

Magyar Telekom Telecommunications Public Limited Company

Submission
to the General Meeting of Magyar Telekom Plc.

Subject:	Report of the Supervisory Board
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Budapest, April 16, 2012

Magyar Telekom Telecommunications Public Limited Company
Supervisory Board

Report of the Supervisory Board of Magyar Telekom Plc.
for the General Meeting of the Company

In Y2011, the Supervisory Board 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 Supervisory Board, based on its accepted Working Schedule. In Y2011, the Supervisory Board held meetings on 6 occasions.

The Supervisory Board kept in regular contact with the Chairman-Chief Executive Officer, the Chief Financial Officer, the Chief Legal and Corporate Affairs Officer (chief legal counsel) and the Head of Internal Audit of the Company.

The Supervisory Board regularly discussed the reports on the decisions made by the Board of Directors and the Management Committee, the executive financial reports and the reports on the Magyar Telekom Group acquisition activities.

The Supervisory Board approved the Y2011 Workplan of the independent internal audit organization, requested and received regular information on the major findings of each of the audits, the measures and the status of the implementation of these measures. The questions further occurring in relation to the particular audits were regularly answered by the Head of Internal Audit at the Supervisory Board meetings. In Y2011 Internal Audit has completed audits on the integrity of financial reports (e.g. audit of accounting process of projects, tax, inventory, CAPEX management, controlling function), to improve operational processes (e.g. review of customer service, customer data protection, market performance of energy services, network operation processes, IT support of real estate management, procurement, implementation of media strategy) and to strengthen compliance and regulation (e.g. operation of control functions, audits made mandatory by the law, preventing money laundry, audit of e-signo service, audit of sponsoring/donating, performance verification and payment approval, demand management processes). Internal Audit has also made over-the-plan (ad hoc) audits upon the request of the management to reduce the business risks raised during the year.

As a result of the audits Internal Audit has recommended corrective measures and monitored the implementation of them at the areas concerned. The implemented measures have improved the control environment and, in addition, several efficiency improving opportunities have been identified. Internal Audit has also completed ICS and SOX audits to assure the effective operation and compliance of control environment. Similarly to the previous years they have also supported the work of Group Compliance Committee.

The Supervisory Board regularly reviewed the reports of the Audit Committee on its activities. The Audit Committee supported the work of the Supervisory Board with respect to the proper supervision of the financial reporting system.

During Y2011, neither shareholder notification, nor other notification with regard to the operations of the Company was submitted to the Supervisory Board.

The Supervisory Board examined every important report on the business policy and every submission that is made on matters falling into the exclusive competence of and is on the agenda of the General Meeting.

According to the point of view of the Supervisory Board, Magyar Telekom Group, due to its firm strategy and effective costs management, maintained its favorable market position in the still intense competitive environment, despite of the hard economic environment, and significantly overachieved its public targets.

The Supervisory Board has not discovered anything to disapprove in the Company's activities in Y2011, with regard to the Company's compliance with statutory operation.

The Supervisory Board, with the involvement of the Audit Committee and the independent external auditor, discussed 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, and the proposal of the Board of Directors for their acceptance.

In the opinion of the Supervisory Board, the above mentioned financial statements are in compliance with the prescriptions of the law, the Supervisory Board agrees with their content. The Supervisory Board proposes to the General Meeting for approval the 2011 consolidated annual financial statements of Magyar Telekom Group prepared according to the International Financial Reporting Standards (IFRS) as endorsed by the EU with Balance Sheet Total Assets and Profit for the year in accordance with the proposal of the Board of Directors and the Audit Committee.

The Supervisory Board, with the involvement of the Audit Committee and the independent external auditor, discussed 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, and the proposal of the Board of Directors for their acceptance.

In the opinion of the Supervisory Board, the above mentioned financial statements are in compliance with the prescriptions of the law, the Supervisory Board agrees with their content. The Supervisory Board proposes to the General Meeting for approval the 2011 annual stand alone financial statements of the Company prepared according to the Hungarian Accounting Regulations (HAR) with Balance Sheet Total Assets and After-tax Net Income in accordance with the proposal of the Board of Directors and the Audit Committee.

The Supervisory Board, with the involvement of the Audit Committee, discussed 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 Supervisory Board provides prior approval to the proposal of the Board of Directors with respect to dividend payment and proposes the proposal to the General Meeting for approval.

The Supervisory Board discussed the Corporate Governance and Management Report of the Company and, with its prior approval, proposes it to the General Meeting for approval.

Budapest, March 14, 2012

In representation of the Supervisory Board of Magyar Telekom Plc.:

Dr. László Pap
Chairman of the Supervisory Board