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MATÁV'S BOARD OF DIRECTORS ANNOUNCES PROPOSED DIVIDEND FOR 2004 EARNINGS

BUDAPEST – March 22, 2005 – Matáv (NYSE: MTA.N and BSE: MTAV.BU), the Hungarian Telecommunications Company, today announced that the Board of Directors has reviewed the 2004 annual reports of Matáv Ltd. and Matáv Group, prepared in accordance with Hungarian Accounting Rules (HAR), and proposes them for approval to the Annual General Meeting.

Matáv, in line with its growth strategy, is executing the acquisition of the majority stake of Telekom Montenegro (Telekom Crne Gore AD). At the same time, it is aiming to keep within the net debt ratio range as set out in its dividend policy (net debt to net debt plus equity plus minority interest to be in the range of 30-40%) and thus is targeting the same dividend level paid last year. As a result of this, and taking into account the Group's current level of profitability and financial position, Matáv's Board of Directors proposes to Shareholders a dividend payment of HUF 70 per share (par value HUF 100) for the financial year 2004.

Matáv reiterates that, in line with its strategy, its priority is to execute value-enhancing acquisitions. The company is continuously monitoring the regional opportunities, which meet the criteria described in its strategy. The level of subsequent dividends will be dependent on the acquisition opportunities that may arise, on the future financial position of the Group and on general market conditions.

Matáv will hold its Annual General Meeting on April 27th, 2005.

This investor release 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 on 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, 2003 filed with the U.S. Securities and Exchange Commission.