

THE COMPANIES ACTS 1985 TO 1989

PRIVATE COMPANY LIMITED BY SHARES ARTICLES OF ASSOCIATION OF VIRTUAL1 COMMUNICATIONS LIMITED (FORMERLY EXECUTEL LIMITED)

COMPANY NUMBER: 05227052

INTERPRETATION

In these regulations -

"Table A" means Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No. 1052) and the Companies Act 1985 (Electronic Communications) Order 2000.

Unless the context requires otherwise, words or expressions in these regulations have the same meaning as in Table A.

PRELIMINARY

1. The regulations in Table A apply to the company except in so far as they are excluded or varied by these articles.

ALLOTMENT OF SHARES

2. (a) Shares which are part of the authorised share capital with which the company is incorporated shall be under the control of the directors who may (subject to section 80 of the Act and to paragraph (f) below) allot, grant options over or otherwise dispose of such shares, to such persons, on such terms and in such manner as they think fit.

(b) All shares which are not comprised *in* the authorised share capital with which the company is incorporated, and which the directors propose to issue, shall first be offered to the members *in* proportion (as nearly as they may be) to the number of shares in the company already held by them respectively, unless the general meeting directs otherwise by special resolution. The offer shall *be* made by notice in writing specifying the number of shares offered, and stating a period (of not less than fourteen days) within which the offer, if not accepted, will be deemed to have been declined. After the expiration of that period, those shares which have been declined, or which are deemed to have been declined, shall be offered to the members who have, within the stated period, accepted all the shares offered to them. Such further offer shall be made *in* like terms, in the same proportions and the same manner, and limited by a like period as the original offer.

(c) Any shares not accepted in response to such offer (or further offer) as is mentioned in paragraph (b), or which cannot *be* offered except by dividing shares into fractions, shall *be* under the control of the directors, who



may allot, grant options over or otherwise dispose of them to such persons, on such terms and in such manner as they think fit, provided that they shall not be disposed of on terms which are more favourable than the terms on which they were offered to the members.

(d) Any shares released from the provisions of paragraph (b) by special resolution shall be under the control of the directors, who may (subject to section 80 of the Act and to paragraph (f) below) allot, grant options over or otherwise dispose of them to such persons, on such terms and in such manner as they think fit

(e) In accordance with section 91(1) of the Act, sections 89(1) and 90(1) to (6) (inclusive) of the Act (which impose statutory rights of pre-emption) shall not apply to the company.

(f) The directors are generally and unconditionally authorised for the purposes of section 80 of the Act to exercise any power of the company to allot and grant rights to subscribe for, or convert securities *into*, shares of the company up to the amount of the authorised share capital with which the company is incorporated at any time or times during the period of five years from the date of incorporation and the directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the company within that period. The authority *hereby* given may at any time (subject to section 80) be renewed, revoked or varied by Ordinary Resolution of the company in general meeting.

TRANSFER OF SHARES

3. (a) The directors may, in their absolute discretion and without assigning any reason therefor, decline to register the transfer of a share, whether or not it is a fully paid share, and the first sentence of Article 24 of Table A shall not apply to the company.

(b) In the event that the number of members of the company shall fall to one there shall on the occurrence of that event be entered in the company's register with the name and address of the sole member a statement that the company has only one member and the date on which the company became a company having only one member.

(c) If the membership of the company shall increase from one member to two or more members there shall on the occurrence of that event be entered in the company's register of members, with the name and address of the person who was formerly the sole member, a statement that the company has ceased to have only one member together with the date on which that event occurred.

