

Magyar Telekom Telecommunications Public Limited Company

Submission

for Magyar Telekom Plc.'s Extraordinary General Meeting

Subject:	Approval of the written report of senior officers
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Budapest, June 29, 2009

According to Section 279 (2) of the Companies Act the senior officers of the merging companies shall prepare – parallel with preparing the merger agreement - a written report in which they demonstrate the justification of the merger in line with legal and financial considerations. If the assessment met with particular difficulties, this shall also be indicated.

The affected senior officers of the merging companies prepared a written report that is submitted to the General Meeting upon revision by the Supervisory Board. The reports are contained Annexes entitled *The written report of the executive officers on the legal merger of Magyar Telekom Nyrt. and T-Kábel Magyarország Kft.* and *The written report of the executive officers on the legal merger of Magyar Telekom Nyrt. and Dél-Vonal Kft.*

Resolution proposal:

„The General Meeting approves the written report presenting the legal and economic necessities of the merger that was prepared jointly by the senior officers of the companies involved in the planned merger and was reviewed by the Supervisory Board.”

**The written report of the executive officers on the legal merger of
Magyar Telekom Nyrt. and T-Kábel Magyarország Kft.
(justification of the merger in line with legal and financial considerations)**

Magyar Telekom Group announced its strategy to form an integrated telecommunication provider in 2007, which covers the whole range of fixed and mobile communication services. A highly important step towards the fulfilment of the strategy was to convert to a new organisational and management structure on January 1, 2008, which focuses on consumer segmentation instead of a technology based organisation. Throughout the year the company successfully consolidated and simplified its brands introduced on the market: the brands T-Com, T-Online and T-Kábel were united into the brand T-Home representing the full variety of home telecommunication and entertainment solutions, while the brand T-Mobile continues to focus its services on mobility and community experience. The brand T-Systems combined the wide variety of fixed, mobile and information technology services provided to corporate customers. The reorganisation in 2008 caused a significant efficiency improvement as well as organisational structure simplification that stabilised the profitability of the company. In the future the efficiency focused structural consolidation will remain a main objective.

At the same time the Consumer Services Business Unit that manages the brands T-Home and T-Mobile announced its 'three-screen strategy', that is we provide the services available via the screens of the television, the computer and the mobile phone from one source along with the ability of cross-usage among them. Magyar Telekom Nyrt. ('Magyar Telekom') not only determined the 'triple-play' as a strategic direction, but also created a unique integrated proposal by means of its fix- and mobile products providing a peculiar customer experience.

The reformed and customer focused organisation along with the matching product and brand structure reinforced the company's leading market positions. Similar events occur on the Hungarian market to those of the international trends'. In the fixed segment almost all service providers turned towards the 'triple-play' strategy, offering TV, internet and voice services. The companies formerly pursuing solely broadcasting activity entered the telecommunication segment through broadband internet and fixed voice services, thereby generating significant competition. Magyar Telekom found an adequate response to these market challenges by its new brand and product structure.

Broadcasting is one of the pillars of the 'three-screen strategy'. In 2008 according to the strategic objectives we launched our satellite broadcasting service, allowing T-Home TV service to be available throughout the country. The lately launched service performed outstanding sales figures, validating the adequacy of our strategic objectives. Besides the success of satellite TV, IPTV also achieved a significant increase. T-Kábel Magyarország Kft. ('T-Kábel') operating the largest and earliest broadcasting platform for Magyar Telekom, further strengthened its market position. As part of the T-Home product range T-Kábel provides analogous and digital cable television, broadband internet and IP based voice services to 320 thousand customers as a subsidiary of Magyar Telekom.

In accordance with the corporate strategy and for continuing the earlier consolidation procedure the management of Magyar Telekom decided to merge T-Kábel into Magyar Telekom. The merge has two purposes: strengthening market competitiveness and increasing cost efficiency by exploiting synergies of joint operation.

Motivations of the merge:

- TV service is an essential part of T-Home offer range, the key to future growth;
- the network of T-Kábel is a valuable competitive factor from a technological aspect which suits Magyar Telekom's network development / technological strategy;
- the unified customer service and sales standards are hard to implement within the current structure, getting the elements of one offered brand from two legal entities unnecessarily hardens our communication towards customers as well as our background processes;
- after the merge the interactions between the two companies decrease, the company's administration duties also decrease along with costs and parallel operations cease. Altogether significant efficiency improvement and after 2010 remarkable cost saving can be achieved.

The advantages of the merger by far exceed its potential risks. The Group may acquire advantages at customer level, those that enhance competition intensity, allow for better competitiveness and also advantages that improve operational efficiency. The advantages provide the sustainable operation of Magyar Telekom Group.

Our customers will experience the advantages at the sales points, at customer care and when applying our services: they get a full range service at all T-Points and our sales partners throughout the country, administration will become simpler. Integrated customer care assists the one-stop administration of T-Kábel issues. Our customers may take the advantage of joint billing and also they are now entitled to receive further discounts for their loyalty based on their former T-Kábel accounts. As for the products, we offer TV services that is the most suitable for the customer's requirements and valuation, at the same time the one that is technologically and economically optimal though. For Magyar Telekom further cross-sell and customer retention opportunities arise. As a long-term advantage arises the integration of the cable technology into the product development process.

Contract details and service levels are to be standardised which is the base for providing services under one brand.

