



Offering Document

Share Repurchase Offer

of

telegate AG
Martinsried

to its Shareholders,

for the purchase of up to a total of 2,123,454 no-par-value ordinary bearer shares of
telegate AG

against cash payment of EUR 7.00 per share

Acceptance Period: 17 November 2010 to 1 December 2010, 5.00 pm (Central
European Time),

No-par-value shares of telegate AG, Martinsried
ISIN DE0005118806 / German Securities No. WKN 511880

*The provisions of the German Securities Acquisition and Takeover Act
(Wertpapiererwerbs- und Übernahmegesetz) do not apply to this Public Share
Repurchase Offer.*

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1. GENERAL INFORMATION AND INSTRUCTIONS

1.1 IMPLEMENTATION OF THE SHARE REPURCHASE OFFER AND APPLICABLE LAW

The Share Repurchase Offer described in this Offering Document (the “Offer”) of telegate Aktiengesellschaft (“telegate AG” or the “Company”) to buy back its own shares is a voluntary public offering addressed to all Shareholders of telegate AG. It is being implemented under German law and, along with the share purchase and transfer agreements arising from its acceptance, is exclusively subject to the law of the Federal Republic of Germany.

No intention exists for it to be implemented as a public offering under the provisions of another legal system. Consequently, no other notices, registrations, approvals or authorizations of the Offering Document and/or the Offer outside of the Federal Republic of Germany have been applied or arranged for. telegate AG shareholders may thus not invoke the application of other foreign investor-protection regulations on their own behalf.

On 9 August 2006 the German Federal Financial Supervisory Authority [*Bundesanstalt für Finanzdienstleistungsaufsicht*] (BaFin) – see <http://www.bafin.de>, *Aufsichtspraxis/Sonstige Aufsichtspraxis* – announced that, as part of implementing the German Takeover Directive Implementation Act which went into effect on 14 July 2006, there had been a change in its administrative practice regarding the applicability of the German Securities Acquisition and Takeover Act [*Wertpapiererwerbs- und Übernahmegesetz*] (**WpÜG**) to the repurchase of treasury shares, such that WpÜG is inapplicable to a public offering by a target company for the purchase of treasury shares. Accordingly, there is no requirement that this repurchase offer comply with the provisions of WpÜG. The Offering Document has not been submitted to BaFin either for inspection and approval, or for review.

1.2 PUBLICATION AND DISTRIBUTION OF THE OFFERING DOCUMENT

telegate AG is publishing the Offering Document on the Internet at <http://www.telegate.com> as well as in the electronic version of the German Federal Gazette <http://www.ebundesanzeiger.de>. There are no provisions for further publication of the Offering Document. The Offering Document is being published in German and English. Whenever questions of interpretation arise, the German text alone is valid.

The transmittal, distribution or dissemination of this Offering Document or other informational documents may be subject to the laws of jurisdictions other than those of the Federal Republic of Germany. telegate AG has not authorized third parties, nor does it authorize them, to transmit, distribute or disseminate this Offering Document or other informational documents under applicable rules of jurisdictions other than the Federal Republic of Germany. If this nevertheless takes place, telegate AG does not warrant that the transmittal, distribution or dissemination of this Offering Document complies with the legal rules of jurisdictions other than the Federal Republic of Germany.

If a custodian bank or financial services institution acting as custodian that is based in the Federal Republic of Germany, or a German branch of a depository bank or financial services institution (“**Custodian Institution**”), has informational and forwarding duties to its clients in connection with the Offer on the basis of legal rules applicable to the respective custodial relationship, the Custodian Institution is obligated, at its sole responsibility, to examine the effects of foreign legal systems on these obligations. Transmittals by Custodian Institutions of the Offer Document, of a summary or other description of the provisions of the Offering Document, or of additional informational documents pertaining to the Offer to Shareholders outside Germany are being made neither upon instructions from nor under the responsibility of telegate AG.

