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### **MAGYAR TELEKOM TO REFINANCE ITS LOAN EXPIRING IN MAY 2005**

**BUDAPEST – May 20, 2005 – Magyar Telekom (Reuters: NYSE: MTA.N, BSE: MTEL.BU and Bloomberg: NYSE: MTA US, BSE: MTELEKOM HB), the leading Hungarian telecommunications service provider, today announced the refinancing of its expiring loan through a financing agreement with Deutsche Telekom in the amount of HUF 40 billion.**

Magyar Telekom has been granted two loans by Deutsche Telekom in the amount of HUF 40 billion effective from May 20, 2005. The loans will be used to refinance the outstanding HUF 40 billion loan agreement with Deutsche Telekom expiring today.

The new loans have different maturities with the following breakdown: a HUF 20 billion loan maturing in January 2007, and a HUF 20 billion loan maturing in May 2007. The objective of taking out mid term loans was to maintain the average maturity of the loan portfolio at an optimal level. Both loans carry fixed interest rates of 7.5525% p.a., and 7.614% p.a. respectively. Other conditions of the financing are similar to those in the previous agreements with Deutsche Telekom.

Magyar Telekom currently holds an A- credit rating from Standard & Poor's and Baa1 from Moody's.

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.