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MATÁV SIGNS INTER-COMPANY LOAN TO PARTIALLY FINANCE DIVIDEND PAYMENT

BUDAPEST – June 1, 2004 – Matáv (NYSE: MTA.N and BSE: MTAV.BU), the leading Hungarian telecommunications service provider announces the signature of a loan agreement with Deutsche Telekom Group for a Hungarian forint-denominated loan. The loan will be used to partially finance Matáv's recently announced dividend payment.

The Deutsche Telekom Group loan is in the amount of HUF 60 billion from June 2, 2004, and consists of two tranches of HUF 20 billion and HUF 40 billion. The two tranches will expire in 2008 and 2012, respectively. By taking out this medium- and long term financing, Matáv will lengthen the average maturity of its debt portfolio. The arrangement also keeps Matáv's capital structure in line with its stated objectives.

This new facility will be subject to a variable interest rate with an all-in margin of 55 basis points over the 3-month BUBOR for the HUF 20 billion tranche and of 81 basis points over the 3-month BUBOR for the HUF 40 billion tranche. The other terms are similar to those in other inter-company loan agreements.

Matáv currently holds a BBB+ 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 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.