1.3 PUBLICATION OF THE DECISION TO MAKE AN OFFER FOR THE PURCHASE OF TREASURY SHARES

On 12 November 2010, the Company published its decision to make this Public Offering in accordance with §15 of the German Securities Trading Act [*Wertpapierhandelsgesetz*] (“**WpHG**”) by ad-hoc announcement through DGAP Deutsche Gesellschaft für Ad-hoc Publizität [*German Society for Ad-hoc Publicity*]. The publication is available in the Investor Relations section of the Company’s website (<http://www.telegate.com>).

1.4 STATUS OF THE INFORMATION CONTAINED IN THIS OFFERING DOCUMENT

Unless otherwise explicitly noted, all information, opinions, intentions and forward-looking statements contained in this Offering Document are based on currently available information and plans, as well as on certain assumptions made by the Company as of the date of this Offering Document that may be changed in the future. telegate AG will not update the Offering Document unless required to do so by law.

Up-to-date information relating to the business as well as the net assets, financial position and results of operations of telegate AG may be obtained from the 2009 Financial Statements, the 2010 6-Months-Report as well as the 2010 9-Months-Report, all available at <http://www.telegate.com> under *Investor Relations*.

2. OFFER TO PURCHASE TREASURY SHARES

2.1. SUBJECT-MATTER

telegate AG hereby makes an offer to its shareholders (individually a “**telegate Shareholder**” and collectively the “**telegate Shareholders**”, respectively) to purchase and acquire the no-par-value bearer shares held by them (ISIN DE0005118806 / WKN 511880), each representing a notional share capital amount of EUR 1.00 (hereinafter the “**telegate Shares**”) at a purchase price of

EUR 7.00 per telegate Share

(hereinafter the “**Offering Price**”) in accordance with this Offering Document. telegate Shareholders accepting this Offer are not entitled to claim any dividends attributable to the purchased or acquired telegate Shares for the 2010 fiscal year in progress.

Based on the existing authorization given by the General Meeting of Shareholders (cf. Section 4.1), telegate AG may adjust the Offering Price if, after publication of the Offer, the price set differs substantially from the authoritative market price. In this case, reference will be made to the average share price on the Frankfurt Stock Exchange (closing price in Xetra trading or in a comparable successor system replacing Xetra) on the last three trading days prior to publication of any adjustment. Should the company decide to make such an adjustment of the Offering Price, it shall announce this decision in the manner described in Section 8 of the Offering Document. Sections 2.5 and 2.6 shall apply.

The Offer is for a total of up to 2,123,454 telegate Shares (equivalent to up to 10% of the Company's current share capital). At the time of publication of the Offer, the Company holds no telegate Shares.

2.2 PROPORTIONAL ALLOCATIONS IN THE EVENT OF OVERSUBSCRIPTION OF THE OFFER

If, in connection with this Offer, more than 2,123,454 telegate Shares are tendered for sale, the offered Shares will be given proportional treatment in accordance with Section 3.5 of the Offering Document subject to prior consideration of the individual allocation rate i.e. 10% of each equity interest.

2.3 ACCEPTANCE PERIOD

The period for acceptance of this Offer (hereinafter, the "**Acceptance Period**") begins on

Wednesday, 17 November 2010

and ends on

Wednesday, 1 December 2010 at 5.00 pm (Central European Time).

The implementation of the Offer is described in Section 3 of the Offering Document. The Company reserves the right to extend the Acceptance Period. Should the Company opt for an extension of the Acceptance Period, it will announce this prior to expiration of the latter in the manner described in Section 8 of the Offering Document. Since this Offer is not subject to the provisions of the WpÜG (see Section 1.1 above), the WpÜG rules regarding a possible extension of the Acceptance Period do not apply.

2.4 CONDITIONS

The Offer is subject to the condition that the Company is tendered shares for sale having a notional par value of a minimum of EUR 750,000.00. No regulatory approvals or clearances are required.

2.5 AMENDMENT OF THE OFFER

Inasmuch as this Offer is not subject to the provisions of the WpÜG (see Section 1.1 above), the WpÜG rules relating to possible changes to the Offer also do not apply. telegate AG therefore reserves the right to amend this Offer.

