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MATÁV AND T-SYSTEMS INTERNATIONAL AND T-SYSTEMS HUNGARY ENTER INTO STRATEGIC COOPERATION

BUDAPEST – July 15, 2004 – Matáv (NYSE: MTA.N and BSE: MTAV.BU), the leading Hungarian telecommunications service provider today announced that it has signed an agreement with T-Systems International on the establishment of a joint venture and international carrier cooperation. T-Systems Hungary, the Hungarian subsidiary of T-Systems International, and Matáv also reached an agreement on strategic partnership. The aim of the agreements is for the companies to jointly exploit the business opportunities of cooperation in the information technology (IT) and the telecommunications market.

Under the agreement between Matáv and T-Systems International, Matáv will acquire 49% stake in T-Systems Hungary. Matáv will realize the acquisition through purchase of the stake for 1.4 billion HUF and a 2 billion HUF capital increase.

Besides setting up the joint venture, Matáv and T-Systems International have also agreed that Matáv will act as partner of T-Systems International's carriers' carrier division, Carrier Sales & Solutions. Under the agreement, points of presence will be established in Bulgaria, Romania, Greece, Moldavia, Serbia, Montenegro and the Ukraine in the upcoming years.

Matáv and T-Systems Hungary have also agreed to cooperate as strategic partners and offer integrated solutions to the top 200 Hungarian businesses. T-Systems Hungary will act as system integration and outsourcing partner to Matáv, while Matáv will act as T-Systems Hungary's partner in the field of telecommunication and network services.

Through close coordination of their marketing and customer management activities, Matáv and T-Systems Hungary will be able to provide even better services to their customers and increase its competitiveness in the ICT market of the region. Matáv and T-Systems Hungary will provide integrated IT and telecommunication business solutions to their common customers.

Thanks to the cooperation, T-Systems Hungary will be able to combine the sales capabilities of Matáv and T-Systems and capitalize on the know-how it already has in managing large IT projects. The cooperation also holds several advantages for Matáv, including improving

competitiveness and customer retention, exploitation of new business opportunities and strong market presence through T-Systems Hungary.

As part of the agreement, T-Systems Hungary will achieve considerable cost saving and offer even better quality services to Matáv by gradually taking over its IT activities. Matáv has already started to outsource its SAP applications to T-Systems Hungary.

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 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.