

Investor Release

Magyar Telekom

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Magyar Telekom's Board of Directors proposes the merger of Magyar Telekom and T-Kábel

Budapest – 25 May, 2009 – Magyar Telekom (Reuters: NYSE: MTA.N, BÉT: MTEL.BU and Bloomberg: NYSE: MTA US, BÉT: MTELEKOM HB), the leading Hungarian telecommunications service provider, today announces the proposal by the Board of Directors to merge T-Kábel with Magyar Telekom, generating annual savings of close to HUF 1 billion.

Today the Board of Directors made a proposal to legally merge T-Kábel Magyarország Kft. (T-Kábel) with Magyar Telekom Nyrt. This marks a further step in the Group's integration process started three years ago with the aim of improving service quality and increasing efficiency. The merger also involves Dél-Vonal Kft. (Dél-Vonal), which is a 100% subsidiary of T-Kábel.

Magyar Telekom's subsidiaries, T-Kábel and Dél-Vonal provide analogue and digital cable television, broadband internet and IP-based voice services in Hungary as part of Magyar Telekom's T-Home product range. Following the parent company's implementation of a new organisational and management structure, which focuses on consumer segmentation instead of a technology-based organisation, a new brand structure was introduced during the autumn of 2008. During the rebranding, Magyar Telekom successfully consolidated and simplified its wireline product offering under the T-Home brand. As a result of these steps, broadcasting became one of the most important pillars of the "three-screen strategy".

In addition to strengthening Magyar Telekom's market competitiveness, the merger will enable the company to increase cost efficiency by exploiting synergies of joint operation, facilitating cost reductions and the optimal usage of financial and human resources. The estimated annual saving is close to HUF 1 billion. Given the importance of rationalising costs and improving efficiency in ensuring the long-term competitiveness of the Group, efficiency-focused structural consolidation will continue to be a main objective for Magyar Telekom.

Merger milestones

The Board proposal is subject to approval by the Extraordinary General Meeting and the consent of the supreme bodies of the two subsidiaries, due to take place on June 29, 2009. The merger process will be completed by registration by the Court of Registry. The merger does not require the approval of the Hungarian Competition Authority as the companies involved are directly and indirectly 100% owned by Magyar Telekom.

This investor news contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore should not have undue reliance placed upon them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, our Annual Report on Form 20-F for the year ended December 31, 2008 filed with the U.S. Securities and Exchange Commission.