

telegate AG
Planegg-Martinsried

SCN 511 880
ISIN Code DE 000 511 8806

We invite our shareholders to the

Annual Shareholders' Meeting

to be held on

Wednesday, May 9, 2007, 11:00 a.m.

in the conference center at the head office of telegate AG, Fraunhoferstr. 12, 82152 Planegg-Martinsried.

I. Agenda

- 1. Presentation of the annual financial statements as of December 31, 2006, the management report and the report of the Supervisory Board, as well as the approved consolidated financial statements and the consolidated management report for the fiscal year 2006.**
- 2. Appropriation of net earnings for fiscal year 2006**

The Management Board and Supervisory Board propose the net earnings for fiscal year 2006 over 13.641.579.25 € to be appropriated as follows:

1. Distribution to shareholders through payment of a dividend of 0.65 € for each no-par share
ISIN Code DE 0005118806;
(German Securities Identification Number 511 880)
for 20,987,045

no-par shares in fiscal year 2006 13.641.579,25 €

2. Net earnings 13.641.579.25 €

3. Discharge of the Members of the Management Board

The Supervisory Board and the Management Board propose to grant discharge to the members of the Management Board for fiscal year 2006.

4. Discharge of the Members of the Supervisory Board

The Supervisory Board and the Management Board propose to grant discharge to the current and previous members of the Supervisory Board for fiscal year 2006.

5. Election of auditors for fiscal year 2007

The Supervisory Board proposes that Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Munich, should be elected as auditors of the company for fiscal year 2007.

6. Amendment of the stock option plan in compliance with the resolutions taken by the shareholders' meeting on May 12, 2005 and May 15, 2006 and amendment of Sec. 2 (6) of the Articles of Association

The shareholders' meeting of May 12, 2005, resolved under Agenda Item 6, that the Management Board - and the Supervisory Board for members of the Management Board - be authorized to grant subscription rights (issue of a stock option plan). Sec. 2 (6) of the Articles of Association (Conditional Capital) was also amended by the same resolution.

This resolution was amended under Agenda Item 9 of the shareholders' meeting of May 15, 2006, to the extent that the maximum number of subscription rights to be issued in any fiscal year be increased from 300,000 to 400,000 subscription rights. Otherwise the resolution taken by the shareholders' meeting on May 12, 2005 was confirmed.

The resolution taken under Agenda Item 6 by the shareholders' meeting on May 12, 2005, is modified in the version of the amended resolution taken by the shareholders' meeting on May 15, 2006 to read as follows:

a) Authorization to grant stock options

The Management Board shall be authorized under the following provisions, to set up a stock option plan for telegate AG and to grant up to 1,000,000 stock options for no-par shares of telegate AG to the owners of subscription rights designated in the following sub-clause (2). In as far as this affects members of the Management Board, the Supervisory Board shall be authorized accordingly.

A maximum of 400,000 subscription rights may be issued in any one fiscal year. Definition of the exact number of subscription rights to be issued to all owners of subscription rights shall be subject to approval by the Supervisory Board.

(1) Content of the subscription rights

Each subscription right shall entitle the bearer to acquire one no-par share in telegate AG. The subscription rights are non-transferable.

(2) Owner of subscription rights / Allotment of subscription rights

The following can become owners of subscription rights:

- Members of the Management Board of telegate AG;
- Members of the management team of companies that are affiliated with telegate AG as defined in Sec. 15 ff. of the (German) Stock Corporation Act (AktG);
- Employees of telegate AG and of companies affiliated with telegate AG as defined in Sec. 15 ff. of the (German) Stock Corporation Act (AktG).

The total volume of subscription rights is divided as follows:

- Members of the Management Board: 35%;
- Members of the management team of affiliated companies: 25%;
- Employees: 40%.

Owners of subscription rights belonging to more than one of the above groups may not be granted options within more than one of the above groups.

(3) Exercise price

No-par shares of telegate AG shall be purchased at the exercise price. The exercise price of each no-par share is the average closing price of the telegate AG share in Xetra trading on the German Stock Exchange (Deutsche Börse AG) during the ten trading days immediately prior to the date on which the subscription rights are allocated. Sec. 9 of the (German) Stock Corporation Act (AktG) shall remain unaffected by this.

