

**Report of the Supervisory Board  
of Magyar Telekom Plc.  
to the General Meeting  
on the Y2007 operation of the Company and the Group**

The Supervisory Board has reviewed the Reports of the Company's Board of Directors in respect of the performance, financial status and business prospects of the Company and the Group in the Y2007.

The Supervisory Board focused on the following priorities:

1. the compliance of the operation of the Company with the legal expectations and requirements,
2. the compliance of the applied accounting practices with the Hungarian Accounting Regulations (HAR) and with the International Financial Reporting Standards (IFRS),
3. whether the operation and decisions of the Board of Directors served the best interest of the shareholders.

The Supervisory Board summarizes its position as follows:

- I. The business operations of the Company and the Group met the expectations of the shareholders in the 2007 business year; the main business lines could keep the leading position in the strong competitive environment on the market.
- II. The Supervisory Board hereby states that the After-tax Net Income of the Company for the 2007 business year is HUF 35,634 million (say: thirty-five billion, six hundred and thirty-four million Forints) and the Balance Sheet Total Assets of the Company for the 2007 business year are HUF 942,877 million (say: nine hundred and forty-two billion, eight hundred and seventy-seven million Forints). The Annual Report of the Company has been prepared according to the Hungarian Accounting Regulations (HAR).  
The consolidated Profit after tax of the Magyar Telekom Group for the 2007 business year (before the deduction of HUF 12,901 million attributable to minority interests) is HUF 73,056 million (say: seventy-three billion, fifty-six million Forints) and the consolidated Balance Sheet Total Assets of the Magyar Telekom Group are HUF 1,135,578 million (say: one trillion, one hundred and thirty-five billion, five hundred and seventy-eight million Forints). The Consolidated Financial Statements of the Magyar Telekom Group have been prepared according to the International Financial Reporting Standards (IFRS).  
The Supervisory Board acknowledges that the dividend payable to the shareholders is established at HUF 77,051,913,476 (say: seventy-seven billion, fifty-one million, nine hundred and thirteen thousand, four hundred and seventy-six Forints).
- III. The Supervisory Board monitored the Management's decisions; discussed the Management reports: the Group financial reports, the Group Strategy, the reports on the Group acquisition activities, restructuring of the Company.
- IV. The Supervisory Board approved the Annual Audit Plan of the independent Internal Audit organization for the year 2007. The Supervisory Board requested and received regular reports about each and every audit finding, recommended audit measures and about the status of the implementation of these measures. The Director of the Internal Audit is a permanent invitee of the

Supervisory Board Meetings where he regularly responded to the further issues raised in connection with certain audits.

- V. The Supervisory Board paid special attention in the year 2007 to the following audit topics: compliance with SOX 404 requirements, integrity of the financial statements, procurement processes, security of IT systems, integration processes, CRM, business solutions.
- VI. In line with the provisions of the Directive on "Procedures for treatments of complains/comments regarding accounting matters" the Supervisory Board had all the reports known by the Internal Audit investigated and reports were made about them. The Group has made the necessary measures in all cases to prevent repeated occurrence.
- VII. The Supervisory Board monitored the progress of the Corporate Compliance Program.
- VIII. The Supervisory Board also reviewed the reports on the activities of the Audit Committee.

Based on its findings in the course of the continuous monitoring of the business operations of the Company and the Magyar Telekom Group the Supervisory Board recommends that the General Meeting should:

- approve the Y2007 Annual Report of the Company prepared according to the Hungarian Accounting Regulations (HAR) with the Balance Sheet Total Assets and After-tax Net Income as proposed by the Board of Directors,
- approve the Y2007 Consolidated Financial Statements of the Magyar Telekom Group prepared according to the International Financial Reporting Standards (IFRS) with the Balance Sheet Total Assets and Profit after tax as proposed by the Board of Directors,
- accept the Auditor's reports,
- accept the proposal of the Board of Directors on the dividend payment,
- approve the Corporate Governance Report for 2007.

April 9, 2008