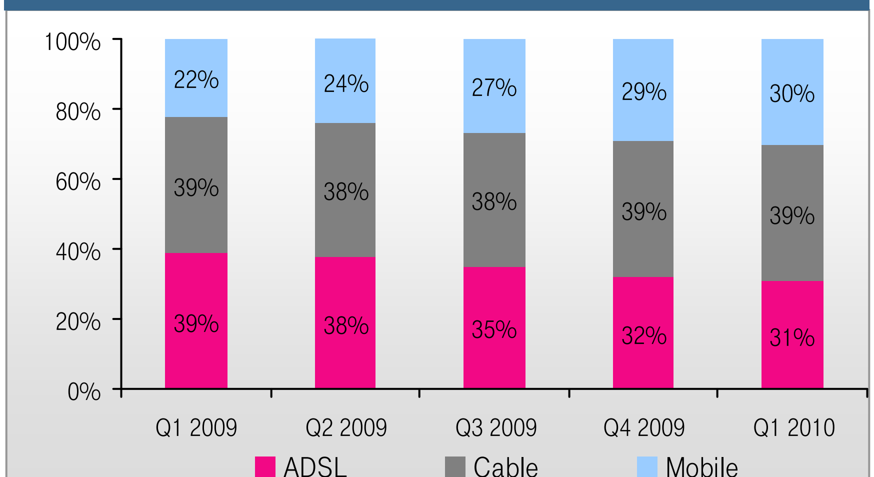
Wireline voice traffic trends



Mobile subscriber trends



Broadband subscriber trends



Source: NRA

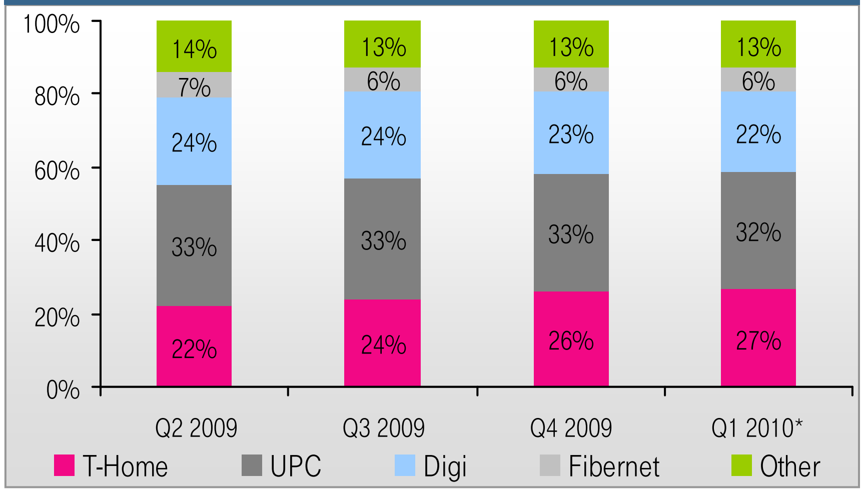
Competing infrastructures

- Copper network: LTO structure, 80% of households served by Magyar Telekom
- Cable network: over 70% household coverage, most upgraded to high-speed broadband service
- Mobile network: three quality networks with UMTS capability
- Fiber rollout: not just LTOs but other start-up/cable companies also rolling out fiber network

Strong infrastructure based competition with triple play services offered on copper, fiber, cable and mobile networks

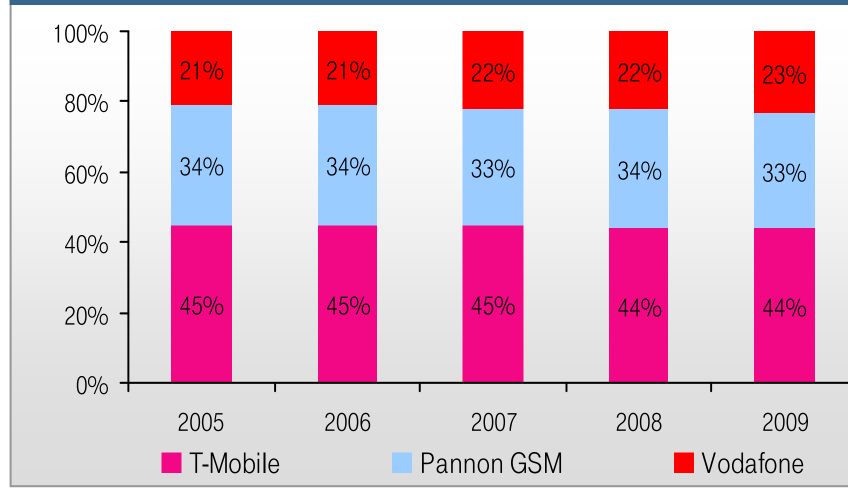
Strong positions across all segments of the Hungarian market

TV market shares



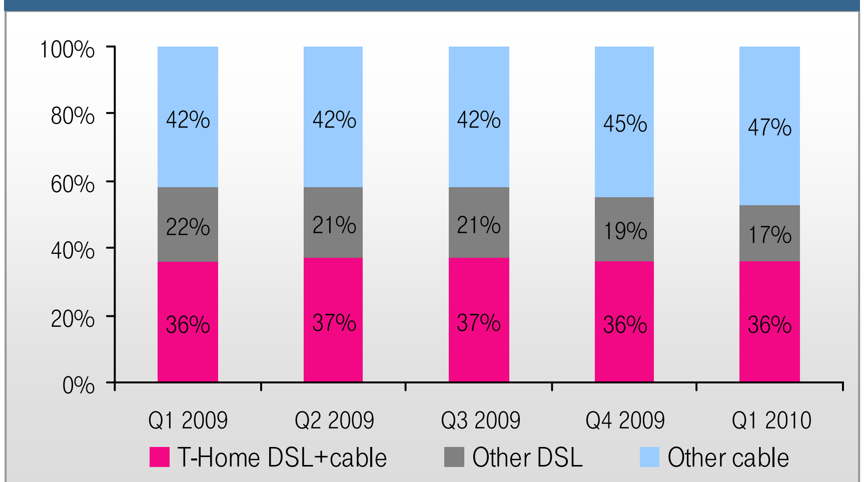
*Q1 2010 TV figures are preliminary data