(4) Purchasing periods

Subscription rights may be offered for purchase to the owners thereof once or in tranches up to June 30, 2008. They may only be purchased during the last five trading days of each month. Unless otherwise stated in the terms of the options, the subscription rights shall be deemed as allocated on the last day of the purchasing period.

(5) Waiting period/exercise period and lock-up period

(5.1) One subscription right entitles the owner to subscribe one no-par share as soon as the waiting period for the first exercise opportunity has expired. The waiting period for the first exercise shall be two years from the date the subscription rights were allocated in accordance with Sec. (4) above.

(5.2) After expiry of this waiting period, the subscription rights may be exercised in whole or in part for a period of five years after the subscription rights were allocated. In any event the stock options must be exercised by September 30, 2010. Subscription rights that have not been exercised by September 30, 2010 expire regardless of the respective date of their allotment. The stock options may only be exercised within the exercise periods defined below. The exercise period shall always start on the second day of trading following the day the half-yearly financial statements of a fiscal year are published on June 30 and on the second day of trading after the day of publication of the annual financial statements of

telegate AG. The exercise period shall end at the close of the tenth day of trading after the respective publication date.

(5.3) The following periods shall be lock-up periods:

- A period of 15 calendar days before the end of the fiscal year of telegate AG;
- The period from the start of the day on which telegate AG publishes an offer to subscribe new shares or bonds with conversion or option rights in a securities market journal authorized by the Stock Exchange until the end of the last day of the offer period.

The Management Board shall be authorized to impose other lock-up periods in advance and publish them in a suitable form (e.g. on the Internet) in factually justified cases, in particular as part of the compliance with the ban on insider trading.

(6) Performance targets

(6.1) The stock options may only be exercised if either one of the following performance targets is achieved during one exercise period. . Each exercise period shall be evaluated separately.

(6.1.1) Out-performance

The performance target known as “out-performance” shall have been reached if the telegate AG share performs better than the Prime All-Share Index of the German Stock Exchange during a particular reference period. The criterion for comparing the performance of the Prime All-Share Index and the price of the telegate AG share shall always be the difference (in percentage points) between the starting values and closing values for the reference period in question. The starting value (100%) used for calculating the performance of the Prime All-Share Index shall be the value of the Prime All-Share Index at closing on the day on which the subscription rights are allocated (Sec. (4) of this resolution). The starting value (100%) used for calculating the performance of the telegate AG share price shall be the share’s closing price in Xetra trading on the German Stock Exchange on the day on which the option rights are allocated. The closing value

(as a percentage of the starting value) used for calculating the performance of the Prime All-Share Index shall be the arithmetical average of the values of the Prime All-Share Index at the end of the last 20 trading days before the first day of the exercise period in question. The closing value (as a percentage of the starting value) used for calculating the performance of the telegate AG share price shall be the arithmetical average for the closing prices of the telegate AG share in Xetra trading on the German Stock Exchange on the last 20 trading days before the first day of the exercise period in question.

The reference period shall be the period beginning on the day following the day that the subscription rights are allocated and ending on the last day of the trading period that is used as basis for the calculation of the closing value.

(6.1.2) Increase in share price of telegate AG

The performance target for an increase in telegate AG's share price shall have been achieved, if the price of telegate's AG share has increased by an average of more than 7% p.a. during the reference period.

The method described in paragraph (6.1.1) shall be used to calculate the starting and closing values of the telegate AG share price.

(6.2) Achievement of one of the performance targets described under above Sec. (6.1) shall be sufficient.

(6.3) If stock exchange practices change, the provisions of this stock option plan shall be interpreted in such a way as to achieve the nearest possible result to that originally intended. Especially if the structure of the indices is changed, calculations shall be based on the index closest to the Prime-All Share Index with respect to weighting and importance. If the Xetra trading system is replaced by another system, calculations shall be based on the succeeding system.

(7) Adjustment in the event of capital, structural or other comparable measures

(7.1) The terms of the options may include adjustment provisions to provide for capital, structural or other comparable measures, in particular with respect to the exercise price.

(7.2) Sec. 9 of the (German) Stock Corporation Act (AktG) shall remain unaffected by this.

(8) Satisfaction of subscription rights

The subscription rights can be satisfied at telegate AG's discretion either through no-par shares, utilizing the conditional capital proposed for resolution below under b) or in any other form.

