

Document Type: **Articles of Amendment - For-Profit**

Document Fee: **\$0.00**

Entity Name: **CTM MAGNETICS, INC.**

Additional Fee: **\$0.00**

Entity Information

Entity Name: CTM MAGNETICS, INC.

Entity Type: Domestic For-Profit (Business) Corporation

Entity ID: 01354235

Formation Date: 01/14/1981

Entity Email Address:

Status: Active

Effective Date: 01/01/2019

Effective Time: 2:26 AM

Entity Type

Entity Type: Domestic For-Profit(Business)

☒ Perpetual (forever)

☐ The Entity's life period will end on this date:

Character of Business: Other MANUFACTURING

Character of Business Sub Code:

Class	Series	Total
100,000	common	100,000

Update Entity Information

New Entity Name

Adoption and Vote

Date of Adoption

Date Amendment was adopted:

Approval

Does the amendment provide for an exchange, reclassification or cancellation of issued shares? ☐ Yes ☒ No

Does the amendment contain provisions for implementing the exchange, reclassification or cancellation of issued shares? ☒ Yes
☐ No

You must provide a statement of the provisions for implementing the exchange, reclassification or cancellation of issued shares. You will have an opportunity to upload this statement.

Check one box concerning approval of the document

- ☐ Approved by incorporators or board of directors without shareholder action, and shareholder approval was not required or no shares have been issued
- ☐ Approved by shareholders but not voting groups
- ☐ Approved by shareholders and voting groups

☐ Approved by voting group(s) only

Statutory Agent Information

Name	Attention	Address	Email
KENNETH A MACLENNAN		710 W GENEVA DR , TEMPE, AZ, 85282, USA	

Known Place of Business

Attention	Address
	710 W GENEVA DRIVE , TEMPE, AZ, 85282, USA

Principal Information

Title	Name	Attention	Address	Email	Date Taking Office
Chairman of the Board of Directors	KENNETH MACLENNAN		710 W GENEVA DR , TEMPE, AZ 85282, USA		1/31/2012
Director	KENNETH MACLENNAN		710 W GENEVA DR , TEMPE, AZ 85282, USA		1/31/2012
Director	GRANT A MACLENNAN		710 W GENEVA DR , TEMPE, AZ 85282, USA		1/31/2012
President	GRANT A MACLENNAN		710 W GENEVA DR , TEMPE, AZ 85282, USA		1/31/2012
Secretary	GRANT A MACLENNAN		710 W GENEVA DR , TEMPE, AZ 85282, USA		1/31/2012
Shareholder	GRANT A MACLENNAN		NOT REQUIRED , NOT REQUIRED, XXXXX		12/31/9999
Shareholder	KENNETH MACLENNAN		NOT REQUIRED , NOT REQUIRED, XXXXX		12/31/9999
Treasurer	KENNETH MACLENNAN		710 W GENEVA DR , TEMPE, AZ 85282, USA		1/31/2012

Uploaded Attachments
File Name

Plan of Recapitalization Executed 1-9-19.pdf

Amendment to Articles of Incorporation (recapitalization) 1-9-19.pdf

Signature

By typing/entering my name, I intend to affix my electronic signature acknowledging that this electronic document is submitted in compliance with Arizona law. I certify that the information on the electronic document is true, complete, and accurate as of the date the electronic filing is submitted.

☒ I Agree

Signature: Kenneth MacLennan

Title: Chairman of the Board of Directors

PLAN OF RECAPITALIZATION OF CTM MAGNETICS, INC.

The Board of Directors of CTM Magnetics, Inc., an Arizona corporation (the "Corporation"), in a Consent in Lieu of Special Meeting of the board of directors dated December 21, 2018 voted to recommend to the stockholders of the Corporation a plan for the recapitalization of the Corporation on the terms and conditions hereinafter set forth and adopted a resolution setting forth a proposed amendment to the Articles of Incorporation of the Corporation as presently in effect, recommending its adoption by the stockholders for consideration of the proposed recapitalization plan and amendment. In a Consent in Lieu of Special Meeting of the stockholders of the Corporation dated December 21, 2018, all 20,000 shares of the issued and outstanding common stock unanimously approved the Plan of Recapitalization and the amendment to the Articles of Incorporation.

I. Present Capitalization

Currently there are 1,000,000 shares of authorized common stock at \$1.00 par value per share of which 20,000 common shares have been issued and are outstanding. 10,200 shares are issued to Kenneth A. MacLennan (in his trust), and 9,800 shares are issued to Grant A. MacLennan as illustrated below.

