

# G53588

Florida Department of State

Division of Corporations

Public Access System

## Electronic Filing Cover Sheet

**Note: Please print this page and use it as a cover sheet. Type the fax audit number (shown below) on the top and bottom of all pages of the document.**

(((H04000216315 3)))

**Note: DO NOT hit the REFRESH/RELOAD button on your browser from this page. Doing so will generate another cover sheet.**

RECEIVED

04 NOV -3 PM 12:20

DIVISION OF CORPORATIONS

To:

Division of Corporations

Fax Number : (850) 205-0380

From:

Account Name : EMPIRE CORPORATE KIT COMPANY

Account Number : 072450003255

Phone : (305) 634-3694

Fax Number : (305) 633-9696

FILED  
04 NOV -3 PM 4:07  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

## BASIC AMENDMENT

### RALTRON ELECTRONICS CORPORATION

Certificate of Status	0
Certified Copy	1
Page Count	16
Estimated Charge	\$43.75

11/03/04

DC

*Amendment*



## FLORIDA DEPARTMENT OF STATE

Glenda E. Hood  
Secretary of State

October 29, 2004

RALTRON ELECTRONICS CORPORATION  
10651 NW 19 STREET  
MIAMI, FL 33172SUBJECT: RALTRON ELECTRONICS CORPORATION  
REF: G53588

We received your electronically transmitted document. However, the document has not been filed. Please make the following corrections and refile the complete document, including the electronic filing cover sheet.

The amendment must be adopted in one of the following manners:

(1) If an amendment was approved by the shareholders, one of the following statements must be contained in the document.

(a) A statement that the number of votes cast for the amendment by the shareholders was sufficient for approval, -or-

(b) If more than one voting group was entitled to vote on the amendment, a statement designating each voting group entitled to vote separately on the amendment and a statement that the number of votes cast for the amendment by the shareholders in each voting group was sufficient for approval by that voting group.

(2) If an amendment was adopted by the incorporators or board of directors without shareholder action.

(a) A statement that the amendment was adopted by either the incorporators or board of directors and that shareholder action was not required.

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 245-6906.

Darlene Connell  
Document SpecialistFAX Aud. #: H04000216315  
Letter Number: 904A00062410

Division of Corporations - P.O. BOX 6327 - Tallahassee, Florida 32314

HU4000216315

AMENDMENT TO ARTICLES OF INCORPORATION

OF

RALTRON ELECTRONICS CORPORATION

116

04 NOV -3 PM 4:07  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

Pursuant to the provisions of Florida Statutes §607.1006, this Florida profit corporation adopts the following Articles of Amendment to its Articles of Incorporation:

**FIRST:** Article III as amended is hereby deleted and is further amended to read as follows:

*"III.*

*The corporation is authorized to issue:*

- (a) One hundred (100) shares of US\$5.00 par value common stock, which shares shall be designated "COMMON STOCK";*
- (b) Eight million six hundred thousand (8,600,000) shares of US\$1.00 par value preferred stock, which shares shall be designated "SERIES A PREFERRED STOCK";*
- (c) Eight hundred thousand (800,000) shares of US\$1.00 par value preferred stock, which shares shall be designated "SERIES B PREFERRED STOCK"; and*
- (d) Six million (6,000,000) shares of US\$1.00 par value preferred stock, which shares shall be designated "SERIES C PREFERRED STOCK".*

*Certificates of Designation of Series and Determination of Rights and Preferences of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock are attached hereto as Composite Exhibit "A" and made a part hereof.*

**SECOND:** The remainder of this Corporation's Articles of Incorporation as previously amended shall remain in full force and effect.

**THIRD:** The date of adoption of this amendment is October 29, 2004 and will be effective as of October 29, 2004.

HU4000216315

**FOURTH:** The amendments were adopted by the unanimous action of the Shareholders and Sole Director of the Corporation.

**FIFTH:** The manner of the adoption of these Articles of Amendment and the vote by which they were adopted constitute full legal compliance with the provisions of applicable law, the corporation's articles of incorporation, and the corporation's bylaws.

I hereby verify subject to the penalties of perjury that the statements contained are true this 29<sup>th</sup> day of October, 2004.

