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Magyar Telekom simplifies the organizational structure of its T-Systems segment

Budapest – May 29, 2007 – Magyar Telekom (Reuters: NYSE: MTA.N, BÉT: MTEL.BU and Bloomberg: NYSE: MTA US, BÉT: MTELEKOM HB), the leading Hungarian telecommunications service provider, announces that, in line with the Group strategy of increasing the focus on service quality and operational efficiency, the Company is simplifying the organisational structure of its T-Systems segment. The move will reduce the number of subsidiaries, while keeping their flexibility and customer focus.

Following the expansion of the T-Systems segment's service portfolio, particularly through the recent acquisitions of KFKI Group and T-Systems Hungary, the Company has reviewed the organizational structure of the segment. Since January 1, 2007 the T-Systems segment has consisted of three divisions – Infocom, IT Infrastructure and IT Applications. The latter two encompass the activities of the current six subsidiaries, divided according to their profiles and competencies. In order to increase the segment's transparency and improve sales efficiency, the number of subsidiaries will be reduced via legal integration into the two respective divisions, thus forming two individual legal entities. The legal procedures are expected to be completed by January 1, 2008. This move will enable the Company to focus more efficiently on strengthening our market leadership in the ICT service market as well as repositioning its corporate market approach as a true IT/TC provider. Operational efficiency will also be improved through the elimination of overlapping activities.

The operational activities are divided as follows: the traditional service portfolio, including voice services and data WAN solutions, as well as the outsourcing activities, is managed under the Infocom division. The IT Infrastructure division covers network and system integration, network operation, and IT consultancy services. KFKI-LNX is therefore also included here. The IT Applications division, which also includes T-Systems Hungary, is responsible for on-site support and operations as well as for application development and operation.