(9) Details and other provisions

The Management Board shall be authorized to decide the details for the members of the management and the employees of the affiliated companies regarding the issuance of shares from the increased conditional capital, as well as the other conditions of the stock option plan. In as far as this affects members of the Management Board of telegate AG, the Supervisory Board shall be authorized accordingly.

The details regarding the issuance of shares from the conditional capital increase and other conditions of the stock option plan cover, in particular, the provisions related to granting and exercising the subscription rights, the rules regarding the handling of subscription rights if the employment contracts of subscription right owners are terminated and rules regarding the procedure after exercise of the subscription rights, in particular the manner of delivery and sale of the shares acquired.

The Supervisory Board may delegate its tasks and powers under this resolution to a Supervisory Board sub-committee in accordance with the stipulations under law, the Articles of Association and the Bye-laws.

b) Conditional capital

In accordance with amended Sec. 2.6 of the Articles Association - replacing the former Sec. 2.6 - an amount of 1,000,000 Euro has been defined as conditional capital for satisfaction of the option rights.

The conditional capital increase shall be exclusively for the purpose of issuing up to 1,000,000 no-par shares registered in the name of the bearer. These carry an entitlement to dividend as of the beginning of the fiscal year in which they were issued. They shall satisfy subscription rights for no-par shares of the company, which are to be granted under telegate AG's stock option plan in accordance with the resolution of the shareholders' meeting of May 12, 2005 and May 15, 2006, to members of the Management Board of telegate AG, members of the management team of companies affiliated with telegate AG in accordance with Sec. 15 ff. of the (German) Stock Corporation Act and employees of telegate AG and of companies affiliated with telegate AG in accordance with Sec 15 ff. of the (German) Stock Corporation Act (owners of subscription rights). The conditional capital increase shall only be executed to the extent, that the owners of subscription rights under the stock options plans of telegate AG exercise their right to acquire telegate AG shares, and in as far as telegate AG does not grant own shares to satisfy the subscription rights, or meet its obligations to the owners of subscription rights in some other form.

The company plans to facilitate an extended period for exercising subscription rights by restructuring the exercise periods. This shall be done in the interest of shareholders to further minimize the potential of influencing the share price during the exercise of the subscription rights. The exercise period following the publication of the annual financial statement shall be omitted at the same time. Further to this, the overall duration of the stock options plan, during which subscription rights can be exercised, shall be extended by three months to December 31, 2010.

Taking this into consideration, the Management Board and Supervisory Board propose the following resolution:

a) Amendment of the stock option plan

1. In accordance with the resolutions of the shareholders' meeting of May 12, 2005 and May 15, 2006, Sec. 5.2 of the stock option plan reads as follows:

“(5.2). After expiry of this waiting period, the subscription rights may exercised in whole or in part for a period of five years after the subscription rights were allocated. In any event the stock options must be exercised by December 31, 2010. Subscription rights that are not exercised by December 31, 2010, expire independent of the time they were granted. The stock options may only be exercised within the exercise periods defined below. The exercise period shall always start on the second day of trading following the day the half-yearly financial statements of a fiscal year are published on June 30 and on the second day of trading after the nine month figures are published on September 30 and on the second day of trading after the shareholders' meeting, during which the established annual financial statements as well as the approved consolidated financial statement for the preceding year has been submitted. The exercise period shall end at the close of the tenth day of trading after the respective publication date and/or conclusion of the shareholders' meeting.”

2. In all other respects, the resolutions taken by the shareholders' meeting on May 12, 2005 under Agenda Item 6 and by the shareholders' meeting on May 15, 2006 under Agenda Item 9 shall remain in force.

b) Amendment of Sec. 2 (6) of the Articles of Association

(6) Capital stock is conditionally increased by a nominal amount of 1,000,000 Euro divided into 1,000,000 no-par shares. Pursuant to the resolutions taken by the shareholders' meeting on May 5, 2005, May 15, 2006 and May 9, 2007 the conditional increase of capital stock shall serve to grant subscription rights to the members of the Management Board,

members of the management of affiliated companies as well as employees of telegate AG and employees of affiliated companies. The conditional capital increase is only deemed as implemented in so far as the members of the Management Board of telegate AG, the members of the management of affiliated companies as well as the employees of telegate AG and employees of affiliated companies, who were granted subscription rights, actually exercise their subscription right. The new shares shall participate in the profit allocation from the start of the fiscal year in which they were issued. According to this provision all companies affiliated with telegate AG pursuant to Sec. 15 ff. of the (German) Stock Corporation Act are deemed as affiliated companies.