Mobile voice market shares**

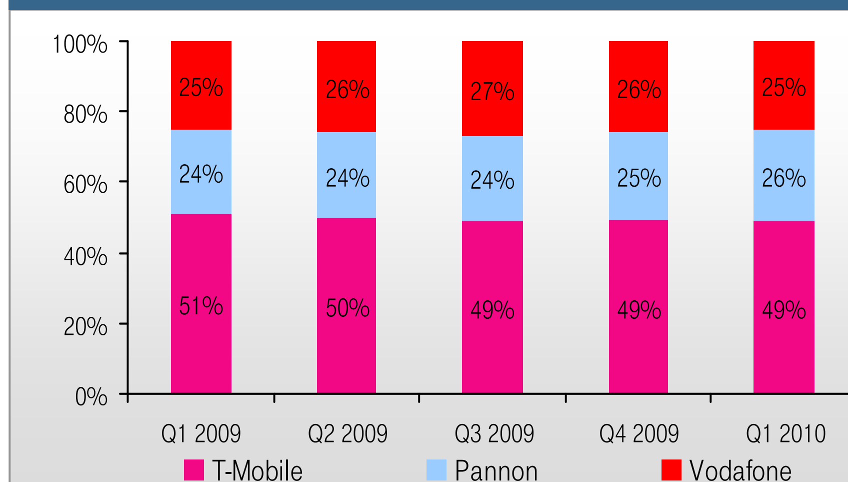


**based on active SIM cards

Wireline broadband market shares



Mobile broadband market shares***

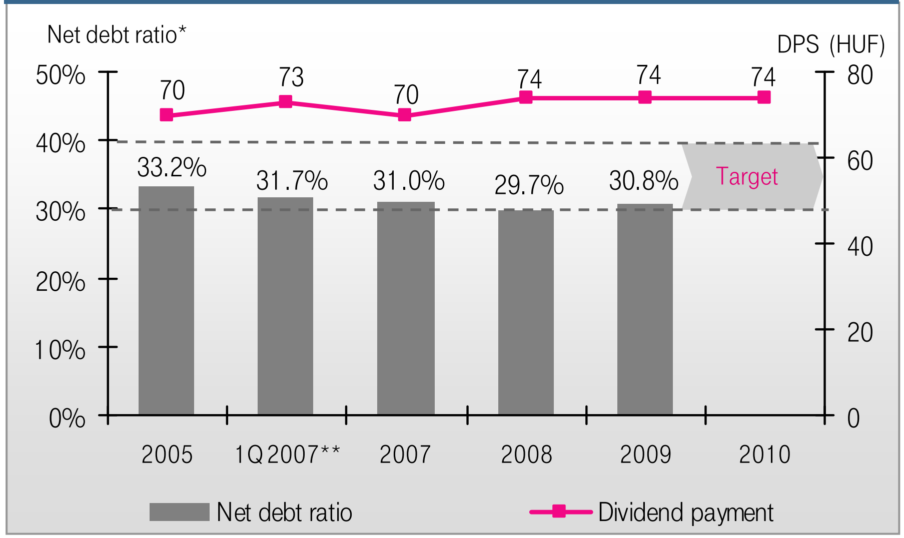


Source: NRA

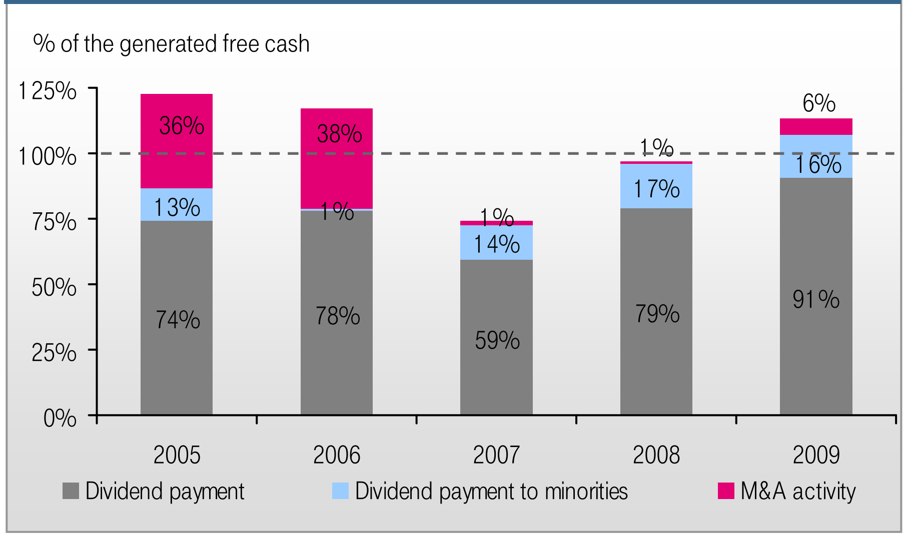
***based on traffic generating subs.

