

Settlement process to be applied with shareholders who do not wish to enter the merged company after the upstream merger of Magyar Telekom Plc. and Emitel Ltd. and of the merger by separation of T-Online Magyarország Plc.'s access business areas.

Let us hereby inform our shareholders that on May 25, 2007, the Board of Directors of Magyar Telekom Plc. (registered seat: 1013 Budapest, Krisztina krt. 55., Registry No.: 01-10-041928), made a preliminarily decision regarding the transformation of Magyar Telekom Plc. and of T-Online Plc. (1117 Budapest, Neumann J. u. 1/b., Registry No.: 01-10-044389). The assets separated from T-Online Magyarország Ltd. will be merged together with Emitel Telecommunications Ltd. (6722 Szeged, Tisza Lajos krt. 41, registered at the Csongrád County Court as the Court of Registration on the Registry No.: Cg.: 06-10-000154) into Magyar Telekom Plc..

According to Act IV. of 2006 on Business Associations it is not compulsory for the shareholders of the merging companies (i.e. Magyar Telekom Plc., T-Online Hungary Ltd. and Emitel Telecommunications Ltd.) to remain shareholder in the merged company. Those shareholders who do not wish to enter the merged company will proportionally withdraw their assets – according to the number of their shares – from the assets of Magyar Telekom Plc.

The shareholders who wish to remain shareholders of the merged company have to take no action regarding their shares.

The shareholders who do not wish to enter the merged company will receive the proportional book value of their assets in exchange for their shares. We would like to draw the attention of the shareholders to the followings:

- The book value of the assets corresponding to one share is significantly lower than the market value of the share. The book value is 366 HUF (that is Three Hundred Sixty Six HUF) for one share, while the market value at closing of May 24, 2007 was 920 HUF.
- The shareholders who do not wish to enter the merged company will lose the ownership of their shares with the payment of above amount.

Provision of the assets

The provision of the assets is realized as follows: Magyar Telekom Plc. shareholders who do not wish to enter the merged company are entitled to receive 366 HUF (that is Three Hundred Sixty Six HUF) by each 100 HUF face value share, issued by Magyar Telekom Plc (ISIN: HU0000073507), as a redemption for those proportionately owned assets for which the shareholders in question submit their relevant declaration to Magyar Telekom Plc and made sure that the transfer was carried out to the below mentioned securities account.

Persons not wishing to take part as shareholders in the merged company will receive the above sum for each share within thirty (30) days upon the registry of the merger by the Court of Registry, via remittance to their bank accounts specified in the below declaration form.

Declaration of the departing shareholders

Should you decide not to become the shareholder of the merged company you may announce this intent in two ways. On one hand you may draw up your declaration prior to the EGM - in this case it is not necessary to participate the said EGM. On the other hand you may announce your intent at the EGM in a way that you participate the meeting as a shareholder and make a written declaration at the discussion of the relevant agenda item.

Let us draw the attention of our shareholders that only those shareholders may exercise their share related rights towards the Company – i.e. only those declarations shall be deemed valid – that are made by such shareholders or by such shareholder representatives who are registered in the Share Registry of the Company. According to the provisions of the Act on Capital Markets the custodian, registered in the Share Registry as the representative thereof, may also act on behalf of the shareholder.

If you do not wish to participate the EGM you may announce that you do not wish to enter the merged company by filling in and returning the attached declaration form (Declaration, which is also to be found on the Company's internet site www.magyartelekom.hu) for the attention of the Board of Directors of Magyar Telekom Plc. The said declaration must arrive to the below address at the latest by June 26, 2007: KELER Zrt. Részvénykönyv-vezetési Osztály 1075 Budapest Asbóth utca 9-11. Please indicate on the envelope: „Magyar Telekom átalakulási nyilatkozat” (Magyar Telekom transformation declaration).

Another precondition of making such declaration is that shareholders transfer their shares indicated in the declaration to Magyar Telekom Plc's specific securities account held at KELER Ltd. (account No.: 1145/100000) at the latest by 26th June 2007. In the notice rubric of the transfer order the securities account number shown in the declaration must be indicated.

Shareholders may also announce their intent that they do not wish to enter the merged company at the discussion of the relevant agenda item of the General Meeting. In this case such shareholders are to submit their declarations to the Board of Directors of Magyar Telekom Plc. at the EGM. Let us draw the attention of our shareholders that the precondition of validly submitting their declarations is that such shareholders have their relevant shares frozen prior to the EGM.

In this latter case, besides meeting the above precondition it is required that shareholders hand over the proxy regarding the transfer of the shares indicated in the declaration to Magyar Telekom Plc.'s specific securities account at KELER Ltd. (account No.: 1145/100000), and authorize Magyar Telekom Plc to submit the transfer proxy to the appropriate securities intermediary. The shares will be transferred to the above mentioned securities account after released by the EGM. Subsequent to the submission of their declarations the shareholders will not be able to make any order regarding the departing shares.

Should the General Meeting not decide on the transformation or if the registry of the merger at the Registry Court fails Magyar Telekom Plc. will re-transfer those shares of departing shareholders that have been transferred to the specific account at KELER Ltd. within 3 banking days to the securities account specified by such shareholders in their declarations.

Let us draw the attention of our shareholders that if a participant is represented at the EGM by a proxy, his declaration on departing the company will only be valid if the proxy instrument clearly and separately indicates such intent. The validity of such declarations will be checked by the Board of Directors.

To sum up the above, if you do not wish to participate the EGM, neither wish to become a shareholder of the merged company, you must fill in and return the attached declaration form within the deadline to the above address and make sure that the transfer of shares is be carried out in compliance with the above written procedure.

Should you wish to make your declaration on being a departing shareholder of the merged company at the General Meeting there are two things to do: first you must make order to freeze your shares at the latest by June 21, 2007, second you must make your written declaration and the above detailed transfer proxy and hand them over to the Board of Directors (i.e. its representative) at the merger EGM.

Let us draw the attention of our shareholders that subsequent to the date when the Court of Registry registers the merger, the Company will decrease its subscribed capital with the face value of those shares of which their owner announced its intent to depart and carried out the necessary transfer. Regarding the departing shares Magyar Telekom Plc. will only pay the relevant asset proportion to the owners.

Should you need further guidance on the above procedures, please call the free share line of Magyar Telekom at: +36 80 38 38 38

May 29, 2007

The Board of Directors of Magyar Telekom Plc.

DECLARATION

I, the undersigneddue to the preliminary decision on the merger of Magyar Telekom Plc., certain assets of T-Online Hungary Ltd. and Emitel Ltd. hereby announce that in possession of _____ pieces of 100 HUF face value ordinary shares, representing a total nominal value of HUF _____ and with respect to the same shares I do not wish to become the shareholder of the legal successor company, established through the merger.

My data are as follows:

Name (of the company):

Address (registered seat):

Notification address:

Mother's name:

Securities intermediary:

Securities account No.:

Please transfer my asset proportion due from Magyar Telekom Plc.'s assets 366, that is Three Hundred Sixty Six HUF that is payable for each share, to the below bank account via remittance.

Name of the bank:

Bank account No.:

With the submission of this declaration I accept the content of the announcement regarding the settlement process with shareholders who do not wish to remain shareholders in the legal successor company, established through the merger of Magyar Telekom Plc., certain assets of T-Online Hungary Ltd. and Emitel Ltd.

Date:

Signature of the shareholder

1st witness^[2]

2nd witness

Signature:

Signature:

Name:

Name:

Address:

Address:

^[1] In case of a legal entity the proper signature of the legal entity is required

^[2] Witnesses are only required if the signatory is natural person