

THE COMPANIES ACT 1985**COMPANY LIMITED BY SHARES****ARTICLES OF ASSOCIATION
of
TELEDATA LIMITED**

**(as adopted by Special Resolution passed on 11 July 1988 and
amended by Special Resolutions passed on 26 March 1996 and
8 October 1999)**

PRELIMINARY

1. (A) The regulations contained or incorporated in Table A prescribed at the date of adoption of these Articles for the purposes of Section 8 of the Companies Act 1985 (such Table being herein referred to as Table A) shall apply to the Company (save in so far as they are excluded or modified hereby) and such regulations (save as so excluded or modified) and the Articles herein contained shall be the regulations of the Company. The regulations contained in any former enactment applicable to the Company shall not apply. References herein to "regulations" "Articles" and "paragraphs" are to regulations of Table A and the Articles and paragraphs herein contained respectively unless otherwise stated.
- (B) Words and expressions which bear particular meanings in Table A shall bear the same respective meanings in these Articles.

PRIVATE COMPANY

2. The Company is a private company and, accordingly, it may not offer to the public (whether for cash or otherwise) any shares in or debentures of the Company or allot or agree to allot (whether for cash or otherwise) any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public.

CAPITAL

3. (A) The authorised share capital of the company at the date of the adoption of these Articles is £201,291 divided into 40,000 Redeemable Preference shares of £1 each ("Preference shares") and 322,582 Ordinary shares of 50p each ("Ordinary shares").



- (B) The rights attaching to the Preference shares and the Ordinary shares shall be as follows:

(i) **As regards Income:-**

The profits of the Company in respect of each financial year shall be applied first in paying to the holders of the Preference shares a fixed cumulative preferential net cash dividend (hereinafter in this article referred to as "the Fixed Preference Dividend") of 10 pence per annum on each share payable half yearly on the 30th June and 31st December. The Fixed Preference Dividend will not be payable nor accrue prior to 30th September 1990. Apart from this right to a Fixed Preference Dividend and rights to capital and (at the option of the Company) to be redeemed the Preference shares shall have no further rights and in particular but without prejudice to the foregoing generality shall have no rights to participate in a further issue of shares.

Any remaining profits which the Company may determine to distribute in any financial year shall be distributed among the holders of the Ordinary shares *pari passu* according to the amounts paid up or credited as paid up thereon.

Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act the Fixed Preference Dividend shall (notwithstanding regulations 102 to 106 inclusive contained in Table A or any other provision of these Articles and in particular notwithstanding that there has not been a recommendation of the directors or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall be a debt due by the Company and be payable in priority to any other dividend.

(ii) **As regards capital:-**

On a return of capital on liquidation or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied first in paying to the holders of the Ordinary shares the amounts paid up or credited as paid up (including any premiums) thereon, next and subject thereto, in paying the holders of the Preference shares the amounts paid up or credited as paid up (including any premiums) thereon; and the balance of such assets shall belong to and be distributed amongst the holders of the Ordinary shares *pari passu* in proportion to the amounts paid up or credited as paid up (including any premium) on the shares held by each holder of the Ordinary shares.

(iii) **As regards redemption:-**

The Company shall be entitled to redeem all or any of the Preference shares rateably amongst the holders thereof at any time at par (together with any arrears deficiencies or accruals of the dividends) (subject always to compliance with the Act). Such option shall be effected by the Company serving notice in writing on the holders of the Preference shares specifying the aggregate number (determined by the Company in its absolute discretion) to be so redeemed. Following service of such notice each registered holder of the Preference shares to be redeemed shall surrender to the Company on or before the date or dates fixed for redemption the certificate for his shares which are to be redeemed in order that they may be cancelled, and upon such cancellation the Company shall pay to such holder the amount payable in respect of such redemption provided that if any certificate so surrendered includes any shares not redeemable at that time the Company shall issue a fresh certificate for the balance of the shares not redeemable to the holder.

VARIATION OF CLASS RIGHTS

4. Whenever the capital of the Company is divided into difference [sic] classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up, with the consent in writing of the holders of three fourths of the issued shares of that class, or with the sanction of the holders of the shares of that class, but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereof shall, **mutatis mutandis**, apply, except that the necessary quorum shall be two persons, each being a member, a proxy for a member or a duly authorised representative of a member being a corporation holding or representing at least one-third in nominal amount of the issued shares of that class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present the member or members who is/are present shall be a quorum), and that the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively.