If the amendment is published within the Acceptance Period, the Acceptance Period shall be extended for two weeks - this point shall be referenced in the publication. telegate Shareholders who have accepted the Offer prior to announcement of an amendment may rescind in accordance with Section 2.6. Any change in the Offer will be announced in the manner described in Section 8 of the Offering Document.

2.6 RESCISSION

Upon an amendment to the Offer (except for a mere extension of the Acceptance Period pursuant to Section 2.3), telegate Shareholders, up to the end of the Acceptance Period, may rescind the contract concluded by acceptance of the Offer if they had accepted the Offer prior to publication of the amendment. The prerequisites for an effective exercise of the right of rescission are described in Section 3.8.

3. IMPLEMENTATION OF THE OFFER

telegate AG has engaged biw Bank for Investments and Securities AG (Willich) as its Central Settlement Agent responsible for the technical implementation of this Offer (the “**Central Settlement Agent**”).

Settlement may also take place directly through the Company.

3.1 DECLARATION OF ACCEPTANCE

telegate shareholders can only accept the Offer by making a declaration within the Acceptance Period (see Section 2.3 above).

Acceptance shall be indicated either to the main Custodian Institution or directly to telegate AG. If the acceptance declaration is to be made to telegate AG then the contact person is shown below:

telegate AG

Mr. Johann Dietsch

Fax: +49 89 8954 1150

3.1.1. DECLARATION AND BLOCKING NOTICE

The declaration should state the number of shares in the Company the shareholder accepts the tender for and how many shares in the Company the shareholder holds in total. The total number of shares held by the shareholder should be evidenced by adequate supporting documentation. Any allocation rights acquired from other shareholders should be similarly backed by supporting documentation (for example, by an original of a bank custody statement that, on the date of expiry of the Acceptance Period (Section 2.3) is not older than one week, accompanied by an original copy of the written agreement transferring allocation rights).

A declaration of acceptance will only be effective if the shares are by the prescribed time, i.e. not later than 5.00 pm Central European Time, on the second banking day following expiration of the Acceptance Period or any extension thereto, made subject to a blocking notice in favour of telegate AG that ensures that the shares in respect of which acceptance of the purchase offer has been made to the Custodian Institution may not be traded elsewhere until completion of the offer process, i.e. at least until transfer of the shares that are the subject of the purchase offer. Banking day means a day on which (i) banks in Frankfurt am Main are open for general business and (ii) the Trans-European Automated Real Time Cross Settlement Express Transfer system (TARGET 2) or another comparable system is in operation.

Once the acceptance declaration has been received the Custodian Institution shall comply with the blocking notice and provide proof of this to telegate AG.

A blocking notice is dispensable in cases where the shareholder has, in the opinion of telegate AG, otherwise ensured and offered proof to telegate AG that the shares tendered for sale cannot be traded elsewhere.

Only those shares bearing such a blocking notice or otherwise secured shall be deemed by the Company and the Central Settlement Agent as duly tendered for sale. The Company and the Central Settlement Agent are not bound to verify the submission process.

3.1.2 INSTRUCTIONS TO THE CUSTODIAN INSTITUTION

If acceptance of the Offer is made to the Custodian Institution, the accepting shareholders shall then instruct their respective Custodian Institutions:

- to attach to the telegate shares tendered for sale a blocking notice that ensures that these shares cannot be traded elsewhere until completion of the offer process unless another equivalent security for the shares as per Section 3.1.1 is provided; and
- to provide telegate AG and the Central Settlement Agent, on every trading day, with the information required for publication of the share acquisition, especially the number of shares lodged with the Custodian Institution and bearing a blocking notice or otherwise secured and the total number of shares held by the shareholder in telegate AG.

3.1.3 TRANSFER OF THE SHARES TENDERED

Transfer to telegate AG of the tendered shares shall take place without delay, not later than five banking days after publication by telegate AG of the total number of shares repurchased and, in the event of over-subscription of the allocation quota, of that amount over 10% of the relevant allocation quota (hereinafter: "**Publication of allocations**"), as set out in Section 8 below.