Shareholder	No. of Shares	Percentage
Kenneth A. MacLennan (in his trust)	10,200	51.0%
Grant A. MacLennan	<u>9,800</u>	<u>49.0%</u>
TOTAL	<u>20,000</u>	<u>100.0%</u>

II. The Proposed Plan of Recapitalization

Pursuant to the proposed amendment to the Articles of Incorporation, the Corporation will restate its capital by authorizing the creation of 100,000 shares of no-par common stock. The Corporation will further designate 20,000 shares of those 100,000 authorized shares of no-par common stock as having voting rights and the remaining 80,000 shares of those 100,000 authorized shares of no-par common stock having no voting rights. Under the proposed plan, the 20,000 shares of outstanding common stock will be surrendered on a pro rata basis. Kenneth A. MacLennan (in the name of his trust) will exchange his 10,200 shares of common stock on the basis of 10,200 shares of outstanding common stock for 10,200 shares of new no-par common stock, of which 102 shares shall have voting rights and 10,098 shares shall not have voting rights. Grant A. MacLennan will exchange his 9,800 shares of common stock on the basis of 9,800 shares of outstanding common for 9,800 shares of new no-par common stock, of which 98 shares shall have voting rights

and 9,702 shares shall not have voting rights. The exchange ratios have been based upon the per share fair market values, as reported by the independent appraisal firm, Sabnekar and Associates, PLLC, in its report dated November 30, 2018.

After giving effect to the exchange, the capitalization of the Corporation will appear as follows:

Shareholder	No of Shares (V)	% (V)	No. of Shares (NV)	% (NV)
Kenneth A. MacLennan	102	51%	10,098	51%
Grant A. MacLennan	<u>98</u>	<u>49%</u>	<u>9,702</u>	<u>49%</u>
TOTAL	<u>300</u>	<u>100%</u>	<u>20,000</u>	<u>100%</u>

III. The Purpose of the Plan

The Board of Directors unanimously concluded that the proposed plan will promote the Corporation's best interests and also will serve the interests of both shareholders. Kenneth A. MacLennan has reached an age where he would prefer to take a less active role in the Corporation's day-to-day business, but also retain and protect the substantial investment in the Corporation's business that he has made in the course of the many years he has owned and operated the Corporation since January 14, 1981. Grant A. MacLennan, while younger, will also benefit from the recapitalization as upon the passing of Kenneth A. MacLennan, he will receive the voting shares of Kenneth A. MacLennan and control of the Corporation. By ensuring voting control for both Kenneth A. MacLennan and then Grant A. MacLennan going forward, it will enable them to preserve and enhance the goodwill and business reputation of CTM Magnetics, Inc. that has been built up through their stewardship and contributed effort for many years to come. At the same time, it enables either or both of them greater flexibility in dispersing non-voting common shares among more individuals in the future without jeopardizing voting control of the Corporation. The Plan of Recapitalization is designed to serve these several ends.

The expenses incurred in carrying out the Plan will be borne by the Corporation.

IV. Method of Carrying Out the Plan

The exchange, as outlined in this Plan of Recapitalization, will be completed immediately subsequent to the delivery of the Amended Articles of Incorporation and the acceptance of such delivery by the Arizona Corporation Commission.

V. Conditions Upon Which the Plan Will Become Effective

This Plan of Recapitalization may be abandoned at any time by the Board of Directors if the Board of Directors determines, in its sole discretion, that in the event changed circumstances make formalization of the Plan of Recapitalization by filing Articles of Amendment to the Articles of Incorporation not to be in the best interests of the Corporation.

[signature on following page]

IN WITNESS WHEREOF, CTM Magnetics, Inc., pursuant to authority duly given by its Board of Directors and Stockholders, has caused this Plan of Recapitalization to be duly adopted and signed by its Chairman of the Board of Directors.

Dated this 21st day of December 2018.

CTM MAGNETICS, INC.

By: Kenneth A. MacLennan

Kenneth A. MacLennan, Chairman of the Board

**ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
CTM MAGNETICS, INC.**

Pursuant to A.R.S. Section 10-1006, CTM Magnetics, Inc., an Arizona corporation, hereby adopts the following Articles of Amendment to its Articles of Incorporation.

1. The name of the Corporation is CTM Magnetics, Inc.
2. There are twenty thousand (20,000) share of the Corporation which are issued and entitled to vote.
3. The following Amendment to the Articles of Incorporation was adopted by resolutions of the board of directors on December 21, 2018 and a unanimous resolution of the shareholders on December 21, 2018.
4. ARTICLE III is amended by deleting it in its entirety and inserting in lieu thereof the following:

ARTICLE III

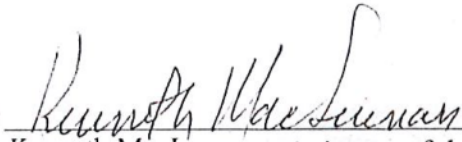
The amount of capital shares authorized shall be 100,000 shares of no-par common stock. Of such shares, 20,000 shall be Class A common stock with voting rights and the remaining 80,000 shares shall be Class B common stock with no voting rights.

5. This Amendment was approved by the written consent of the Stockholders on December 21, 2018 and shall be effective on January 1, 2019 at 12:01 A.M.
6. In all other respects, the Articles of Incorporation of CTM Magnetics, Inc. remain the same.

[signature on following page]

IN WITNESS WHEREOF, this Corporation has caused these Articles of Amendment to the Articles of Incorporation to be signed by its Chairman of the Board as of the 21st day of December, 2018.

Signature

A handwritten signature in cursive script, appearing to read "Kenneth MacLennan", written over a horizontal line.

Kenneth MacLennan, Chairman of the Board of Directors