

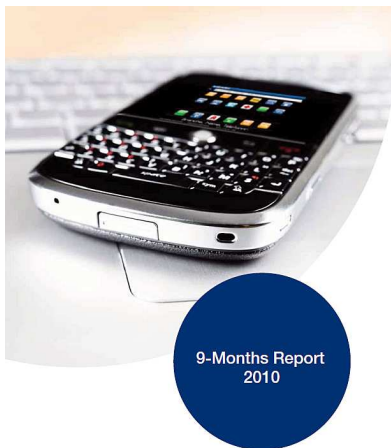
Dear Sir or Madam,

We are not only in the final phase of the annual year, but also still in a phase of the transformation of the company. We work very hard to establish and expand the Media business and offer our local SME customers several new products in this context. Customers can present themselves optimally to the digital world and thus can be found by their customers even better ([more](#)). At the same time, we further optimize our cost structures and in this context e.g. sold the location Hanover and intend to merge Call Centers, in order to utilize our capacities in the best possible way ([more](#)). The current quarterly figures are also dominated by the transformation of the company. [Here](#) you can find out how telegate AG performed after 9 months of the annual year.

As a shareholder, perhaps you are also interested in news regarding the data cost reclamation claims against Deutsche Telekom. There were some positive news lately due to a decision by the German Federal Network Agency (Bundesnetzagentur) ([more](#)). And finally: our share repurchase program was launched - you can find further information [here](#).

Enjoy your reading and a lot of success for the final spurt of the year 2010!

Your telegate Investor Relations Team

9-months figures: in line with the forecasted year end results

telegate AG's business figures of the first 9 months 2010 showed a development within the previous trend and projections for the total annual year. The **business** sector Media still shows dynamic growth with a rate of growth of 26 percent and generated revenues in the amount of € 22.4 m compared to € 17.7 m in the previous year. A decline of revenues of approx. 14 percent from € 83.3 m to € 71.3 m must be recorded in the **classic DA business** due to the continuing market trend towards Internet DA and search. Thus, **9-months group revenues** of the telegate group amounted to a total of € 93.7 m compared to € 101.0 m in the previous year. It should still be noted here that quarterly group revenues increased steadily during the annual year and thus the decline of revenues was increasingly limited in the course of the year.

The company generated **group earnings before depreciation and amortization, interest and taxes (EBITDA) before non-recurring items** in the amount of € 6.2 m during the third quarter 2010 and thus the highest quarterly profit of the annual year. Because the business sector DA solutions with a high margin overall still generates 75 percent of the business volume and the new business sector Media is still established with higher expenses, group EBITDA before non-recurring items of € 17.3 m after 9 months are significantly lower compared to € 26.4 m in the previous year. The **9-months net income after taxes** was almost stable compared to the previous year due to non-operational items: € 11.2 m and € 0.53 per share respectively in 2010 compared to € 12.5 m and € 0.59 per share respectively in 2009. Against the background of

the current figures, the company expects to comply with its **profit guidance** delivered in spring. It forecasted EBITDA before non-recurring items from € 23 to € 27 m. telegate expects to be in the lower range of the guidance - although the contribution to earnings of the Italian business, which has been sold by now, is no longer included.

Related links:

[Press release](#)
[Q3-report 2010](#)

telegate carries out a share repurchase program in the period from November 17 to December 01, 2010



Within the scope of the program, telegate presents a public repurchase offer for telegate´s individual share certificates to all shareholders (ISIN DE0005118806/WKN 511880). What are the details of the program?

- **Repurchase:** a total of no more than 10 percent of telegate AG´s share capital shall be repurchased, which corresponds to no more than 2,123,454 shares.
- **Offer price:** amounts to € 7.00 per telegate share. On the basis of the existing shareholders´ authorization, telegate AG shall be authorized to adjust the offer price if there are considerable deviations of the decisive price after publication of the offer. In this case, the basis shall be the average value of the share price of the Frankfurt stock exchange (closing price in Xetra trading or a comparable successor system respectively) of the previous 3 trading days before publication of any adjustment.
- **Offer period:** it runs from November 17, 2010, 9:00 a.m. until December 01, 2010, 5:00 p.m.
- **Condition:** the offer is subject to the condition that shares with a calculated nominal value of at least € 750,000 are offered to the company for sale.
- **Allotment:** if more than 2,123,454 shares are offered for sale, they will be taken into account proportionally.
- **Acceptance of the offer:** telegate shareholders may accept the offer by declaration (to their depositary bank or telegate AG) within the above-named period.
- **Purchase price:** the purchase price is presumably made available to the depositary bank on the third bank working day after expiration of the acceptance period. In case of a partial (proportional) consideration of declarations of acceptance, payment of the purchase price may be delayed by a few days, if applicable, due to reasons as to handling.
- **Financing by the company:** the acquisition of company-owned shares by telegate AG is financed with cash. The company does not hold company-owned shares at the time of publication of the offer. The members of the Management Board declared that they do not participate in the share repurchase program. Repurchased shares will be redeemed.