Transfer can occur either via the Central Settlement Agent or else direct with telegate AG:

(i) TRANSFER VIA THE CENTRAL SETTLEMENT AGENT

If transfer of the shares tendered for sale is to take place via the Central Settlement Agent then a shareholder who accepts the offer should instruct the Custodian Institution to release those allocated shares bearing a blocking notice or otherwise secured in an equivalent manner, immediately on expiry of the Acceptance Period (see Section 2.3 above) and publication of the allocation (see Section 8 below) and to make them available to the Central Settlement Agent via their Custodian Institution, Clearstream Banking AG, for transfer of title to telegate AG as and when the offer price is paid as set out in Section 3.4.

By acceptance of the Offer, the accepting telegate Shareholders, waiving the prohibition against self-dealing in § 181 of the German Civil Code [*Bürgerliches Gesetzbuch*] (BGB), instruct and authorize their respective Custodian Institutions and the Central Settlement Agent to undertake all actions necessary or expedient for the processing of this Offer and to make and receive declarations and, in particular, to bring about the transfer of title to the Shares tendered for sale, in a number corresponding to the publication of the allocation, to telegate AG, *pari passu* with the payment of the Offering Price.

The Custodian Institution shall be instructed to lift the blocking notice or other security on any remaining telegate shares that cannot be allocated as a result of a partial (proportional) treatment of declarations of acceptance.

(II) TRANSFER DIRECTLY TO TELEGATE AG

Alternatively, any shareholder accepting the offer may opt to transfer the allocated number of shares bearing a blocking notice, or otherwise secured in an equivalent manner, without delay, not later than five banking days after expiry of the Acceptance Period (see Section 2.3 above) and publication of the allocation (see Section 8 below), to telegate AG's Custodian Institution at:

„Aktienrueckkauf Telegate AG“
Bank: biw Bank für Investments und Wertpapiere AG,
Address: Hausbroicher Str. 222, 47877 Willich, Germany
BIC: 10130800
Account No.: 9855007572
Depot No.: 9855007589.

In that event, payment of the Purchase Price is anticipated to be made to the bank account indicated by the accepting shareholder on the fifth banking day following transfer of the allocated shares to telegate AG's aforementioned Custodian Institution as set out in Section 3.4.

3.1.4 TRANSFER OF TITLE

By acceptance of the Offer, the accepting telegate shareholders assign and transfer the shares tendered for sale to telegate AG, including any rights associated with them, subject to expiration of the Acceptance Period or publication of the allocation pursuant to Section 8. If the allocated number of shares differs from the number in the declaration of acceptance,

then the assignment and transfer of title shall be limited to those shares that have been allocated and transferred pursuant to Section 3.1.3.

In the event of a direct transfer of telegate-Shares to the Company (Section 3.1.3 (II)) transfer of title shall be effective as of the time of the transfer of the allocated shares to telegate AG's Custodian Institution.

In the interests of a smooth and expeditious processing of this Offer, the instructions, orders and authorizations set out in the foregoing paragraphs of Section 3 are irrevocably issued when an acceptance of the Offer is declared.

3.2 FURTHER DECLARATIONS ON ACCEPTING THE OFFER

On making the declaration of acceptance the telegate shareholder hereby accepts the Offer for the number of shares included in the acceptance declaration subject to the conditions set out in the Offer documents.

In accepting the Offer the accepting telegate shareholders further declare that

- they accept the Offer set out in this Offer document from telegate AG whereby the shares tendered for sale are to be purchased under the terms and conditions set out in this Offer document;
- the shares they are tendering for sale, at the time of the transfer of title, are their sole property, are not the subject of any restriction in terms of the ability to dispose of them and are free from any third party rights or liens.