Dividend policy

Historical dividend payments



Usage of free cash flow



Net debt ratio was 30.8% at the end of 2009

The Annual General Meeting approved the payment of HUF 74 dividend per share after 2009 earnings

Dividend policy driven by targeted balance sheet structure

- keep net debt ratio within 30-40% range
- maintain a flexible balance sheet in case value-creating acquisition opportunities arise

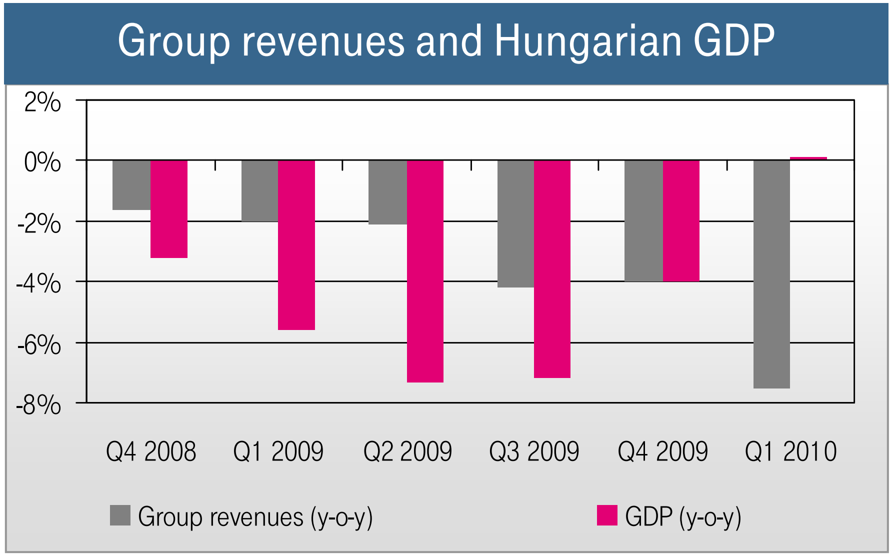
Current dividend yield is 11%*

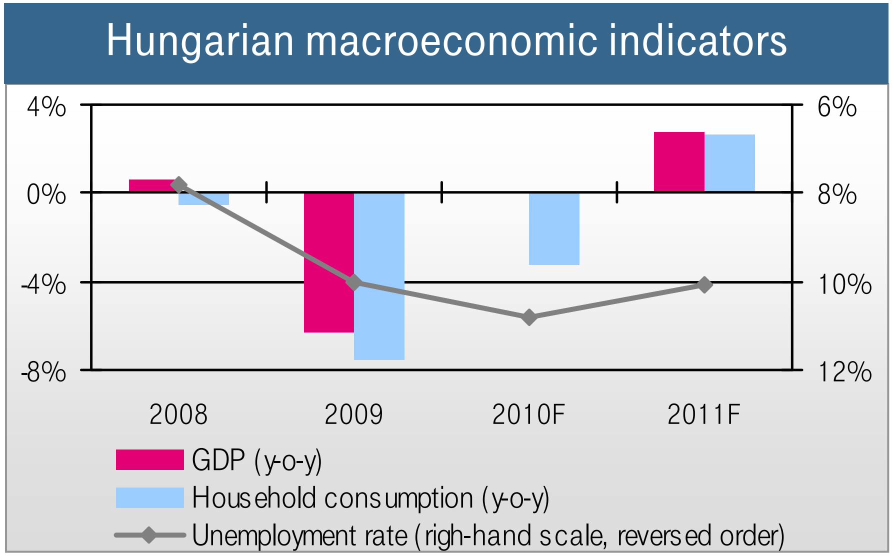
*yield calculation is based on the share price of HUF 695 (February 26, 2010)

* net debt / (net debt + total equity)

** 2006 dividend payment (for 2005 financials) was delayed to January 2007

Economic environment – still a drag on Magyar Telekom





Source: European Commission May-2010 forecasts

Economic indicators influence telecommunication spending in different ways

- in 2009 all components of economic activity suffered a meaningful decline in Hungary
- telecommunication spending lags GDP trend
- the demand for telecommunication services is more closely correlated with employment, disposable income and household consumption development

Recession is putting significant pressure on business performance

- customers in all sectors are heavily rationalizing their telecommunication spending
- churn rates have increased and usage has decreased both in the residential and business segment
- bad-debt ratio increased to 1.6% by end-March 2010 (from 0.9% a year earlier)

Continued pressure on telecommunication spending expected in 2010

- despite stabilizing GDP, other lagging indicators set to remain weak in 2010
- unemployment likely to peak in H2 2010
- contained wage and disposable income developments
- continued relatively tight credit conditions

