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MATÁV GROUP RATIONALIZES ITS MANAGEMENT STRUCTURE

BUDAPEST – December 15, 2004 – Matáv (NYSE: MTA.N and BSE: MTAV.BU), the leading Hungarian telecommunications service provider hereby announces that as part of its headcount rationalisation program, the Board of Directors decided today to rationalize the group's structure. The changes, which aim to simplify the organizational structure and thereby increase operational efficiency, will take effect from January 1, 2005.

As part of its Value Creation Program announced on 12th August, 2004, Matáv decided to further increase its internal efficiency and continue the overall cost reduction program, which has been underway for several years. A number of specific operational efficiency targets were set, including a workforce efficiency improvement, increasing the fixed lines / employee ratio at the parent company to above 500 by end-2006. In addition to the headcount rationalization, Matáv plans to reduce the number of its organizational units by approximately 40% with a corresponding decline in the number of management positions.

The Chief Executive Officer (Mr. Elek Straub), Chief Financial Officer (Dr. Klaus Hartmann), Chief Human Resources and Legal Officer (Dr. Tamás Pásztor), Head of Mobile LOB (Line of Business) (Mr. András Sugár) and Head of Business Services LOB (Mr. Zoltán Tankó) will continue in their current roles with no major changes to their scope of responsibility and activity. A new organizational unit, to be called Fixed Services LOB, headed by Mr. Christopher Mattheisen, will be created to integrate the current Residential Services LOB, Network Systems organization and Internet LOB.

At the same time the position of Chief Services and Logistics Officer will be eliminated with its activities transformed and assigned to other areas.

Under the new management structure, from January 1, 2005 Matáv's Management Committee will consist of the 6 officers mentioned above compared to the current 8.

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, 2003 filed with the U.S. Securities and Exchange Commission.