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Magyar Telekom Group establishes new subsidiary to run the EDR project

Budapest – December 14, 2005 – Magyar Telekom (Reuters: NYSE: MTA.N, BÉT: MTEL.BU and Bloomberg: NYSE: MTA US, BÉT: MTELEKOM HB), the leading Hungarian telecommunications service provider, today announced that it has established a new subsidiary, Professzionális Mobilrádió Zrt. (Pro-M Zrt.) to build and operate the nationwide EDR (Unified Digital Radio Network) system in Hungary.

The new company has been established with registered share capital of HUF 200m and is jointly owned by Magyar Telekom and T-Mobile Hungary. Magyar Telekom's share of ownership is 25% plus a single share, while the remainder is held by T-Mobile Hungary. Mr. Béla Kozma, previously CEO of Emitel Rt, has been appointed as the CEO of the new company. The registration process has been initiated at the Court of Registry and is expected to be completed by end of January 2006.

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, 2004 filed with the U.S. Securities and Exchange Commission.