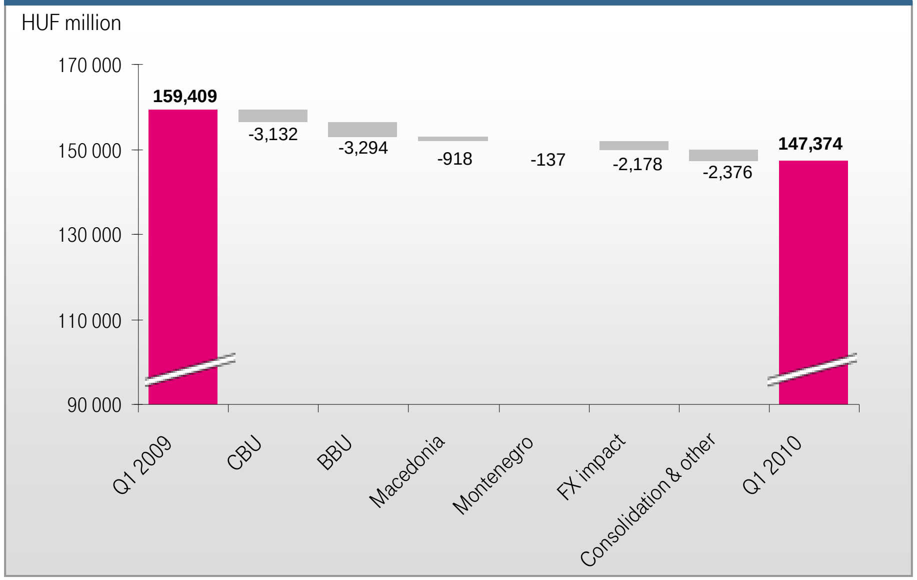
Public targets for 2010 maintained

	2010 public targets	2010 Q1 results
Revenue	5-7% decline ▪ decreasing consumer spending ▪ rationalization in the business sector ▪ stronger HUF compared to average 2009 FX rates	7.5% decline ▪ continued recessionary impacts ▪ intense competition ▪ saturated core markets ▪ significant forint strengthening
Underlying* EBITDA	5-7% decline ▪ intense competition and adverse economic environment negatively impacting margins ▪ margin pressure due to higher portion of SI/IT revenues	11.1% decline ▪ cost cutting initiatives could not fully offset the negative trends in voice revenues
Capex	approximately 5% decline ▪ focusing on cost discipline ▪ higher portion of less Capex intensive SI/IT revenues	22% decrease ▪ expected to converge to public target during the year

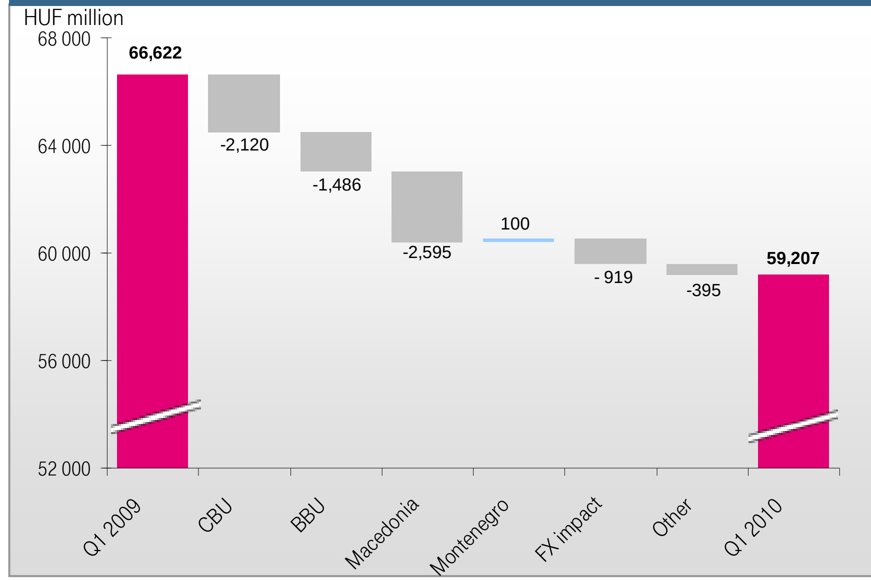
**Excluding special influences*

Q1 2010 results – Business Unit analysis

Revenue development



Underlying EBITDA development



7.5% revenue decline driven by recession, competition and regulation

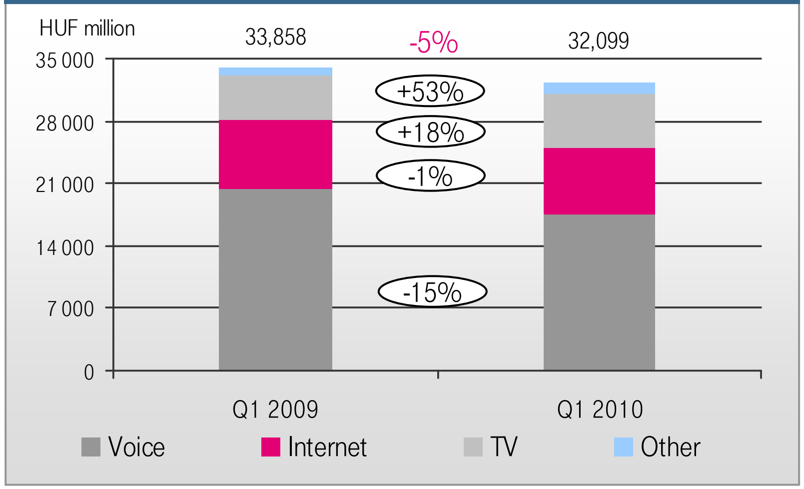
- CBU revenues declined primarily due to continuing intense competition and depressed household consumption
- BBU revenues down driven by decline in both private and public sector spending, lower SI/IT revenues
- international revenues were negatively impacted by unfavorable FX translation impact

11.1% underlying EBITDA decline driven by changing revenue mix and economic recession

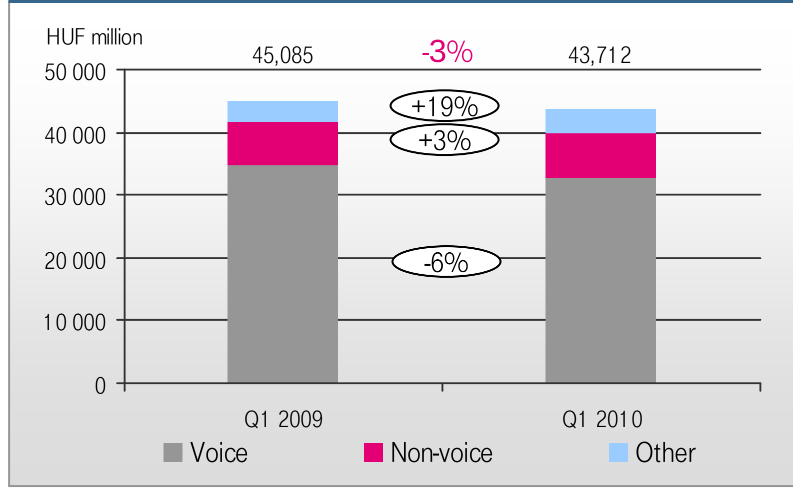
- business unit results under pressure due to further erosion of high-margin voice revenues
- 5.6% wage increase for parent company employees in April 2009
- negative FX impact on result of international subsidiaries
- cost cutting measures to mitigate margin pressure