Investors may infer detailed conditions of the offer from the offer documents (see below). In addition, offer documents have been published in the electronic Federal Official Gazette on November 16.

Related links:

[Offer documents, share repurchase program](#)

[Ad hoc release concerning the share repurchase program](#)

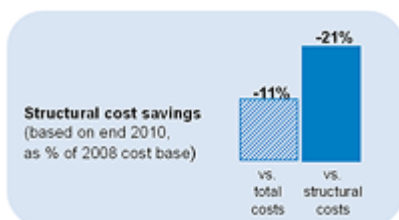
Another defeat for Dt. Telekom in the data cost reclamation dispute - positive news for telegate



Regarding the pending reclamation claims of the company against Deutsche Telekom AG concerning payment of excessive data costs, telegate AG sees its legal position clearly strengthened due to the latest decision by the Federal Network Agency (Bundesnetzagentur). The German regulatory authority made a leading decision regarding the remuneration procedure for subscriber data. Accordingly, the costs for the permission of the use of subscriber data demanded by Deutsche Telekom from the market participants are improper and clearly excessive. Deutsche Telekom may only charge all data recipients - providers of DA and value-added services, in particular - with no more than approx. € 1.65 m p.a. in the future. Deutsche Telekom previously demanded a double-digit € million amount from the market participants every year.

The future-oriented decision by the neutral, extra-judicial instance Federal Network Agency, implements the requirements of the Federal Administrative Court and Federal Supreme Court consequently. Due to the decision, telegate is more optimistic with regard to the course of the further proceedings, which concerns repayment of more than € 100 m, interest included, as well as the further actions for damages.

telegate continues to work on its structural cost base



The company reduced its structural costs during the two previous annual years (cp. graphics). Synergies from the acquisition of Klicktel AG as well as reduction and more variable structuring of the total fixed costs contributed to this development, in particular.

telegate will continue to work on the optimization of its structural costs with a number of measures in the future, for example:

- **telegate transferred the telegate development center in Hanover to Logiball GmbH (LLC) as of October 01, 2010 within the scope of a business transfer.** Logiball

GmbH acquires the technologies developed by telegate for digital map display, navigation, route planning on the Internet and mobile devices as well as the existing infrastructure and employees of the location Hanover. Furthermore, both companies agreed on a long-term partnership beyond the transaction. Due to the transaction, telegate is able to realize cost savings in the amount of approx. € 1 m during the 3-year contract period.

• **telegate intends to merge the Call Center in Wismar with the two locations in Rostock and Guestrow.** This measure shall serve to reduce the existing excess capacities as to technology and premises and to operate the classic DA business around "11 88 0" across all Call Center locations more economically, in particular. The merger of the Call Centers shall be completed by November 2011.

• **The IT support of telegate AG was outsourced to Bechtle AG as of November 01, 2010.** Bechtle acquires the 24/7 support of approx. 2,000 PCs and Notebooks at 15 locations. The company is one of the leading IT-E-Commerce providers in Europe with more than 60 system houses in Germany, Austria and Switzerland and trading companies in 12 countries.

telegate with a product offensive for German SMEs - SMEs with catch-up potential



telegate MEDIA put a number of new products on the market during the previous months, which further broaden the range of products of the business sector Media for positioning as marketing partner for SMEs in Germany. Thus, telegate offers advertisers a new „**Premium-Online-Trade entry**“ which integrates a video clip of the SME. The newly launched product „**firmenWEBSITE**“ addresses SMEs which do not have an Internet presence so far or want to renew an existing website. The entire conception, creation and maintenance of a professional website is included in the complete offer - from domain registration to design, programming and making of video clips to search engine optimization and web hosting.

The current **study „SMEs and advertising“** commissioned by telegate shows that there is a golden ground and extremely great revenues potential for digital marketing experts such as telegate in the SME sector . While every second search by trade and service provider is made via the web by now, SMEs still remain with their communications activities in the advertising world of the previous century. According to the study, 75 percent of the companies asked invest their average annual advertising budget of € 1,000 to € 5,000 in the traditional print media yellow pages, daily newspaper and advertising paper - and thus do not include the customer in their planning. And: approx. 40 percent of German SMEs do not even have an own website as „digital business card“ .

Analysts

Institute	Analyst	Recommendation	Target price (€) new	Target price (€) old	Date
Hauck & Aufhäuser	Thomas Wissler	hold	7.50	7.90	11/09/10
Silvia Quandt	Jacques Abramowicz	buy	under review	13.00	11/09/10
GSC	Roland Pumberger	buy	10.00	11.20	09/10/10

Financial Calendar

Annual results 2010	March 10, 2011
3-months results 2011	May 5, 2011
AGM 2011	June 29, 2011

If you have further questions, please visit us at our website www.telegate.com.

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