RALTRON ELECTRONICS CORPORATION

By:   
Richard Knecht, Secretary and Treasurer

**COMPOSITE EXHIBIT "A"**

EXECUTION COPY

CERTIFICATE OF DESIGNATION OF SERIES  
AND DETERMINATION OF RIGHTS AND PREFERENCES OF  
SERIES A PREFERRED STOCK OF  
RALTRON ELECTRONICS CORPORATION  
*A Florida Corporation*

Raltron Electronics Corporation, a Florida corporation (the "Company"), acting pursuant to the Florida Business Corporation Act Section 607.0602, does hereby submit the following Certificate of Designation of Series and Determination of Rights and Preferences of its Series A Preferred Stock.

FIRST: The name of the Company is Raltron Electronics Corporation.

SECOND: By unanimous consent of the Board of Directors of the Company the following resolutions were duly adopted:

WHEREAS the Articles of Incorporation of the Company authorizes Preferred Stock consisting of Nine Million Four Hundred Thousand (9,400,000) shares, par value \$1.00 per share, issuable from time to time in one or more series; and

WHEREAS the Board of Directors of the Company is authorized, subject to limitations prescribed by law and by the provisions of the Company's Articles of Incorporation to establish and fix the number of shares to be included in any series of Preferred Stock and the designation, rights, preferences, powers, restrictions and limitations of the shares of such series;

WHEREAS it is the desire of the Board of Directors to establish and fix the number of shares to be included in a new series of Preferred Stock and the designation, rights, preferences and limitations of the shares of such new series;

NOW, THEREFORE, BE IT RESOLVED that pursuant to the Company's Articles of Incorporation there is hereby established a new series of Eight Million Six Hundred Thousand (8,600,000) shares of redeemable, Preferred Stock of the Company (the "Series A Preferred Stock"), par value \$1.00 per share. The issuance price of the Series A Preferred Stock shall be \$1.00 per share (the "Original Purchase Price"). The shares of Series A Preferred Stock shall have the voting powers, designations, preferences and other special rights, and qualifications, limitations and restrictions thereof set forth below:

1. Dividends. The holders of record of the Series A Preferred Stock from and including January 1, 2006 (the "Dividend Reference Date") shall be entitled to receive, out of funds legally available therefor, for each share held, cumulative dividends at the rate of nine percent (9%) multiplied by the Original Purchase Price (the "Dividend Rate") (subject to appropriate adjustments in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares) per annum, payable quarterly, in preference and priority to any payment of any cash dividend on any of the Company's common stock, \$5.00 par value per share (the "Common Stock"), when and as declared by the Board of Directors of the Company. On each subsequent anniversary of the Dividend Reference Date, the Dividend Rate shall increase automatically by an additional increment of two (2) percentage points (i.e. the Dividend Rate shall be 11% during 2007). Such dividends shall accrue with

respect to each share of Series A Preferred Stock from the Dividend Reference Date and thereafter shall be deemed to accrue from day to day whether or not earned or declared and whether or not there exists profits, surplus or other funds legally available for the payment of dividends, and shall be cumulative so that if such dividends on the Series A Preferred Stock shall not have been paid, or declared and set apart for payment, the deficiency shall be fully paid or declared and set apart for payment before any dividend shall be paid or declared or set apart for any Common Stock and before any purchase or acquisition of any Common Stock is made by the Company, unless approved by Holder. At the earlier of: (1) the redemption of the Series A Preferred Stock; or (2) the liquidation, sale or merger of the Company, any accrued but undeclared dividends shall be paid to the holders of record of outstanding shares of Series A Preferred Stock. Each dividend shall be paid quarterly, in cash and mailed to the holders of record of the Series A Preferred Stock as their names and addresses appear on the share register of the Company or at the office of the transfer agent on the corresponding dividend payment date.