Consumer Services Business Unit (CBU) - Financials

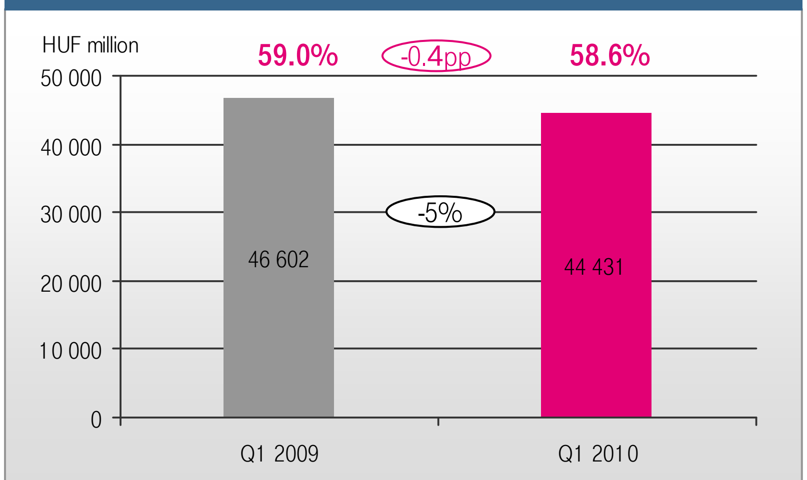
Fixed line revenues



Mobile revenues



EBITDA and margin



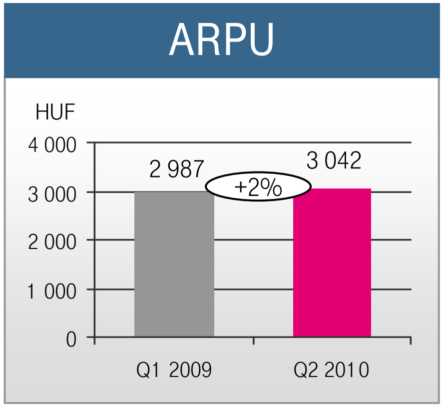
Revenue decline principally driven by recession

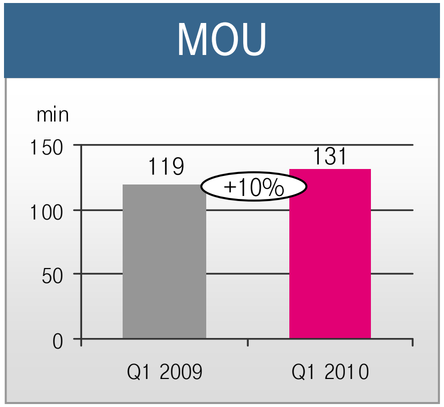
- depressed consumer spending remains the most significant negative driver
- churn remained high both in fixed line and mobile
- voice migration towards IP based solutions
- Internet revenues down due to price reductions
- regulatory impacts on mobile revenues (cut in mobile termination rates and roaming tariffs)

EBITDA margin broadly stable

- disciplined efficiency improvement efforts offset the negative revenue impact

CBU – mobile operations





Mobile internet development

- leading market position with 49% market share
- number of subscribers exceeded 460,000 at end of Q1 2010
- 3G/HSDPA network covering ~75% of population

Mobile termination fee regulation

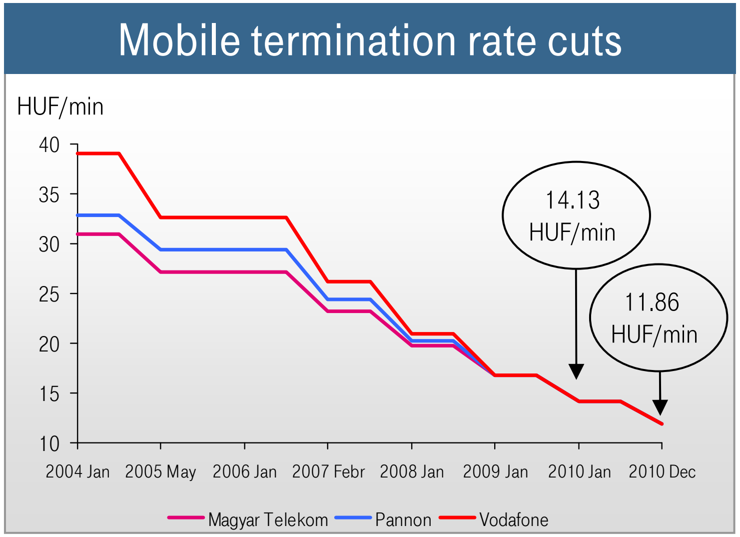
- asymmetry eliminated from beginning of 2009
- further 16% cuts in Jan-2010 and Dec-2010
- current rates are 14 HUF/min (EUR 0.05)