(d) Notwithstanding any other provisions of these articles or any provision of Table A which apply to the Company:

- i. the directors shall not decline to register or delay in registering any transfer of any share;

- ii. no holder of shares in the Company will be required to comply with any provision of these articles which restricts the transfer of shares or which requires any shares to be first offered to all or any current shareholder of the Company before any transfer takes place; and
- iii. no holder of shares in the Company will have any right under these articles or otherwise to require such shares to be transferred to them whether for consideration or otherwise,

if such transfer:

a) is to:

- (i) any bank, financial institution, trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets, or any person acting as agent or trustee for any such person (a **Secured Institution**) where a security interest has been or is purported to be granted over those shares for the benefit of that Financial Institution (each, a **Security**); and/or
- (ii) any other person at the direction of a Secured Institution and/or any administrative receiver, administrator, receiver or receiver and manager or similar entity (an **Insolvency Official**) pursuant to powers granted to it under any Security; and

b) is:

- (i) delivered to the Company for registration in order to perfect or protect any Security of a Secured Institution; or
- (ii) executed by a Secured Institution or Insolvency Official pursuant to a power of sale or other such power under any Security.

(e) Notwithstanding any other provisions of these articles, or any provisions of Table A which apply to the Company, the directors and / or the Company may not exercise their rights of lien over shares that have been mortgaged charged or pledged or are purported to be mortgaged, charged or pledged by way of security to a Secured Institution

LIEN ON SHARES

4.

- (a) The lien conferred by Article 8 of Table A shall attach also to fully paid shares, and the company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the company (whether that person is the full registered holder of those shares or one of two or more joint holders) for all sums presently payable by him or his estate to the company.
- (b) This article 4 shall not apply to any shares in the Company to the extent that they have been charged by way of security in favour of any Secured Institution (as defined in Article 3 (Transfer of Shares))

NON-PAYMENT OF CALLS

5. The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of Article 18 of Table A of the words "and all expenses that may have been incurred by the company by reason of such non-payment".

NOTICES OF GENERAL MEETINGS

6. Every notice convening a general meeting shall comply with the provisions of section 372(3) of the Act as to giving information to members in regard to their right to appoint proxies; and notices of, and other communications relating to, any general meeting which any member is entitled to receive shall be sent to the directors and to the auditors of the company.

QUORUM

7. (a) If a quorum is not present within half an hour from the time appointed for the start of a general meeting the meeting shall be adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the directors may determine; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed for its start, such adjourned general meeting shall be dissolved.

(b) Article 41 of Table A shall not apply to the company.

(c) At any time when the company has only one member that member present in person or by proxy shall constitute a quorum and article 40 of Table A shall be modified accordingly.

DECISIONS OF A SOLE MEMBER

8. (a) At any time when the company has only one member any decision which may be taken by the company in general meeting may be made by the sole member of the company and shall be as valid as if agreed by the company in general meeting.

(b) If the sole member of the company shall take any such decision as is referred to in paragraph (a) then that member shall (unless that decision is taken by way of a written resolution) provide the company with a written record of that decision.

(c) Failure to comply with paragraph (b) above shall not affect the validity of any decision referred to in that paragraph and no person dealing with the company shall be concerned to inquire whether any such record as is referred to in paragraph (b) above shall have been provided.

DEATH OF SOLE MEMBER

9. (a) *In* the event that the death should occur of the sole member of the company who is also the sole director of the company, any person who becomes entitled to all the shares then in issue in the company in accordance with Article 30 of Table A shall be entitled to exercise all the rights of a sole member of the company, whether or not he shall be registered as a holder of the said shares.

(b) In the event that the death should occur of the sole member of the company who is also the sole director of the company, any two or more persons who together become entitled to all the shares then in issue in the company in accordance with Article 30 of Table A shall be entitled to exercise all the rights to which they would be entitled as holders of the said shares (including the rights to attend at vote at any meeting of the company) whether or not they shall be registered as a holder of the said shares.

(c) Any person who becomes entitled to any share in the company in such circumstances as are described in Article 9(b) hereof shall be entitled to call an Extraordinary General Meeting of the company, giving such notice as is required by the Act or these regulations.

NUMBER OF DIRECTORS

10. (a) Article 64 of Table A shall not apply to the company.