## 2. Liquidation, Dissolution or Winding Up.

a. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company ("Liquidation"), before any payment shall be made to the holders of the Company's Common Stock, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount equal to the Original Purchase Price (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalizations affecting such shares) (the "Liquidation Value") plus any accrued but unpaid dividends (whether or not declared); provided, however, that such payments to holders of the Series A Preferred Stock shall be pari passu with the holders of the Company's Series B Preferred Stock (the "Parity Preferred Stock"). If upon any such Liquidation, the remaining assets of the Company available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock and the Parity Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series A Preferred Stock and the Parity Preferred Stock shall share ratably in any distribution of the remaining assets and funds of the Company in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

b. The merger, reorganization, consolidation or recapitalization of the Company into or with another entity or the sale of capital stock by the Company or the holders thereof or other similar transaction or series of related transactions in which more than 50% of the capital stock of the Company is disposed of, or the sale of all or substantially all the assets of the Company, shall be deemed to be a Liquidation for purposes of this Section 2 unless the holders of at least 75% of the then outstanding shares of Series A Preferred Stock and any Parity Preferred Stock acting as a single class, elect otherwise by giving written notice thereof to the Company at least three days before the effective date of such event.

3. Voting. If and when, at any time or times, there exists an Event of Noncompliance (as hereinafter defined) which continues and is not cured within 30 days of the Company's receipt of notice thereof, the holders of Series A Preferred stock, voting separately as a class, shall be entitled to elect a majority of the directors serving on the Company's board of directors. Such right to elect directors may be exercised at any annual meeting of the stockholders of the Company, at any special meeting held in place of an annual meeting, or at a special meeting of the holders of Preferred

Stock called to elect directors. Such right to elect directors shall continue until no Event of Noncompliance exists. At any time that special voting power is vested in the holders of the Series A Preferred Stock, the holders of record of the Series A Preferred Stock may tender the resignation of the directors designated by each of Wolloch and Aker held in escrow and call a special meeting of the holders of the Series A Preferred Stock for the election of directors.

4. Events of Noncompliance.

a. Definition. An Event of Noncompliance shall have occurred if:

(i) the Company fails to make any redemption payment with respect to the Series A Preferred Stock which it is required to make hereunder, whether or not such payment is legally permissible or is prohibited by any agreement to which the Company is subject;

(ii) If and when, at any time or times, dividends payable on the Series A Preferred Stock have not been paid or declared when due;

(iii) the Company breaches or otherwise fails to perform or observe any covenant or agreement set forth in the Series A Preferred Stock Purchase Agreement, dated as of July \_\_, 2003 by and among the Company and the stockholders party thereto;

(iv) any representation or warranty contained in the Series A Preferred Stock Purchase Agreement is false or misleading in any material respect on the date made or furnished;

(v) the Company or any subsidiary of the Company makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due; or an order, judgment or decree is entered adjudicating the Company or any subsidiary of the Company bankrupt or insolvent; or any order for relief with respect to the Company or any subsidiary of the Company is entered under the Federal Bankruptcy Code; or the Company or any subsidiary of the Company petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of the Company or any subsidiary of the Company or of any substantial part of the assets of the Company or any of its subsidiaries, or commences any proceeding (other than a proceeding for the voluntary liquidation and dissolution of a subsidiary of the Company) relating to the Company or any of its subsidiaries under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or any such petition or application is filed, or any such proceeding is commenced, against the Company or any subsidiary of the Company and either (a) the Company or any such subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein or (b) such petition, application or proceeding is not dismissed within 60 days;

(vi) the Company or any subsidiary of the Company defaults in the performance of any obligation or agreement if the effect of such default is to cause an amount exceeding \$250,000 to become due prior to its stated maturity; or

(vii) the Company breaches or otherwise fails to perform or observe any covenant or agreement set forth in the Series A Preferred Stock Purchase Agreement;

(viii) the Company fails to deliver to Holder accurate financial statements of operations, cash flow and balance sheet within 30 days of the end of each month.



5. Company Redemption.

a. Right to Redeem. At any time after the Original Issue Date, if any shares of Series A Preferred Stock shall be then outstanding, the Company, at its sole option, shall have the right to redeem (unless otherwise prevented by law) all (but not less than all) such outstanding shares at an amount per share equal to the Liquidation Value plus an amount equal to accrued but unpaid dividends, if any, to the date of redemption on such share.

b. Mechanics of Redemption. Ninety days' prior notice by the Company of the exercise of the redemption option pursuant to Section 5(a) shall be sent by first-class certified mail, postage prepaid and return receipt requested, by the Company to the holders of the shares of Series A Preferred Stock to be redeemed at their respective addresses as the same shall appear on the books of the Company.