TRANSFER OF SHARES

5. (A) The directors shall refuse to register any transfer of shares made in contravention of the provisions of paragraphs (B) to (F) of this Article but shall not be entitled to refuse to register any transfer of shares to which the consent of the holder or holders of all of the

Ordinary shares for the time being (other than those being transferred) is or has been given.

- (B) Every member who desires to transfer any share or shares (whether such shares are Ordinary or Preference shares) (hereinafter called "the Vendor") shall give to the Company notice in writing of such desire ("Transfer Notice"). Subject as hereinafter mentioned a Transfer Notice shall constitute the Company the Vendor's agent for the sale of the share or shares specified therein (hereinafter called "the Sale Shares") in one or more lots at the discretion of the directors to all the holders of the Ordinary (but not the Preference) shares of the Company other than the Vendor at a price to be agreed upon by the Vendor and the directors or in the event of dispute at the price which the auditors of the Company for the time being ("the Auditors") (acting as an expert and not as an arbitrator) shall by writing certify to be in their opinion a fair value thereof on the basis of an arm's length transaction as between a willing seller and a willing buyer and ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest.
- (C) If the Auditors are asked to certify the fair value as aforesaid their certificate shall be delivered to the Company and as soon as the Company receives the certificate it shall furnish a certified copy thereof to the Vendor and the Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the certified copy to cancel the Company's authority to sell the Sale Shares. The cost of obtaining the certificate shall be borne by the Company unless the Vendor shall give notice of cancellation as aforesaid in which case the Vendor shall bear the said cost.
- (D) Upon the price being fixed as aforesaid and provided the Vendor shall not give notice of cancellation as aforesaid the Company shall forthwith offer the Sale Shares to all holders of Ordinary shares (other than the Vendor) pro rata as nearly as may be in proportion to the existing numbers of Ordinary shares held by such members giving details of the number and price (being the fair value) of such Sale Shares. The Company shall invite each such member as aforesaid to state in writing within twenty-one days from the date of the notice whether he is willing to purchase any of the Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. If at the expiration of the said period of twenty-one days there are any Sale Shares offered which any such members hereinbefore mentioned has not so stated his willingness

to purchase the Company shall offer such shares to such holders or Ordinary shares as have stated in writing their willingness to purchase all the shares previously offered to them pro rata as nearly as may be in proportion to existing numbers of Ordinary shares (excluding any Sale Shares and Preference shares) then held by them which offer shall remain open for a further period of twenty-one days.

(E) If the Company shall pursuant to the above provisions of this Article find a holder or holders of Ordinary shares willing to purchase all or any of the Sale Shares the Vendor shall be bound upon receipt of the price fixed as aforesaid to transfer the Sale Shares (or such of the same to which the Company shall have found a purchaser or purchasers) to such persons and if the Vendor shall make default in so doing the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holder of such of the Sale Shares as shall have been transferred to them as aforesaid.

(F) If the directors shall not have found a member or members of the Company willing to purchase all of the Sale Shares pursuant to the foregoing provisions of the article the Vendor shall at any time within six months after the final offer by the Company to Ordinary shareholders be at liberty to sell and transfer such of the Sale Shares as have not been so sold to any person at a price being no less than the fair value.

6. (A) In the event of:-

(a) the death of a member;

(b) the bankruptcy of a member;

(c) in the case of a member who is a director of, or is employed by the Company (or in the case of a member who was an employee and a director, upon the later of him ceasing to be so employed or ceasing to be a director); or

(d) in the case of a member which is a corporation, its giving into liquidation (other than for the purposes of amalgamation or reconstruction) or having a receiver administrative receiver or administrator appointed over the whole or any part of its assets or undertaking;

then such a member, the personal representatives, trustee in bankruptcy, liquidator, receiver, administrative receiver and administrator of such member (as the case may be) shall each be deemed to have served a Transfer Notice (as defined in Article 5) in respect of all the Ordinary and Preference shares in the Company held by them at the date of the relevant event. The provisions of Article 5 shall apply to such Transfer Notice save that:-