Mobile voice market still under pressure

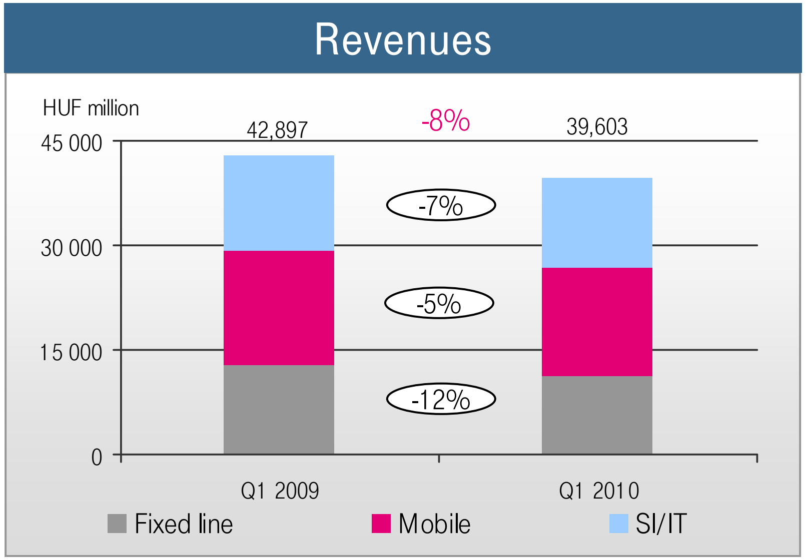
- customers are cost sensitive
- due to lower disposable income churn levels are still high
- in Q1 2010 customer numbers decline stopped and penetration slightly increased
- ARPU stabilized on the back of higher usage

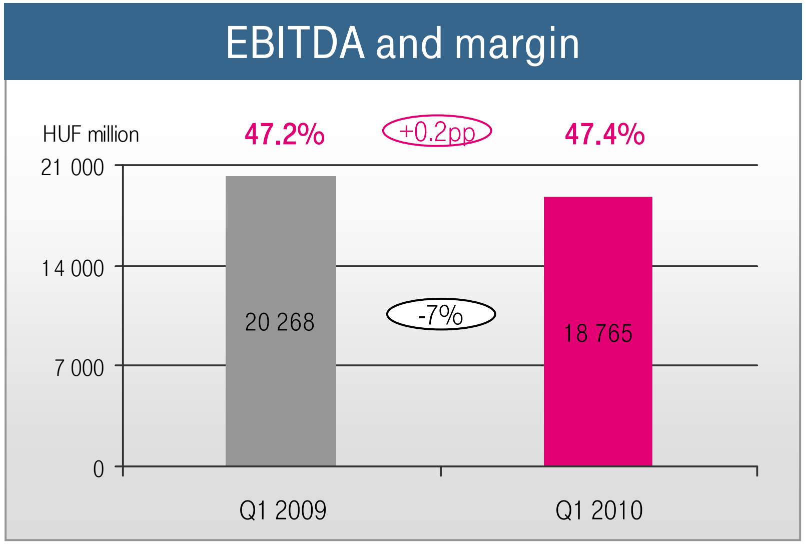
Tariff erosion

- average voice revenue per minute decline of 9%
- more conscious package selection
- wide use of closed-user-group services
- annual cuts in mobile termination rates
- EU-regulated roaming tariffs



Business Services Business Unit (BBU) - Financials





Falling voice and data revenues

- rationalization and cost cutting initiatives at our key corporate clients lead to reduction in their telecom spending
- both private and public sector affected by economic recession
- number of fixed voice and data customers decreasing
- strong pressure on mobile tariffs resulting in lower ARPU level

SI/IT revenue decline

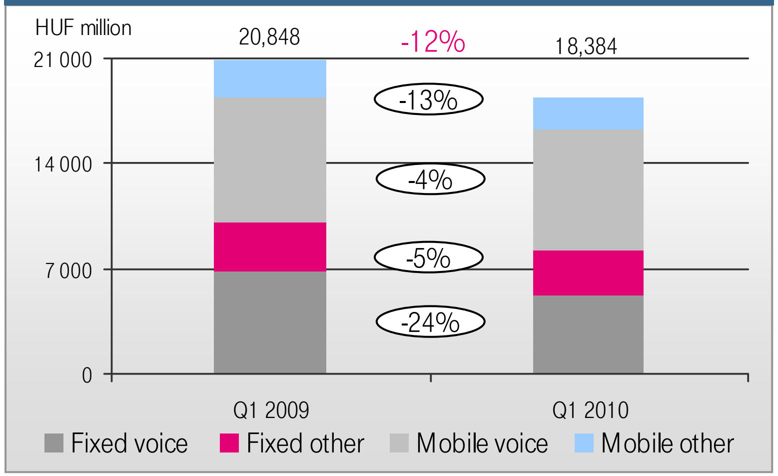
- leading market position maintained
- project driven business, fluctuations in quarterly revenues
- private and public sector projects delayed/cancelled due to cost restrictions

Change in revenue mix puts pressure on EBITDA margin

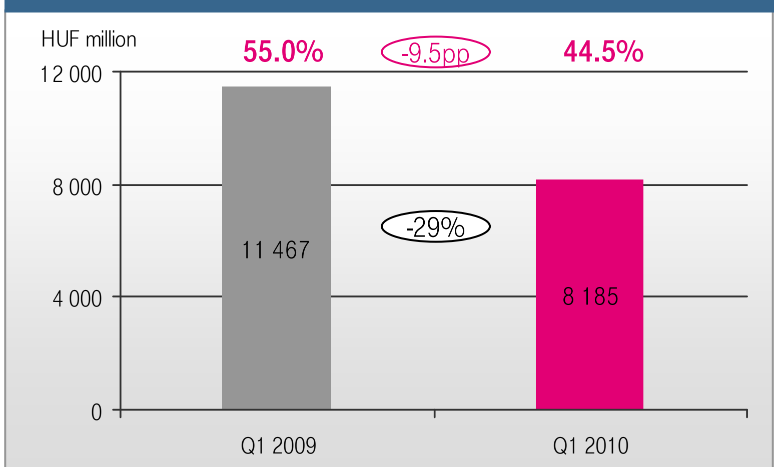
- ratio of lower-margin SI/IT revenues is continuously increasing, while high-margin voice revenues are declining
- however, due to their lower Capex-intensity SI/IT services have similar return characteristics
- despite structural pressures Q1 2010 EBITDA margin was kept flat reflecting the results of the cost cutting initiatives

