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### **MAGYAR TELEKOM SIGNS INTER-COMPANY LOAN TO PARTIALLY FINANCE DIVIDEND PAYMENT**

**BUDAPEST – June 1, 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 signature of two loan agreements with the Deutsche Telekom Group for Hungarian forint-denominated loans. The loans will be used to partially finance Magyar Telekom’s recent dividend payment.**

Magyar Telekom has been granted two loans by Deutsche Telekom in the amount of HUF 40 billion effective from June 1, 2005. The loans have different maturities with the following breakdown: a HUF 20 billion loan maturing in December 2007, and a HUF 20 billion loan maturing in October 2009. Both loans carry fixed interest rates of 7.447% p.a., and 7.533% 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.