

**Announcement of Matáv Ltd.  
on the dematerialization of shares issued by the Company**

The Annual General Meeting of Matáv Ltd. held on April 28, 2004 passed a resolution on the dematerialization of 1,042,811,600 series "A" printed ordinary shares with a nominal value of HUF 100 each and the one series "B" printed voting preference share with a nominal value of HUF 10,000 (hereinafter referred to as "paper shares").

**I. Call for submission**

Further to the above mentioned resolution, the Company's Board of Directors calls upon its shareholders, in accordance with Capital Market of Act no CXX of 2001 Article 10, to submit their paper shares for dematerialization between June 2, 2004 and September 24, 2004. The effective date of dematerialization is September 27, 2004. The conversion of shares does not affect the shareholders' rights.

**II. The submission process**

Paper shares owned by shareholders are regarded as submitted if

- a) shares are deposited at the Central Clearing House and Depository Co. Ltd. (KELER Rt.) no later than September 24, 2004, and
- b) shareholders have a valid securities account at an investment service provider or depository (hereinafter referred to as "depositories") on September 24, 2004.

In the absence of either condition the share is considered as not submitted.

**III. Method of submission**

- a) Shareholders owning printed shares should contact a depository to ensure conditions set out in point II. of this announcement are fulfilled.

We would highly recommend that dividends are collected prior to the submission of paper shares for conversion. Dividends for physical share certificates can be collected in assigned branches of Postabank és Takarékpénztár Rt. (hereinafter referred to as "Postabank") and Erste Bank Hungary Rt. (hereinafter referred to as "Erste") listed in point VIII. of this announcement.

Matáv Rt. has arranged for shareholders to be able to hand in their shares for dematerialization and open a securities account with any of the branches nos. 2-21 listed in point VIII. of this announcement when they collect their dividends. This arrangement will be available from June 2, 2004 to September 17, 2004 at the latest. The office no. 1 on the list will accept shares for conversion until 10 a.m. on September 24, 2004. Erste Bank Befektetési will maintain any account opened in this way with Postabank és Takarékpénztár Rt and Erste Bank Hungary Rt free of charge from June 2, 2004 until September 24, 2004 on condition that no transaction is executed on the account during this period.

- b) Holders of deposited shares are only obliged to open a securities account with a depository and mandate it for the delivery of shares to KELER Rt. no later than September 24, 2004.

We recommend that shareholders ensure their existing accounts or accounts to be opened are eligible for the registration of dematerialized securities.

We also suggest that holders of deposited shares instruct depositories to make the delivery of shares to KELER in due time, so that they can fulfil the condition set out in point II. a of this announcement.

#### **IV. Process of dematerialization**

*The submission period of printed shares is from June 2, 2004 to September 24, 2004. It can be concluded earlier, provided the whole share series has been submitted and the Court of Registry has registered the modifications of the Articles of Association. The effective date of dematerialization shall be the working day immediately following the deadline for submission of printed shares.*

*The submitted shares are tradable on the Budapest Stock Exchange until September 21, 2004 according to the general rules. Thereafter depositories can not initiate a delivery of the shares to be converted. Shareholders should consider this deadline when requesting delivery from the depository.*

*Holders of series "A" registered ordinary shares are entitled to have their securities account credited with series "A" registered ordinary dematerialized shares with a par value of HUF 100, each replacing every single ordinary paper share with a nominal value of HUF 100, provided that paper shares are submitted in line with point II.*

*The holder of the series "B" registered ordinary voting preference share is entitled to have its securities account credited with one series "B" registered voting preference dematerialized share with a nominal value of HUF 10,000 replacing the one series "B" registered voting preference paper share with a nominal value of HUF 10,000, provided that is submitted according to the process described in point II.*

*Matáv Rt. shall invalidate series "A" registered ordinary printed shares and the series "B" registered voting preference share (provided it is submitted for dematerialization) with effect from September 27, 2004. The company shall publish an announcement on the invalidation in Cégközlöny, Magyar Tőkepiac, Magyar Hírlap, Népszabadság, Napi Gazdaság, as well as on the official websites of the Budapest Stock Exchange and Matáv.*

#### **V. Shares not submitted**

*With the exception of the series "B" voting preference share, Matáv will register the serial numbers of shares that are not submitted. Dematerialized shares equivalent to these shares will be sold on the Budapest Stock Exchange within six months of the date of conversion through an investment service provider. In case of full or partial failure of the sale, the Company shall decrease its share capital accordingly at the first shareholders' meeting after the six-month period. It will not be possible to sell or buy securities that are not submitted and therefore invalidated. However, holders of such securities may request certificates to be replaced by dematerialized securities, or if all the invalidated shares have already been sold, they can request the value of the sold dematerialized securities. When making payments to share owners, against presenting the invalidated share, Matáv Rt. will deduct any costs incurred up to the time at which the securities are redeemed. With regard to the term of limitation, any arising monetary claim shall be treated in the same way, as would a claim for surrendering the security that it replaces. Matáv will make an announcement on the amount of the value of the sold dematerialized securities, place and starting date of payment.*

#### **VI. Shares damaged, cancelled or declared void by a notary**

*Damaged shares can only be accepted if the securities can clearly be identified as shares with their own serial numbers.*

*Shares that are cancelled or declared void at the time of the dematerialization will be treated as not submitted.*

**VII. Information**

Matáv's toll free number +36-80-38-38-38 is available during working days to answer any questions on any aspect of the dematerialization that shareholders may have.

**VIII. The offices of Postabank és Takarékpénztár Rt. and Erste Bank Hungary Rt. appointed for submission of the shares are:**

1.	Budapest	1051	József nádor tér 5.	Postabank
2.	Budapest	1122	Maros u. 19-21.	Postabank
3.	Budapest	1132	Váci út 48.	Postabank
4.	Budapest	1061	Andrássy út 5.	Postabank
5.	Baja	6500	Vörösmarty u. 5.	Erste
6.	Békéscsaba	5600	Kinizsi u. 3.	Postabank
7.	Debrecen	4024	Vár u. 4.	Postabank
8.	Eger	3300	Fellner J. u. 1.	Postabank
9.	Győr	9022	Teleki László u. 26.	Postabank
10.	Kaposvár	7400	Bajcsy-Zs. u. 24.	Erste
11.	Kecskemét	6000	Nagykőrösi u. 11.	Postabank
12.	Miskolc	3530	Szemere B. u. 4.	Postabank
13.	Nyíregyháza	4401	Nyár u. 8.	Postabank
14.	Pécs	7621	Rákóczi út 62-64.	Erste
15.	Szeged	6720	Széchenyi tér 17.	Postabank
16.	Székesfehérvár	8000	Budai út 32.	Postabank
17.	Szekszárd	7101	Arany J. u. 15-17.	Postabank
18.	Szolnok	5000	Baross G. út 8.	Postabank
19.	Szombathely	9700	Kőszegi u. 23.	Postabank
20.	Tatabánya	2800	Komáromi út 41-43.	Postabank
21.	Zalaegerszeg	8900	Ispotály köz 2.	Postabank

The Board of Directors of Matáv