(b) The maximum number and the minimum number of directors may be determined from time to time by Ordinary Resolution in general meeting of the company. Subject to and in default of any such determination, there shall be no maximum number of directors and the minimum number shall be one. Whenever the minimum number of directors is one, a sole director shall have authority to exercise all the powers and discretions vested in the directors generally, and Article 89 of Table A (which relates to the quorum at board meetings) is modified accordingly.

APPOINTMENT OF DIRECTORS

11. (a) No person shall be appointed a director at any general meeting unless either:-

(i) he is recommended by the directors; or

(ii) not less than fourteen nor more than thirty-five clear days before the date appointed for the general meeting, notice signed by a member qualified to vote at the general meeting has been given to the company of the intention to propose that person for appointment, together with notice signed by that person of his willingness to be appointed.

(b) Subject to paragraph (a) above, the company may by Ordinary Resolution in general meeting appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

(c) The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number determined in accordance with Article 8 as the maximum number of directors and for the time being in force.

RETIREMENT OF DIRECTORS

12. The directors shall not be required to retire by rotation and Articles 73 to 80 (inclusive) of Table A shall be modified accordingly.

DIRECTORS' BORROWING POWERS

13. The directors may exercise all the powers of the company to borrow money without limit as to amount and upon such terms and in such manner as they think fit and, subject (in the case of any security convertible into shares) to section 80 of the Act, to grant any mortgage, charge or standard security over the company's undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party.

ALTERNATE DIRECTORS

14. (a) An alternate director shall not be entitled as such to receive any remuneration from the company, except that he may be paid by the company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the company from time to time direct, and the first sentence of Article 66 of Table A shall be modified accordingly.

(b) A director, or any such other person as is mentioned in Article 65 of Table A, may act as an alternate director to represent more than one director, and an alternate director shall be entitled at any meeting of the directors or of any committee of the directors to one vote for every director whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.

GRATUITIES AND PENSIONS

15. (a) The directors may exercise the powers of the company conferred by Clause 3 (c) (ix) of the Memorandum of Association of the company and

shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

- (b) Article 87 of Table A shall not apply to the company.

DIRECTORS' INTERESTS IN TRANSACTIONS

16. (a) At any meeting of the directors (or of any Committee of the directors) a director may vote on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest. If he does vote on any such resolution, his vote shall be counted. Such a director shall be counted as part of the quorum present at the meeting (and in relation to such a resolution) whether or not the director votes on the resolution.

(b) Articles 94 to 97 (inclusive) of Table A shall not apply to the company.

(c) If at any time when the company has only one member it shall enter into a contract with that member (other than a contract entered into in the ordinary course of the company's business) at a time when the sole member is also a director of the company, the terms of that contract shall, unless the contract is in writing, be set out in a written memorandum or recorded in the minutes of the first meeting of the directors of the company following the making of the contract.

(d) Failure to comply with paragraph (c) above shall not affect the validity of any contract referred to in that paragraph, and no person dealing with the company shall be concerned to inquire as to whether any provision of that paragraph has been complied with.

COMPANY SEAL

17. (a) If the company has a seal it shall be used only with the authority of the directors or of a Committee of directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the Secretary or second director. The obligation under Article 6 of Table A relating to the sealing of share certificates shall apply only if the company has a seal. Article 101 of Table A shall not apply to the company.

(b) The company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad, and those powers shall be vested in the directors.

INDEMNITY

18. (a) Every director, or other officer or Auditor of the company shall be indemnified out of the assets of the company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted, or in connection with any application

under section 144 or section 727 of the Act in which relief is granted to him by the Court; and no director or other officer shall be liable for any loss, damage or misfortune which may happen to to be incurred by the company in the execution of the duties of his office or in relation thereto. But this Article shall have effect only in so far as its provisions are not avoided by section 310 of the Act.

(b) The directors may purchase and maintain for any director, officer or auditor of the company, insurance against any such liability as is referred to in section 310(1) of the Act.

(c) Article 118 of Table A shall not apply to the company.