3.3. LEGAL CONSEQUENCES OF ACCEPTANCE OF THE OFFER

By acceptance of the Offer, a contract for sale and transfer of the Shares tendered for sale arises between the accepting telegate Shareholder and telegate AG, subject to merely partial (proportional) treatment of declarations of acceptance in accordance with Section 3.5. Furthermore, upon acceptance of the Offer, the accepting telegate Shareholders irrevocably issue the instructions, orders and authorizations indicated in Section 3.1 and make the declarations referred to therein.

The telegate shareholders who transfer their shares to the Company under this Offer shall no longer receive any dividends on these Shares for the 2010 fiscal year.

As a result of the blocking notice or any other similar security, the telegate Shares Tendered for Sale are not admitted for exchange trading. Telegate shareholders who accept this Offer, cannot therefore offer for exchange trading the shares tendered for sale until such time as the blocking notice or other security is removed (e.g. in the event of an over-subscription or rescission), regardless of whether the Shares are taken over as part of an allocation or, after expiration of the Acceptance Period, are partly not taken into account owing to an over-subscription. The telegate Shares not tendered for repurchase continue to be negotiable without restrictions.

3.4 SETTLEMENT OF THE OFFER AND PAYMENT OF THE PURCHASE PRICE

The purchase price shall be paid either

to the Custodian Institution as and when the telegate shares tendered for sale and allocated are transferred to the custodian of the Central Settlement Agent, i.e., Clearstream Banking AG, for transfer of title over to the Company.

By crediting the respective Custodian Institution, the Company has fulfilled its obligation to make payment of the Purchase Price. It is the responsibility of the Custodian Institution to forward the purchase price to the Shareholder.

or

to the bank account indicated by the shareholder after transfer of title to the tendered and allocated telegate shares by transfer to telegate AG's Custodian Institution as stated in Section 3.1.3 (II).

The Purchase Price is anticipated to be available to the relevant Custodian Institution on the fifth banking day following expiration of the Acceptance Period and publication of the allocation. In the event of a direct transfer of the shares to telegate AG's Custodian Institution, then the Purchase Price is anticipated to be available to the shareholder in the bank account indicated by it on the fifth banking day after the shares are posted by telegate AG's Custodian Institution.

3.5 PARTIAL (PROPORTIONAL) ALLOCATION IN THE EVENT OF OVERSUBSCRIPTION OF THE OFFER

The Offer relates to a total of up to 2,123,454 telegate Shares (equivalent to up to 10% of the Company's current share capital). In order to ensure equal treatment of shareholders, all shareholders have the possibility to tender for sale up to 10% of their equity interest. The right of each shareholder to tender their shares for purchase by the Company exists up to that limit, in which case no proportional splitting of allocations takes place.

If the Repurchase Offer is accepted for more than 2,123,454 telegate Shares, the declarations of acceptance shall respectively be given partial (proportional) treatment, in accordance with the following provisions on the basis of the equity interest held by each shareholder:

- a) Initially the Company will purchase a number of shares from each shareholder based on each shareholder's allocation rights as determined by their respective equity interest. The allocation right of each shareholder is calculated as the proportion of the accepting shareholder's total equity interest expressed as a percentage of the total number of shares included in this share buy-back offer (i.e. 2,123,454 shares). On this basis each shareholder has the right to sell to the Company 1 company share for every 10 shares in their holding. If a seller has acquired additional allocation rights from other shareholders then this must be declared to the Custodian Institution on declaring acceptance and supporting proof provided (for example, by presenting an original copy of the Bank custody statement, which is no older than one week prior to expiry of the Acceptance Period set out in Section 2.3 together with an original copy of the written agreement transferring allocation rights). Own and acquired allocation rights may only be used to sell a whole number of shares. Share numbers will be rounded down to the next lowest whole number.

If the acceptance declaration per Section 3.2 contains no further details as to allocation rights or else such details are not stated in a satisfactory form then the Company must assume that the seller has no other shares than those allocated for sale.