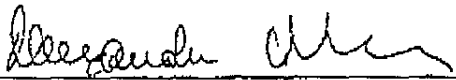
c. Cancellation of Redeemed Stock. Any shares of Series A Preferred Stock redeemed pursuant to this Section or otherwise acquired by the Company in any manner whatsoever shall be canceled and shall not under any circumstances be reissued; the Company may from time to time take such appropriate corporate action as may be necessary to reduce accordingly the number of authorized shares of the Company's capital stock.

6. Amendment. This Certificate of Designation constitutes an agreement between the Company and the holders of the Series A Preferred Stock. It may be amended by vote of the Board of Directors of the Company and the holders of at least eighty percent (80%) of the outstanding shares of Series A Preferred Stock.

[EXECUTIONS BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its President this \_\_\_\_ day of July, 2003.

RALTRON ELECTRONICS CORPORATION

By:   
Its: President

SIGNATURE PAGE - SERIES A CERTIFICATE OF DESIGNATION

EXECUTION COPY

CERTIFICATE OF DESIGNATION OF SERIES  
AND DETERMINATION OF RIGHTS AND PREFERENCES OF  
SERIES B PREFERRED STOCK OF  
RALTRON ELECTRONICS CORPORATION  
*A Florida Corporation*

Raltron Electronics Corporation, a Florida corporation (the "Company"), acting pursuant to the Florida Business Corporation Act Section 607.0602, does hereby submit the following Certificate of Designation of Series and Determination of Rights and Preferences of its Series B Preferred Stock.

FIRST: The name of the Company is Raltron Electronics Corporation.

SECOND: By unanimous consent of the Board of Directors of the Company the following resolutions were duly adopted:

WHEREAS the Articles of Incorporation of the Company authorizes Preferred Stock consisting of Nine Million Four Hundred Thousand (9,400,000) shares, par value \$1.00 per share, issuable from time to time in one or more series; and

WHEREAS the Board of Directors of the Company is authorized, subject to limitations prescribed by law and by the provisions of the Company's Articles of Incorporation to establish and fix the number of shares to be included in any series of Preferred Stock and the designation, rights, preferences, powers, restrictions and limitations of the shares of such series;

WHEREAS it is the desire of the Board of Directors to establish and fix the number of shares to be included in a new series of Preferred Stock and the designation, rights, preferences and limitations of the shares of such new series;

NOW, THEREFORE, BE IT RESOLVED that pursuant to the Company's Articles of Incorporation there is hereby established a new series of Eight Hundred Thousand (800,000) shares of Preferred Stock of the Company (the "Series B Preferred Stock"), par value \$1.00 per share. The issuance price of the Series B Preferred Stock shall be \$1.00 per share (the "Original Purchase Price"). The shares of Series B Preferred Stock shall have the voting powers, designations, preferences and other special rights, and qualifications, limitations and restrictions thereof set forth below:

1. Dividends. The holders of the Series B Preferred Stock will not participate in the payment of dividends.

2. Liquidation, Dissolution or Winding Up.

a. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company ("Liquidation"), before any payment shall be made to the holders of the Company's common stock, \$5.00 par value per share (the "Common Stock"), the holders of shares of Series B Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, an amount per share held equal to the Original Purchase Price (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalizations affecting such shares) (the "Liquidation Value") plus any accrued but unpaid dividends

(whether or not declared); provided, however, that such payments to holders of the Series B Preferred Stock shall be pari passu with the holders of the Company's Series A Preferred Stock (the "Parity Preferred Stock"). If upon any such Liquidation of the Company, the remaining assets of the Company available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series B Preferred Stock and the Parity Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series B Preferred Stock and Parity Preferred Stock shall share ratably in any distribution of the remaining assets and funds of the Company in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

b. The merger, reorganization, consolidation or recapitalization of the Company into or with another entity or the sale of capital stock by the Company or the holders thereof or other similar transaction or series of related transactions in which more than 50% of the capital stock of the Company is disposed of, or the sale of all or substantially all the assets of the Company, shall be deemed to be a Liquidation for purposes of this Section 2 unless the holders of at least 75% of the then outstanding shares of Series B Preferred Stock and any Parity Preferred Stock acting as a single class, elect otherwise by giving written notice thereof to the Company at least three days before the effective date of such event.