- (i) the directors shall, within 14 days of their becoming aware of such event, apply to the Auditors to report forthwith in writing on the sum which in their opinion represents the fair value of the Transfer Shares; and
 - (ii) the fair value so reported on shall be deemed to have been specified in the Transfer Notice as the fair value of the Transfer Shares.
- (B) For the purposes of sub-paragraphs (a) to (c) of paragraph (A) above the word "member" shall not include a person who holds shares only in the capacity of trustee, legal personal representative or trustee in bankruptcy but shall include a former member in any case where the person concerned ceased to be member as a result of the creation of the relevant trust and, where a person holds shares only in the capacity of trustee, shall include the person who created such trust.
- (C) In the case of a director who is not also an employee of the Company or of any of its subsidiaries Article 6(A)(c) shall only apply in the event that notice is served on such person, within one month of such person ceasing to be a director of the Company, by the holder for the time being of a majority in nominal value of the Ordinary shares, that the said Article 6(A)(c) should apply (so that, on receipt of such notice, such person shall be deemed to have served a Transfer Notice in respect of all Ordinary and Preference shares held by such person). If there shall be no holder for the time being of a majority in nominal value of Ordinary shares Article 6(A)(c) shall not apply to any director who is not also an employee of the Company or of any of its subsidiaries.

ANNUAL GENERAL MEETINGS

- 7. The directors shall procure that a general meeting in respect of each accounting reference period shall be convened to take place not later than two months after the date of the auditors' report contained in the audited consolidated accounts of the Company and its subsidiaries for the relevant accounting reference period.

PROCEEDINGS AT GENERAL MEETINGS

8. Two persons entitled to vote upon the business to be transacted or one person if the holder or representative of the holder of not less than 75 per cent. in nominal value of the Ordinary shares for the time being, each being a member or a proxy for a member or a duly authorised representative of a corporation shall be a quorum at any general meeting. Regulation 40 shall be modified accordingly.
9. Any member having the right to vote at a meeting may demand a poll at a general meeting. Regulation 46 shall be modified accordingly.
10. The chairman shall not be entitled to exercise any second or casting vote. Regulation 50 shall not apply.
11. Save as herein provided, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative, not being himself a member, shall have one vote and on a poll every member who is present in person or by proxy or (being a corporation) is present by a representative or by proxy shall (except as hereinafter provided) have one vote for every Ordinary share of which he is a holder. Provided that the holders of the Preference shares shall be entitled to receive notice of all general meetings but shall not be entitled to attend or vote in respect of such shares at any general meeting. Accordingly regulation 54 shall not apply.

DIRECTORS

12. (A) With the consent in writing of the holder for the time being of a majority in nominal value of the Ordinary shares the Directors may appoint any person who is willing to act to be a director. For the avoidance of doubt, if there shall be no holder for the time being of a majority in nominal value of the Ordinary shares, the Directors may appoint any person who is willing to act to be a director without the consent of any shareholder. Regulations 73 to 80 (inclusive) shall not apply.
- (B) The holder of a majority in nominal value of the Ordinary shares may from time to time appoint such number of directors (not exceeding 75 per cent. of the total number of directors) as represents the same proportion (or as near as practically possible thereto) of the total number of directors as the total holding of Ordinary shares held by such holder bears to the total Ordinary shares for the time being in issue. The holder of a majority in nominal value of the Ordinary shares may from time to time remove from office any director (whether or not appointed

under this Article 12(B)) but so that the number of directors shall not be less than two.

- (C) Any appointment or removal referred to in Article 12(B) shall be in writing served on the Company and signed by the holder of a majority in nominal value of the Ordinary shares and shall take effect at the time it is served on the Company or produced to a meeting of the directors, whichever is earlier in the case of a corporation the appointment or removal (as the case may be) may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative.

- 13. A director shall not be required to hold any share qualification, but nevertheless shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares in the capital of the Company.

ALTERNATE DIRECTORS

- 14. (A) A director, or any such other person as is mentioned in regulation 65, 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.
- (B) An alternate director shall not be entitled as such to receive any remuneration from the Company, save 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 regulation 66 shall be modified accordingly.
- (C) An alternate director shall, except as regards remuneration and the power to appoint an alternate, be subject in all respects to the terms and conditions existing with reference to the other directors of the Company and each alternate director whilst so acting shall exercise and discharge all the functions, powers and duties of his appointor and shall without prejudice to the generality of the foregoing be entitled, in the absence from the United Kingdom of the director appointing him, to sign on his behalf a resolution in writing of the directors. An alternate director shall ipso facto cease to be an alternate director if his appointor ceases for any reason to be a director and regulation 67 shall not apply to the Company.

- (D) The following words shall be added at the end of regulation 89, namely "For the purposes of this regulation an alternate shall be counted in a quorum separately in respect of each of the directors for whom he has been appointed alternate but so that a quorum shall not be no less than five individuals".