- b) If the procedure set out in sub-paragraph a) above does not enable the Company to purchase the total number of shares covered by this Offer (hence 2,123,454 shares), the Company shall then acquire the proportional amount of the Shares tendered by each Shareholder that have not already been acquired pursuant to sub-paragraph a) by the Company. The proportional part shall be calculated using the following equation:

$$\text{Proportional part} = (A/B) \times C$$

“A” is to the total number of shares covered by this Offer (hence 2,123,454 shares) less the total number of shares acquired by telegate AG under the procedure pursuant to sub-paragraph a);

“B” is the total number of shares tendered by all shareholders within the prescribed time, less the total number of shares acquired by telegate AG under the procedure pursuant to sub-paragraph a);

“C” is the number of shares tendered by each shareholder during the prescribed time after deduction of the shares already purchased by the Company under a).

The result of this calculation will be rounded to the nearest integer; fractions are not taken into account.

3.6 PROCEDURE IN THE EVENT OF NON-OCCURRENCE OF THE CONDITION

The Offer is subject to the condition that the Company is tendered shares for sale of which the notional par value is equal to at least EUR 750,000.00 (cf. Section 2.4). In the event the condition does NOT occur, the Custodian Institutions are instructed to remove the blocking notice of other similar security from those shares tendered for sale.

3.7 COSTS OF ACCEPTANCE

All costs associated with acceptance of the Repurchase Offer, the transfer of telegate Shares and, in particular, the costs, charges and fees of the Custodian Institutions, are payable by the telegate Shareholders themselves.

3.8 EXERCISE OF THE RIGHT OF RESCISSION

No contractual right to rescind acceptance of this Repurchase Offer exists, apart from the rescission option provided for in Section 2.6.

In the Section 2.6 situation, rescission is made by sending written notice to the Custodian Institution of the rescinding Shareholder. If acceptance has been signalled directly to telegate AG then the rescission notice should be sent directly to telegate AG to the identical fax

number stated in Section 3.1 above. The rescission notice must be received by the Custodian Institution or telegate AG on or before the expiration date of the – possibly extended – Acceptance Period.

Rescission will come into effect upon the removal of the blocking notice or other similar security from the shares tendered for sale which are stated to be rescinded. If rescission is served on the Custodian Institution or telegate AG within the Acceptance Period (or extended period) then removal of the blocking notice or other security on the shares tendered for sale becomes effective when this takes place at the latest 6.00 pm Central European time on the second banking day (inclusive) after expiry of the Acceptance Period (or extended period).

The provisions of WpÜG do not apply to this Repurchase Offer, and thus neither do its regulations governing rights of rescission.

4. BASIS OF THE OFFER FOR THE PURCHASE OF TREASURY SHARES

4.1. AUTHORIZATION TO PURCHASE TREASURY SHARES

The Company currently has share capital of EUR 21,234,545.00, divided into 21,234,545 no-par-value bearer shares, and currently holds no treasury shares. telegate Shares are listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard).

As part of the resolution on agenda item 7), the General Meeting of telegate AG Shareholders on 9 June 2010 authorized the Company to purchase treasury shares as follows:

“Resolution authorizing the purchase and use of treasury shares and the exclusion of subscription rights

- a) The company is authorized to purchase own shares up to a total of 10 percent of the outstanding capital stock at the time of the adoption of the resolution until December 31, 2012. In this connection, the shares purchased by virtue of the authorization together with other own shares of the company, which are in the company’s possession or are allocatable to the company, in accordance with sections 71 ff. AktG – German Stock Corporation Act, shall not amount to more than 10 percent of the corresponding capital stock at no time.

Authorization may be utilized by the company, but also by its affiliated companies or for its or their account by third parties in whole or in partial amounts.

Purchase may take place via the stock market or by means of a public purchase offer to all shareholders. The equivalent amount for the purchase of the shares (without ancillary purchase cost) with regard to a purchase via the stock market may not exceed or fall short of more than 10 percent of the average value of the share prices (closing prices of XETRA trading or a comparable successor system at the stock exchange Frankfurt) of the 3 previous trading days. This amount shall not exceed or fall short of more than 10 percent of the average value of the share prices (closing prices of XETRA trading or a comparable successor system at the stock exchange Frankfurt) of the last 3 trading days before the day of publication of the offer with regard to a public purchase offer. The offer may be adjusted, if there are considerable deviations of the decisive share price after the publication of the offer. In this event, an adjustment is made to the average value of the share prices (closing prices of XETRA trading

or a comparable successor system at the stock exchange Frankfurt) of the last 3 trading days before the publication of any adjustment.