3. Conversion. The holders of shares of Series B Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

a. Right to Convert. All, but not less than all, of the issued and outstanding shares of Series B Preferred Stock shall be convertible, at the option of the holder thereof, at any time, into Six and One Half (6 1/2) fully paid and nonassessable shares of Common Stock.

b. Mechanics of Conversion.

(i) To convert the Series B Preferred Stock into shares of Common Stock, each holder so converting shares shall surrender the certificate or certificates for such shares of Series B Preferred Stock at the principal office of the Company, together with written notice that such holder elects to convert such shares. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Company, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Company, duly executed by the registered holder or his or its attorney duly authorized in writing. The date of receipt of such certificates and notice by the transfer agent (or by the Company if the Company serves as its own transfer agent) shall be the conversion date (the "Conversion Date"). The Company shall, as soon as practicable (and in any event within 5 business days) after the Conversion Date, issue and deliver at such office to such holder of Series B Preferred Stock, or to his or its nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of surrender of the Series B Preferred Stock, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date.

(ii) The Company shall, at all times when the Series B Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the Series B Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series B Preferred Stock. All shares of such reserved Common Stock which are so issuable shall, when issued, be

duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges.

(iii) All shares of Series B Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall immediately cease and terminate on the Conversion Date, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor. Any shares of Series B Preferred Stock so converted shall be retired and canceled and shall not be reissued, and the Company may from time to time take such appropriate action as may be necessary to reduce the authorized Series B Preferred Stock accordingly.

4. Company Redemption.

a. Right to Redeem. At any time after the Original Issue Date, if any shares of Series B Preferred Stock shall be then outstanding, the Company shall, subject to the holder's consent, have the right to redeem (unless otherwise prevented by law) all (but not less than all) of such outstanding shares at an amount per share equal to the Liquidation Value plus an amount equal to accrued but unpaid dividends, if any, to the date of redemption on such outstanding shares.

b. Mechanics of Redemption. Ninety days' prior notice by the Company of the exercise of the redemption option pursuant to Section 4(a) shall be sent by first-class certified mail, postage prepaid and return receipt requested, by the Company to the holders of the shares of Series B Preferred Stock to be redeemed at their respective addresses as the same shall appear on the books of the Company. Within 30 days of receipt of the Company's notice of redemption, the holders of shares of Series B Preferred Stock shall notify the Company, in writing, as to whether (i) they agree to the redemption or (ii) they will convert the Series B Preferred Stock into Common Stocks in accordance with Section 3 hereof.

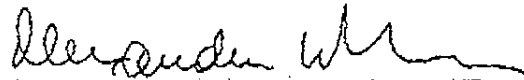
c. Cancellation of Redeemed Stock. Any shares of Series B Preferred Stock redeemed pursuant to this Section or otherwise acquired by the Company in any manner whatsoever shall be canceled and shall not under any circumstances be reissued; the Company may from time to time take such appropriate corporate action as may be necessary to reduce accordingly the number of authorized shares of the Company's capital stock.

5. Amendment. This Certificate of Designation constitutes an agreement between the Company and the holders of the Series B Preferred Stock. It may be amended by vote of the Board of Directors of the Company and the holders of at least eighty percent (80%) of the outstanding shares of Series B Preferred Stock.

*\*Signatures on following page\**

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its President  
this 31 day of July, 2003.

RALTRON ELECTRONICS CORPORATION

By:   
Its: President

EXECUTION COPY

CERTIFICATE OF DESIGNATION OF SERIES  
AND DETERMINATION OF RIGHTS AND PREFERENCES OF  
SERIES C PREFERRED STOCK OF  
RALTRON ELECTRONICS CORPORATION  
*A Florida Corporation*

Raltron Electronics Corporation, a Florida corporation (the "Company"), acting pursuant to the Florida Business Corporation Act Section 607.0602, does hereby submit the following Certificate of Designation of Series and Determination of Rights and Preferences of its Series C Preferred Stock.

FIRST: The name of the Company is Raltron Electronics Corporation.

