

A brief presentation of the operation of the Board of Directors, and a description of the division of responsibility and duties between the Board and the executive management

Magyar Telekom's Board of Directors ("Board" or "Board of Directors") is the Company's executive body that represents the Company towards third parties and before courts and other authorities. The Board of Directors exercises its rights and performs its obligations as an independent body.

The members of the Board of Directors shall act with due care as it is generally expected from persons in such positions and - unless it is otherwise provided in the Company Act - must give priority to the interest of the company. The members of the Board shall be liable towards the Company pursuant to the general provisions of the civil law in case of causing damage to the Company through breaching the laws, the Articles of Associations ("Articles"), the resolutions of the General Meeting ("General Meeting") of the Company and their managerial duties. The indemnification liability of the members of the Board towards the Company is joint and severable according to the provisions of the Civil Code on jointly causing damage. If the damage was caused by the resolution of the management as a body, those members are exempted from such liabilities who did not participate in the voting or voted against the resolution in question. The members of the Board of Directors shall bear unlimited and joint liability for those damages that arise from the announcement of false data, rights or facts to the Company Register or the late announcement of the same in addition to failing to file such announcement at all.

The Board of Directors is not an operative management body. In other words, the Board of Directors is not involved in the Company's daily business. The Board acts in all matters that do not fall in the competence of the General Meeting or other corporate bodies. Among other responsibilities, it approves the Company's strategy, business plan, major organizational changes and key transactions, concludes employment agreements with and removes the Chief Executive Officer ("CEO") and Chief Officers, and determines the remuneration and target tasks on the basis of which it evaluates the performance of the top management.

For the purpose of the operative control and effective day-to-day management of the Company the Board of Directors established the Management Committee the members of which are the Chief Executive Officer, the Chief Human Resources Officer, the Chief Financial Officer ("CFO"), the Chief Technical Officer, the Chief Operating Officer Alternative Businesses and Corporate Development Business Unit, the Chief Operating Officer Consumer Services Business Unit and the Chief Operating Officer Business Services Business Unit. The Management Committee acts within the scope of competences assigned to it by the Board of Directors. The competences of the Management Committee include decisions on all matters that based on the laws, the Articles of Association of the Company and the Rules of Procedure of the Board of Directors, do not fall into the exclusive competences of the General Meeting, the Board of Directors or other corporate bodies. The Management Committee reports to the Board of Directors on the operation and status of Magyar Telekom Group at each Board meeting.

Due to the fact that in line with the above, the Board of Directors delegated several competences to the Management Committee we answered "No" to several questions in the declaration to this Corporate Governance Report, because in these cases the Company does comply with the given recommendation but based on the decision of the Board of Directors the given issue is within the Management Committee's scope of competence delegated to it by the Board of Directors.

The detailed rules on the tasks, competences and operation of the Management Committee are contained in the Rules of Procedure approved by the Board of Directors:

http://www.telekom.hu/static/sw/download/ugyvezbiz_ugyrend_eng.pdf