If the volume of the shares offered with a fixed price exceeds the provided repurchase volume with regard to a public purchase offer, an allocation of the acceptance of the offers for sale shall be made. Allocation shall be basically made here according to proportional shares while safeguarding the principle of equal treatment of the shareholders. A preferential acceptance of small numbers up to 50 pieces of shares of the company offered for purchase per shareholder may be provided.

- b) The Management Board is authorized to redeem shares purchased on the basis of this authorization with the approval of the Supervisory Board and without any other shareholders' resolution and to reduce the capital stock by the portion of the capital stock attributable to the redeemed shares. The shares may also be redeemed in a simplified procedure without capital reduction by adjustment of the proportional calculated amount of the other individual share certificates of the capital stock of the company. Redemption may be limited to a part of the shares purchased. The authorization for redemption may be used several times. The Management Board is authorized to adjust the number of the individual share certificates in the articles of incorporation, if redemption is made in a simplified procedure.
- c) Furthermore, the Management Board is authorized to use shares purchased on the basis of this authorization with the approval of the Supervisory Board other than by sale via the stock market or by offer to all shareholders to the exclusion of the stock option of the shareholders for all purposes permitted by law. This shall also apply, in particular,
- if the purchased shares are sold at a price, which not falls significantly short of the market price and/or
 - as far as the own shares purchased are used within the scope of a business combination or for the acquisition of companies or equity participation in companies or economic assets of companies and/or
 - as far as the own shares purchases are used for the service of option rights for shares of the company, which were granted to employees or members of bodies of the company and affiliated companies.

This authorization may only be used if it is ensured that the number of shares sold on the basis of this authorization does not exceed 10 percent of the existing capital stock of the company at the time of the exercise of the authorization. Shares shall be credited against the ceiling of 10 percent of the capital stock, which are issued or sold during the duration of this authorization to the exclusion of the stock option with direct or corresponding application of section 186 subsection 3 sentence 4 AktG – German Stock Corporation Act. Shares used for the service of option rights shall also be charged, if they are issued during the term of this authorization to the exclusion of the stock option with corresponding application of section 186 subsection 3 page 4 AktG – German Stock Corporation Act. ”

The unabridged text of the authorization by the General Meeting of Shareholders of 9 June 2010 can also be found on the Internet at <http://www.telegate.com> under *Investor Relations, Shareholders' Meeting*.

4.2 DECISION TO ACQUIRE TREASURY SHARES BY MEANS OF A PUBLIC OFFER

Based on the authorization of the General Meeting of Shareholders of telegate AG on 9 June 2010 (see above Section 4.1), the Management Board decided to repurchase a total of up to 2,123,454 telegate Shares by means of a public offering.

The decision to make this Offer has been published in the manner described in Section 1.3.

The members of the Management Board of telegate AG have stated that they will not use their holdings of telegate Shares to participate in the Offer.

5. CONSIDERATION (OFFERING PRICE)

5.1 OFFERING PRICE

The Offering Price is EUR 7.00 per telegate Share.

5.2. TERMS OF THE AUTHORIZATION TO PURCHASE TREASURY SHARES

The authorization for telegate AG to purchase treasury shares issued on 9 June 2010 contains provisions relating to the Offering Price (see Section 4.1). In accordance therewith, the purchase price without incidental acquisition costs (subject to a price adjustment during the Acceptance Period) may not be more than 10% above or below the average share price (closing price of telegate Shares in Xetra trading or in a comparable successor system on the Frankfurt Stock Exchange) on the last three trading days prior to the date of publication of the Offer.