Macedonia - Financials

Revenues



EBITDA and margin



Results negatively impacted by FX impact

- HUF strengthened on average by 7.8% to the Macedonian Denar in Q1 2010
- excluding FX impact: revenues were down by 4%
- excluding FX impact: underlying EBITDA down by 23% (driven by two one-off items in the amount of HUF 1.5bn)

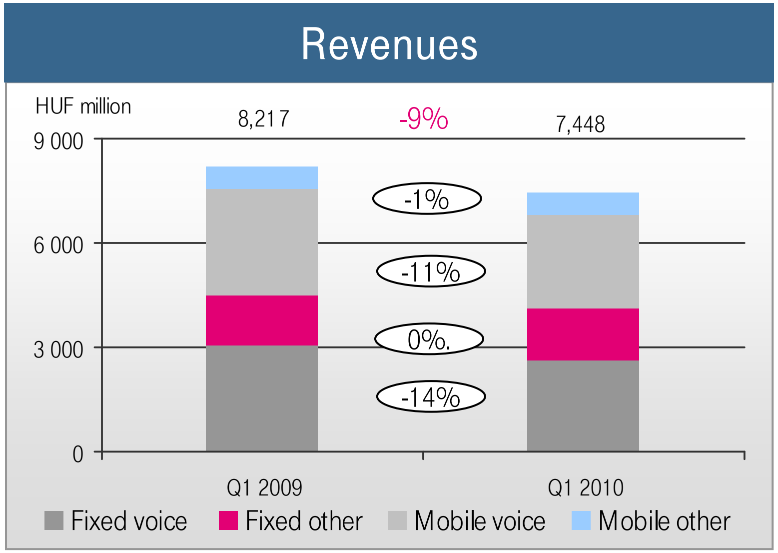
Declining fixed line revenues

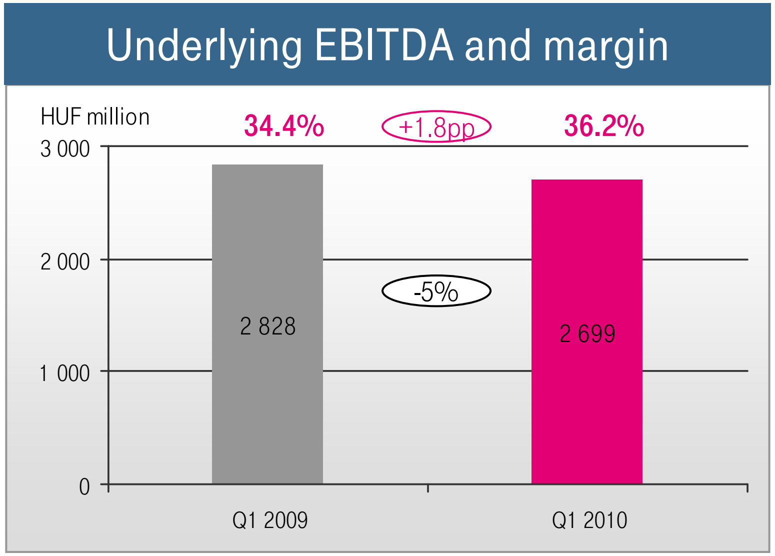
- decreasing fixed voice revenues due to competition from altnets, cables and strong mobile substitution
- consequently, churn remained relatively high and outgoing traffic volumes declined further
- positive contribution from revenues related to broadband services, growing number of ADSL lines
- successful launch of IPTV and 2Play/3Play offers

Mobile revenues helped by improving customer mix

- postpaid share within RPC up 3.7ppt YTD to 31.8%
- MOU at 126 (up by 21%)
- ARPU of HUF 2,492 (~EUR 9)

Montenegro - Financials





Results negatively impacted by FX impact

- HUF strengthened on average by 7.8% to the Euro in Q1 2010
- excluding FX impact, revenues were down by 4% but underlying EBITDA increased by 3%
- special influence in an amount of HUF 0.9bn headcount-reduction related severance expenses in Q1 2010

Fixed voice revenues under pressure

- deterioration in voice retail revenues driven by high mobile substitution; lower international incoming traffic volume decreased voice wholesale revenues
- growing internet and TV revenues thanks to strong increases in the number of ADSL and IPTV customers

Mobile revenue erosion driven by strong competition

- very intense competition resulting in lower tariff levels, higher subsidies
- focus on the postpaid segment (postpaid RPC up by7%)
- MOU at 102 (up by 15%)
- ARPU of HUF 2,186 (~EUR 8)

Abbreviations:
3G: third generation, ARPU: average revenue per user, BB: broadband, CBC: call-by-call, CPS: carrier pre-selection, HQ: headquarters, HSDPA: high-speed downlink packet access, IC: interconnection, IP: internet protocol, IT: information technology, LTO: local telecommunication operator, MOU: minutes of use, NGN: next generation network, NRA: National Regulatory Authority, POP: point of presence, RIO: reference interconnection offer, RPC: revenue producing customer, SI: system integration, SIM: subscriber identity module, SMP: significant market power, Special influences: investigation- and headcount reduction-related expenses, Tetra: Terrestrial Trunked Radio, TWM: Total Workforce Management, UMTS: Universal Mobile Telecommunication System, VAS: value added services, VoCaTV: Voice over Cable TV, WiMax: Worldwide Interoperability for Microwave Access, WS: wholesale
HUF/EUR exchange rate: 269.9 (average Q1 2010)

In the course of conducting their audit of the Company's 2005 financial statements, PricewaterhouseCoopers, the Company's auditors, identified two contracts the nature and business purposes of which were not readily apparent to them. In February 2006, the Company's Audit Committee retained White & Case, as its independent legal counsel, to conduct an internal investigation into whether the Company had made payments under those, or other contracts, potentially prohibited by U.S. laws or regulations, including the U.S. Foreign Corrupt Practices Act ("FCPA") or internal Company policy. The Company's Audit Committee also informed the United States Department of Justice ("DOJ"), the United States Securities and Exchange Commission ("SEC") and the Hungarian Financial Supervisory Authority of the internal investigation.