POWERS OF DIRECTORS

15. Subject as hereinafter provided the directors may exercise the powers of the Company (whether express or implied):-

- (i) of borrowing or securing the payment of money;
- (ii) of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and
- (iii) of mortgaging or charging the property assets and uncalled capital of the Company and (subject to section 80 of the Act) of issuing debentures

but so that:-

- (a) the directors of the Company shall procure that the aggregate amounts for the time being remaining undischarged by virtue of any of the foregoing operations and by virtue of any like operations by any subsidiary of the Company (including any liability (whether ascertained or contingent) under any guarantee for the time being in force but excluding inter-company loans, mortgages and charges) shall not without the previous sanction of the holder of a majority in nominal value of the Ordinary shares exceed a sum which is the greater of £3,000,000 or twice the aggregate of the nominal amount of the share capital of the Company for the time being issued and paid up or credited as paid up and the amounts for the time being standing to the credit of the capital and revenue reserves and the share premium account of the Company and all its subsidiaries (excluding any amounts arising from the writing up of the book values of any capital assets any amounts attributable to goodwill and minority interests and any amounts set aside for future taxation) all as shown by the then latest audited consolidated balance sheet of the Company;
- (b) no such sanction shall be required to the borrowing of any sum of money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed and outstanding, notwithstanding that the same may result in such limit being exceeded;

- (c) no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this article is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed has been or was thereby exceeded;
- (d) except with the previous sanction of the holder of a majority in nominal value of the Ordinary shares no mortgage or charge shall be created on any part of the undertaking property or assets of the Company or any subsidiary of the Company except for the purpose of securing moneys borrowed from any holder of Ordinary shares with interest and charges thereon and from bankers with interest and charges thereon.

DELEGATION OF DIRECTORS' POWERS

16. (A) The directors may from time to time appoint one or more of their number to an executive office (including that a managing or executive director, manager or any other salaried office) for such period and upon such terms as they think fit, and subject to the provisions of any agreement entered into in any particular case, may revoke such appointment. A director so appointed as a managing or executive director shall (without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company) ipso facto cease to be such if he ceases from any cause to be a director.
- (B) A managing or executive director, manager or other executive officer as aforesaid shall receive such remuneration whether by way of salary, commission or participation in profits or otherwise (either in addition to or in lieu of his remuneration as a director) as the directors may determine.
- (C) The directors may entrust to and confer upon a managing or executive director, manager or other executive office as aforesaid of the powers exercisable by them upon such terms and conditions with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers and may from time to time (subject to the terms of any agreement entered into in any particular case), withdraw, alter or vary all or any of such powers. Regulation 72 shall be modified accordingly.

DIRECTORS' GRATUITIES AND PENSIONS

17. The directors may grant gratuities, pensions or annuities or other allowances, including allowances on death or sickness during service, to any person or to the widow, relatives or dependents of any person (as the directors may think fit) in respect of services rendered by such person to the company as managing director, manager, executive or in any other employment under the Company or indirectly as an executive officer or employee of any subsidiary company of the Company, and may make payments towards insurances or trusts for such purposes in respect of such persons and may include rights in respect of such pensions annuities and allowances in the terms of engagement of any such persons. Regulation 87 shall be modified accordingly.

PROCEEDINGS OF DIRECTORS

18. There shall be at least one meeting of the board of directors in each calendar quarter and each director shall, unless he agrees otherwise in writing, be given 14 clear days' notice of each quarterly meeting in accordance with these Articles.
19. The quorum for the transaction of business of the directors shall be two. The first sentence of regulation 89 shall not apply.
20. A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract (within the meaning of Section 317 of the Act) with the Company shall declare the nature of his interests at a meeting of the directors or of any committee of the directors in accordance with that Section. Subject where applicable to such disclosure a director may vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company and Regulations 94 and 95 shall not apply.

OFFICIAL SEAL

21. The Company may exercise all the powers conferred by the Act with regard to having any official seal and such powers shall be vested in the directors. The directors may determine who shall sign any instrument to which an official seal is affixed.

NOTICES

22. The words "unless the contrary is proved" shall be omitted from the second sentence of regulation 115. Any notice or other document delivered or left at a registered address otherwise than by post shall be

deemed to have been served or delivered on the day it was delivered or left.

INDEMNITY

23. Subject to the provisions of and so far as may be permitted by the Act every director, Auditor Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto. Regulation 118 of Table A shall not apply.