5.3 DETERMINATION OF THE OFFERING PRICE

Based on the last three exchange trading days before the date of publication of the Offer by way of an ad hoc announcement on 12 November 2010, i.e. based on

9 November 2010 (closing price EUR 6.75),
10 November 2010 (closing price EUR 6.74) and
11 November 2010 (closing price EUR 6.60),

the average stock exchange price of a telegate Share on the Frankfurt Stock Exchange in Xetra trading was EUR 6.70. In observance of the terms established by the authorization of telegate AG for acquisition of treasury shares (see Section 5.1 above), the Company set the Offering Price at EUR 7.00. In the view of the Management Board, this represents an attractive price for the Company to repurchase Company shares. At the same time, the Management Board is anticipating a reasonable acceptance rate.

Based on the existing authorization granted by the General Meeting of Shareholders (see Section 4.1), telegate AG may adjust the Offering Price if, after public announcement of the Offering, the price set differs substantially from the authoritative market price. In that case, reference will be made to the average market price of a telegate Share on the Frankfurt Stock Exchange in XETRA trading over the last three trading days prior to the date of

publication of the adjustment. Should the company decide to make such an adjustment of the Offering Price, it will announce this decision in the manner described in Section 8 of the Offering Document.

6. IMPACT OF THE ACQUISITION OF TREASURY SHARES ON THE NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE TELEGATE GROUP

The purchase of treasury shares pursuant to this Offer has a maximum volume of EUR 14,864,178.00 and is being financed with cash.

7. IMPACT ON TELEGATE SHAREHOLDERS NOT ACCEPTING THIS OFFER

telegate Shares admitted to trading on the regulated market of the Frankfurt Stock Exchange will remain tradable throughout the Acceptance Period and after completion of the Offer under ISIN DE0005118806.

Shares acquired in connection with this Offer do not provide telegate AG with any rights; in particular, they do not entitle telegate AG to any voting and dividend rights. The collective influence of telegate shareholders who do not accept this Offer is potentially increased as a result. Since the voting rights attached to treasury shares cannot be exercised, the participation of each shareholder has a proportionally greater weight. No account is taken of treasury shares held by the Company when net earnings are distributed.

It is uncertain how the price of telegate Shares will develop after expiration of the Acceptance Period.

telegate Shareholders not accepting this Offer, however are apprised that trading volumes of telegate Shares not tendered in acceptance of the Offer may be reduced, depending on the acceptance rate. This may have a negative impact on price performance.

8. PUBLICATIONS

All notices connected with the Offer, in particular the announcement of any amendments pursuant to Section 2.1, shall in each case be published on the Company's website (<http://www.telegate.com>) and in the electronic version of German Federal Gazette (*Bundesanzeiger*). Publication on the telegate AG website shall be dispositive for determining compliance with the time periods for the making of announcements provided for in this Offering Document.

Without delay after expiration of the Acceptance Period, the Company shall publish the number of Shares to which this Offer relates that are shown in the declarations of acceptance received, including the amount of the share capital and voting rights that they represent and, in the event of an over-subscription of the Offer, telegate AG shall publish the allocation percentage that applies to those shares tendered for sale that exceed a

shareholder's respective allocation percentage by more than 10% (**Publication of allocation**).

Upon request, telegate AG will inform each shareholder of the exact number of repurchased shares allocated to it. This request is to be addressed to:

telegate AG

Investor Relations

Fax No. +49 89 8954 1020

9. TAX NOTICE

Prior to acceptance of the Offer, telegate Shareholders are recommended to obtain tax advice relating to the consequences of accepting this Offer that takes into account the tax circumstances of the individual Shareholder.

10. APPLICABLE LAW AND PLACE OF JURISDICTION

This Offer and the purchase and transfer contracts concluded on the basis thereof are exclusively subject to the law of the Federal Republic of Germany. Insofar as permitted by law, the exclusive venue for all disputes arising from or in connection with the Offer, as well as from any contracts that result from the acceptance thereof, shall be Munich.

Planegg-Martinsried, 16 November 2010

telegate AG

Dr. Andreas Albath

Ralf Grüßhaber

Dr. Paolo Gonano