From an operation's point of view, the inner processes will notably be simplified and finding the optimal alternatives on a Group level will be enabled: when developing the telecommunication network, the units under one leadership will be able to implement the best and at the same time most economic technology needed for the services. The quality of technical operation will uniformly be of a high standard. Technical customer care, implementation and fault repair activities will also be jointly handled, thereby remarkably shortening transaction times. Further synergies are arising within the IT service and billing areas, as well as at procurement as T-Kábel services will also benefit from Magyar Telekom's bargaining power.

From a business point of view, we expect double effect, both supporting the further strengthening of our market position:

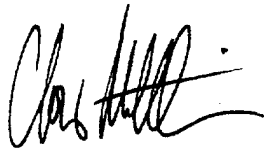
1. Increasing sales potential of T-Home products, more effective marketing communication, improving cross-sell and cost saving ability, competitive product offers throughout a country-wide branch network. We expect the stabilisation of the number of subscribers and to continuously bring our fixed customers towards TV services, which contributes to sustaining the company's revenues.
2. The long-term market competitiveness of Magyar Telekom Group is considerably dependent on its ability to vigorously rationalise the Group's costs, just as on improving its efficiency. In addition, considering that the possibility to increase revenues is limited because of the saturated mobile and

fixed markets, in order to meet owner requirements it is essential to reduce costs. By fully exploiting synergies, the merger allows of cost reductions, as well as the optimal usage of financial and human resources. Through operational efficiency improvement altogether the estimated saving is near HUF 1 billion annually.

The merger between the entities of the transaction bears the specialty that the company to merge in is 16.4% directly owned by the receiving company. The owner of the remaining part (83.6%) of the entity to merge in, Investel Zrt. (100% subsidiary of Magyar Telekom), does not wish to participate as a member in the receiving company. Due to all this, the swap ratio of the shares of the company to merge in is undefined.

As a result of T-Kábel Magyarország Kft. merging into Magyar Telekom Nyrt., specific business opportunities, also accountable financial advantages emerge, while up against the certain advantages manageable risk factors stand. According to the preliminary calculations, the overall positive financial effect resulting from the business advantages by far exceeds the related costs and the possible risk effects.

Budapest, May 25, 2009

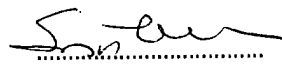


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Christopher Mattheisen
Chairman of Board of
Directors

Magyar Telekom Nyrt.

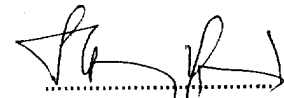


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Thilo Kusch
Member of Board of
Directors



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István Lipp
General Manager

T-Kábel Magyarország Kft.



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Olivér Imolay
Chief Financial Officer

**The written report of the executive officers on the legal merger of
Magyar Telekom Nyrt and Dél-Vonal Kft.**
(justification of the merger in line with legal and financial considerations)

Magyar Telekom Group announced its strategy to form an integrated telecommunication provider in 2007, which covers the whole range of fixed and mobile communication services. A highly important step towards the fulfilment of the strategy was to convert to a new organisational and management structure on January 1, 2008, which focuses on consumer segmentation instead of a technology based organisation. Throughout the year the company successfully consolidated and simplified its brands introduced on the market: the brands T-Com, T-Online and T-Kábel were united into the brand T-Home representing the full variety of home telecommunication and entertainment solutions, while the brand T-Mobile continues to focus its services on mobility and community experience. The brand T-Systems combined the wide variety of fixed, mobile and information technology services provided to corporate customers. The reorganisation in 2008 caused a significant efficiency improvement as well as organisational structure simplification that stabilised the profitability of the company. In the future the efficiency focused structural consolidation will remain a main objective.

The legal and organizational merger of Magyar Telekom Nyrt. and T-Kábel Magyarország Kft. was decided in the interest of the strategic targets of Magyar Telekom Nyrt. The merger also involves Dél-Vonal Kft. which is 100 % subsidiary of T-Kábel Magyarország Kft. T-Kábel Magyarország Kft. bought Dél-Vonal Kft. by the quota purchase agreement dated June 26, 2008, as a result of which, T-Kábel Magyarország Kft. extended its service coverage for the following settlements, located in Békés and Csongrád county, Csanádpalota, Kevermes, Mezőhegyes, Nagybánhegyes, Székkutas and Telekgerendás. Buying Dél-Vonal Kft. meant 6800 new potential households to reach and 3800 new clients for T-Kábel Magyarország Kft. After the purchase, T-Kábel Magyarország Kft. took over the clients of Dél-Vonal Kft., (at the time of this report, KábelNet clients are only partly taken over) but the ownership of Dél-Vonal Kft.'s network infrastructure remained the property of the purchased company. It was to remain that way as long as the complete merger of the company can be reasonably carried out taking account of economic aspects. After the merger interactions between the two companies will be reduced, processes running parallel will disappear, as well as the difficulties caused by the administration procedures and costs.

The merger of T-Kábel Magyarország Kft. and Magyar Telekom Nyrt. made the merger of Dél-Vonal Kft. necessary and economically reasonable, therefore, after the proposal of the owners, Dél-Vonal Kft. shall also be merged into Magyar Telekom Nyrt. at same time as T-Kábel Magyarország Kft.

As a result of T-Kábel Magyarország Kft. and Dél Vonal Kft. merging into Magyar Telekom Nyrt., specific business opportunities, also accountable financial advantages emerge, while up against the certain advantages manageable risk factors stand. According to the preliminary calculations, the overall positive financial effect resulting from the business advantages by far exceeds the related costs and the possible risk effects.

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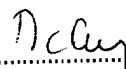


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Chairman of Board of
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Magyar Telekom Nyrt.



Erzsébet Tichy
General Manager

Dél-Vonal Kft.