Based on the documentation and other evidence obtained by it, White & Case preliminarily concluded that there was reason to believe that four consulting contracts entered into in 2005 were entered into to serve improper objectives, and further found that during 2006 certain employees had destroyed evidence that was relevant to the investigation. White & Case also identified several contracts at our Macedonian subsidiary that warranted further review. In February 2007, our Board of Directors determined that those contracts should be reviewed and expanded the scope of the internal investigation to cover these additional contracts and any related or similarly questionable contracts or payments.

For further information about the internal and governmental investigations, please refer to the Company's quarterly reports for the first, second and third quarters of 2009 and the Company's annual reports on Form 20-F for the year ended December 31, 2008 filed with the SEC.

On December 2, 2009, the Audit Committee provided the Company's Board of Directors with a "Report of Investigation to the Audit Committee of Magyar Telekom Plc." dated November 30, 2009 (the "Final Report"). The Audit Committee indicated that it considers that, with the preparation of the Final Report based on currently available facts, White & Case has completed its independent internal investigation.

The Final Report includes the following findings and conclusions, based upon the evidence available to the Audit Committee and its counsel:

- As previously disclosed, with respect to Montenegrin contracts, there is "insufficient evidence to establish that the approximately EUR 7 million in expenditures made pursuant to four consultancy contracts ... were made for legitimate business purposes", and there is "affirmative evidence that these expenditures served improper purposes." These contracts were not appropriately recorded in the books and records of the Company and its relevant subsidiaries. As previously disclosed, the Company has already reclassified, in the Company's financial statements, the accounting treatment relating to certain of these contracts to more accurately account for these expenditures.
- As previously disclosed, there is evidence that certain former employees intentionally destroyed documents relating to activities undertaken in Macedonia by the Company and its affiliates.
- Between 2000 and 2006 a small group of former senior executives at the Company and the Company's Macedonian affiliates, authorized the expenditure of approximately EUR 24 million through over twenty suspect consultancy, lobbying, and other contracts (including certain contracts between the Company and its subsidiaries on one hand, and affiliates of a Cyprus-based consulting company on the other hand). The Final Report concludes that "the available evidence does not establish that the contracts under which these expenditures were made were legitimate."
- "The evidence shows that, contrary to their terms, a number of these contracts were undertaken to obtain specific regulatory and other benefits from the government of Macedonia. The Companies generally received the benefits sought and then made expenditures under one or more of the suspect contracts. There is evidence that the remaining contracts were also illegitimate and created a pool of funds available for purposes other than those stated on the face of the agreements." However, the Audit Committee's counsel did not have access to evidence that would allow it to identify the ultimate beneficiaries of these expenditures.
- In entering into these contracts and approving expenditures under them, the former senior executives knowingly caused, structured, or approved transactions that shared most or all of the following characteristics: intentional circumvention of internal controls; false and misleading Company documents and records; lack of due diligence concerning, and failure to monitor performance of, contractors and agents in circumstances carrying a high risk of corruption; lack of evidence of performance; and expenditures that were not for the purposes stated in the contracts under which they were made, but rather were intended to obtain benefits for the Companies that could only be conferred by government action.

The Final Report states that "the Investigation did not uncover evidence showing receipt of payments by any Macedonian government officials or political party officials." Nothing in the Final Report implicates any current senior executive or Board member of the Company in connection with any wrongdoing.

As previously disclosed, the Company has taken remedial steps to address issues previously identified by the independent investigation, including steps designed to revise and enhance the Company's internal controls. In connection with the issuance of the Final Report, the Audit Committee has not made recommendations relating to the Company's compliance program or internal controls. Following its presentation to the Audit Committee regarding remedial actions 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 remedial actions, including any personnel actions and/or changes in internal control policies and procedures at the Company or its subsidiaries to address the findings of the Final Report.

The Company is continuing to assess the nature and scope of potential legal remedies available to the Company against individuals or entities that may have caused harm to the Company.

As previously announced, the DOJ, the SEC and the Ministry of Interior of the Republic of Macedonia have commenced investigations into certain of the Company's activities that were the subject of the internal investigation. Also, as previously announced, the Hungarian National Bureau of Investigation ("NBI") has begun a criminal investigation into alleged misappropriation of funds relating to payments made in connection with the Company's ongoing internal investigation and the possible misuse of personal data of employees in the context of the internal investigation. These governmental investigations are continuing, and the Company continues to cooperate with those investigations. The Company cannot predict what the final outcome of those investigations may be or the impact, if any, they may have on its financial statements or results of operations. Furthermore, government authorities could seek criminal or civil sanctions, including monetary penalties, against the Company or its affiliates as well as additional changes to its business practices and compliance programs. Magyar Telekom incurred HUF 0.5 bn in expenses relating to the investigations in the first quarter of 2010, which are included in other operating expenses of the Company's Headquarters business segment for financial reporting purposes.

For further questions please contact the IR department:

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In addition to figures prepared in accordance with IFRS, Magyar Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, underlying EBITDA, underlying EBITDA margin and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to the interpretation of these terms, please refer to the chapter "Reconciliation of pro forma figures", which is posted on Magyar Telekom's Investor Relations webpage at www.telekom.hu/investor_relations.