SECOND: By unanimous consent of the Board of Directors of the Company the following resolutions were duly adopted:

WHEREAS the Articles of Incorporation of the Company authorizes Preferred Stock consisting of Nine Million Four Hundred Thousand (9,400,000) shares, par value \$1.00 per share, issuable from time to time in one or more series; and

WHEREAS the Board of Directors of the Company is authorized, subject to limitations prescribed by law and by the provisions of the Company's Articles of Incorporation to establish and fix the number of shares to be included in any series of Preferred Stock and the designation, rights, preferences, powers, restrictions and limitations of the shares of such series;

WHEREAS it is the desire of the Board of Directors to establish and fix the number of shares to be included in a new series of Preferred Stock and the designation, rights, preferences and limitations of the shares of such new series;

NOW, THEREFORE, BE IT RESOLVED that pursuant to the Company's Articles of Incorporation there is hereby established a new series of Six Million (6,000,000) shares of redeemable, Preferred Stock of the Company (the "Series C Preferred Stock"), par value \$1.00 per share. The issuance price of the Series C Preferred Stock shall be \$1.00 per share (the "Original Purchase Price"). The shares of Series C Preferred Stock shall have the voting powers, designations, preferences and other special rights, and qualifications, limitations and restrictions thereof set forth below:

1. Dividends. The holders of the Series C Preferred Stock will receive a Cumulative dividend of 6%, payable annually July 15.

2. Liquidation, Dissolution or Winding Up.

a. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company ("Liquidation"), before any payment shall be made to the holders of the Company's common stock, \$5.00 par value per share (the "Common Stock"), the holders of shares of Series C Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, an amount per share held equal to the Original Purchase Price (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalizations affecting such shares) (the "Liquidation Value") plus any accrued but unpaid dividends

(whether or not declared). If upon any such Liquidation of the Company, the remaining assets of the Company available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series C Preferred Stock and the Parity Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series C Preferred Stock and Parity Preferred Stock shall share ratably in any distribution of the remaining assets and funds of the Company in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

b. The merger, reorganization, consolidation or recapitalization of the Company into or with another entity or the sale of capital stock by the Company or the holders thereof or other similar transaction or series of related transactions in which more than 50% of the capital stock of the Company is disposed of, or the sale of all or substantially all the assets of the Company shall be deemed to be a Liquidation for purposes of this Section 2 unless the holders of at least 75% of the then outstanding shares of Series C Preferred Stock and any Parity Preferred Stock acting as a single class, elect otherwise by giving written notice thereof to the Company at least three days before the effective date of such event.

3. Conversion. The holders of shares of Series C Preferred Stock shall have no conversion rights.

4. Company Redemption.

a. Right to Redeem. The Shares are to be redeemed July 15, 2008. At any time after the Original Issue Date, if any shares of Series C Preferred Stock shall be then outstanding, the Company at its sole option shall have the right to redeem (unless otherwise prevented by law) all (but not less than all) of such outstanding shares at an amount per share equal to the Liquidation Value plus an amount equal to accrued but unpaid dividends, if any, to the date of redemption on such outstanding shares.

b. Mechanics of Redemption. Ninety days' prior notice by the Company of the exercise of the redemption option pursuant to Section 4(a) shall be sent by first-class certified mail, postage prepaid and return receipt requested, by the Company to the holders of the shares of Series C Preferred Stock to be redeemed at their respective addresses as the same shall appear on the books of the Company..

c. Cancellation of Redeemed Stock. Any shares of Series C Preferred Stock redeemed pursuant to this Section or otherwise acquired by the Company in any manner whatsoever shall be canceled and shall not under any circumstances be reissued; the Company may from time to time take such appropriate corporate action as may be necessary to reduce accordingly the number of authorized shares of the Company's capital stock.

5. Amendment. This Certificate of Designation constitutes an agreement between the Company and the holders of the Series C Preferred Stock. It may be amended by vote of the Board of Directors of the Company and the holders of at least eighty percent (80%) of the outstanding shares of Series C Preferred Stock.

*\*Signatures on following page\**



TOTAL P.17

H040000216315

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its Secretary and Treasurer this 29 day of October, 2004.

RALTRON ELECTRONICS CORPORATION

By: *Richard K. Kline*  
Its: Secretary and Treasurer

H040000216315