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telegate Group

IR-Newsletter

Dear Newsletter Subscriber,

Please find below the latest information on our group **with a special focus on actual financials and online-activities of telegate group.**

We hope you will enjoy reading our Newsletter !

Your telegate Investor Relations Team

telegate records substantial increase of earnings in first half year 2007

Following last year's investment phase, telegate Group bounces back to impressive results for the first half of 2007. Profit as well as free cash flow reach record levels, thereby underlining the company's strategic focus on growth and profitability.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the first half of 2007 climbed sharply to 23.4 million Euro (HY1 2006: -4.5 million Euro). The second quarter 2007 EBITDA of 12.4 million Euro even outstripped the EBITDA for the first quarter 2007 of 11.0 million Euro. The company is thus reinforcing its excellent profitability, which had been prepared by strategic investments particularly into its international business segments during fiscal year 2006.

Significantly lowered advertisement expenses (minus 55 percent compared with previous year's period) and a substantially better gross profit margin of 59.8 percent (HY1 2006: 47.3 percent) led to increasing profitability. Year-on-year profit after taxes also improved from a half-year deficit of -9.4 million Euro in 2006 to 15.6 million Euro for the first half of 2007, which is tantamount to earnings per share of 0.74 Euro.

The company therefore confirms its forecast for the fiscal year 2007 unchanged and reckons to make a full year EBITDA of around 50 million Euro.

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Deutsche Telekom AG transfers first partial payment of €12.3m, which stems from reclamation lawsuits (total ca. €100m), to telegate AG.

Deutsche Telekom AG transferred €10.5m plus €1.8m interest on July 17th, 2007, to telegate AG. This partial payment refers to a reclamation lawsuit from the years 1997 - 2000. The Higher Regional Court decided in May/June in favor of telegate on all three pending reclamation lawsuits. Deutsche Telekom AG has appealed against this decision or appealed against non-allowance at the Federal Court of Justice. The amount was paid under reserve of a repayment, due to the fact that the court's rulings are not yet legally binding. Therefore the payment has been recorded so that it does not affect the profit. This has a positive effect on the liquidity of telegate AG, however up until a legally binding decision the Net Income will not be affected. Despite of this, the payment is a further indication that the probability of a win of telegate is viewed, even by DTAG, as very likely.

Sale of LSSi Inc. shares - accounting profit and increase of liquidity of ca. €700k

In the course of an acquisition of LSSi Inc. by VOLT Delta International Ltd., a U.S. company which specializes in data management, telegate AG will sell its 1,1% share in LSSi. This investment is not viewed as a strategic investment for the telegate group and thus it will be sold for a very attractive price. Through the sale an accounting profit of ca. €700k and a liquidity gain of a little over €700k is expected, most of which is expected for Q3.

Germany/Austria

Cooperation with LYCOS Europe

Telegate will enter into cooperation with the internet portal LYCOS Europe. End users benefit from the cooperation through the new "11 88 0 iQ" online community. The 11880.com is the first German internet directory platform to integrate user generated Web 2.0 applications into its platform. Next to searching private and business phone numbers and addresses it will be possible to ask questions of any kind, which then will be answered by the expert network of "11 88 0 iQ". Once registered, anyone can ask questions or answer them. The technical platform for this question-and-answer community is being supplied by LYCOS Europe. There are already over 50,000 registered users on this platform.

Through the extension of widespread partnership telegate is creating a new sales channel for business customers: As an additional marketing tool, the "11 88 0 business packages" are now included in the LYCOS webshop. Small to medium sized businesses can now easily and comfortably obtain webhosting and target group specific marketing from one source.

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telegate France**Launch of Multichannel-strategy in France**

Still in September the brand 118000 will present itself with a new innovative offer. Telegate will realize a new concept, unique in the French market, and under www.11800.fr enter into the market for local search.

In the development phase resources of the entire Seat group have been used. The launch of the new French online offer is therefore an excellent example for using group wide synergies.

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Investor Relations**IR-Calendar**

HypoVereinsbank German Investment Conference	09/25/2007
Publication 9-Months Results 2007	11/07/2007
German Equity Forum 2007	11/13/2007
Cheuvreux 7 th German Corporate Conference	01/22/2008

Analyst Coverage

Institute	Analyst	Recommendation	Target Price (in Euro)		Date
			New	Old	
DZ Bank	Marcus Pratsch	Buy	24.00	24.00	09/03/2007
Berenberg Bank	Thomas Wissler	Buy	27.00	27.00	08/29/2007
HVB Equity Research	Thomas Friedrich	Buy	24.00	24.00	08/29/2007
Sal Oppenheim	Wolfgang Specht	Buy	24.00	23.00	06/28/2007
Cheuvreux	Felix Braune	Outperform	23.50	22.50	04/18/2007

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