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MATÁV TO REFINANCE ITS LOAN EXPIRING IN AUGUST 2004

BUDAPEST – August 23, 2004 – Matáv (NYSE: MTA.N and BSE: MTAV.BU), the leading Hungarian telecommunications service provider announces the refinancing of its expiring loan through a financing agreement with Deutsche Telekom in the amount of HUF 64 billion.

Matáv has been granted several loans by Deutsche Telekom in the amount of HUF 64 billion effective from August 23, 2004. The loans, supplemented by internally generated cash, will be used to refinance the outstanding HUF 76.6 billion of the previous HUF 126.6 billion loan agreement with Deutsche Telekom.

The new loans have different maturities with the following breakdown: a HUF 20 billion short-term loan maturing in January 2005, HUF 14 billion for 3 years until 2007 and HUF 30 billion for 5 years until 2009. The maturity of the short-term loan was matched with the cash-flow generation of Matáv, while the objective of the mid- and long-term elements was to increase the average maturity of the loan portfolio. All loans carry fixed interest rates of 11.16% p.a., 10.20% p.a. and 9.62%, respectively. Other conditions of the financing are similar to those in the previous agreements with Deutsche Telekom.

Matáv currently holds a BBB+ credit rating from Standard & Poor's and Baa1 from Moody's.

This investor release 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.