7. Amendment of Sec. (1.3) of the Articles of Association

On January 20, 2007 the Transparency Directive Implementation Act (TUG) came into effect. Among other things, this Directive created the stipulation under Sec. 30 b) of the German Securities Trading Act (WpHG). According to this stipulation, information the company's shareholders can be transmitted via electronic media, subject to certain preconditions. Pursuant to Sec. 30 b), clause 3 (1) of the German Securities Trading Act (WpHG), this requires authorization by the shareholders' meeting.

The Management Board and the Supervisory Board therefore propose replacing the previous Sec. 1.3 of the company's Articles of Association with the following new Sec. 1.3:

“1.3 Notification, transmission of information to shareholders:

(1) The company shall publish all and any legally required company announcements in the electronic version of the German Federal Gazette.

(2) Information to bearers of authorized securities of the company can also be transmitted via electronic media.”

II. PARTICIPATION AT THE SHAREHOLDERS' MEETING

Of the 20,987,045 no-par shares issued in total by the company, all are entitled to participate and exercise their voting rights at the Shareholders' Meeting at the time this meeting is convoked.

Registration

Pursuant to Sec. 5.2 of the Articles of Association, those shareholders are entitled to participate and to exercise a voting right in the Shareholders' Meeting, who have registered with the company prior to the Shareholders' Meeting and who have submitted proof of their share ownership. This proof must have been issued by their depositary bank in writing (according to Sec. 126 b of the German Civil Code). This proof can be prepared either in German or English, and must refer to the beginning of the 21st day before the Shareholders' Meeting (April 18, 2007, 00:00 CEST).

Registration as well as the proof of share ownership must be received by the company no later than the end of the seventh day before the Shareholders' Meeting (May 2, 2007) at the following address:

telegate AG

c/o Haubrok Corporate Events GmbH

Widenmayerstrasse 32

D-80538 Munich

Fax: +49 / (0)89 210 27 289

Free availability of shares

Registration for the Shareholders' Meeting will not block shares. Even after registration shareholders can freely dispose of their shares.

Proxy vote

Shareholders are informed that they may arrange to be represented at the Shareholders' Meeting and for their votes to be cast by an authorized agent, or also by a bank or shareholders' association.

The respective form is printed on the rear of the admission ticket, which can be used for authorizing a proxy.

We offer our shareholders the special service of company-appointed proxies who will be obligated by the instructions given to them by the shareholders and who can be authorized already prior to the Shareholders' Meeting.

Shareholders who wish to authorize a Company-appointed proxy must have an admission ticket to the Shareholders' Meeting for that purpose. They have to apply this admission ticket from their depository bank. To ensure that admission tickets are received in sufficient time, they should be ordered from the custodian bank as early as possible.

Such power of attorney must be made in writing or by telefax. If the Company-appointed proxies are authorized, they must always be given instructions on how the voting rights shall be exercised. The power of attorney will be invalid without such instructions. The Company-appointed proxies are obligated to vote according to their instructions.

Further information on proxy voting as well as a form for issuing power of attorney and voting instructions is available for shareholders on the company website **www.telegate.com** under Investor-Relations. Alternatively call +49 / (0)89 / 210 27 222 (commissioned agency: Haubrok Corporate Events GmbH) during office hours 8.00 am to 5.00 pm from Monday through Friday to obtain the relevant forms.

Opposing motions and proposals for election

Motions by shareholders submitted according to Sec. 126 (German) Stock Corporation Act and proposals for election according to Sec. 127 (German) Stock Corporation Act should be sent to the following address:

telegate AG

Mr. Johann Dietsch

Fraunhoferstrasse 12a

82152 Planegg-Martinsried

Telefax: +49/(0)89 / 89 54 – 11 50

E-Mail: investor.relations@telegate.com

Applications to any other address will not be considered. Opposing motions which are received by the company no later than April 24th, 2007 will be made accessible to all other shareholders without delay on the website www.telegate.com.

Planegg-Martinsried, in March 2007

telegate AG

Management Board