

The Challenger Strategic Loan Campaign: Spring 2019

Dear Colleague and Challenger Stakeholder:

Many of you have asked me when we would bring back our Strategic Loan campaign. We are about to do so. For the last couple of years, we have been internally funding our working capital, but now we want to reach out to our long-term supporters, such as you, to join us in building for the future.

The world of health care and clinical education is changing rapidly. Anyone practicing a primary care or emergency/acute care specialty these days knows that the certification and recertification processes are in flux. So are the training requirements and expectations of university and other clinical instructional programs. Challenger wants to retain its central role in the clinical education professions and to expand to the health care organizations and medical groups that are coming to be preeminent in determining training requirements.

Let me therefore invite you to join or participate once again in our unique and rewarding Strategic Loan Campaign. It's been a win-win for our key customers and for the company's working capital financing for most of the last ten years now.

Many of you know already that, about ten years ago, Challenger stopped trying to maintain a credit line with banks. Why? Banks seemed to have gone out of the lending business in the United States, in pursuit of fees, hedge fund investments, and who knows what else. They didn't want to loan to small companies, although small companies are the backbone of the American dream, one we've been pursuing for the last twenty-eight years! Instead, we turned to our key customers with a novel idea. **You loan us money for working capital—we pay you back at an attractive rate above the prime rate!!!**

Let me repeat what I always say in these communications: over the last ten years of internal financing by these loan methods, Challenger has cycled almost \$5,000,000 of loan money through this mechanism. **And we've NEVER missed one penny of loan interest or principal repayment!** That's about as good as it gets.

So, here's the plan:

During the next sixty days, starting March 25, 2019, we want to raise \$500,000 in working capital. We'll use those funds to engage authors to revise and modify our gold standard content for the specific learning requirements of hospitals and larger medical groups, as well as related nursing professionals. We'll restructure Challenger to provide additional upside equity opportunities for physician investors desirous of those kinds of options. We'll continue to enhance our state-of-the art platform. These are the areas where YOU, our customers, have suggested we could improve or create a new footprint. These new funds will support our budget for doing so. We are going to offer loans on the following terms:

- Principal loan of twenty-five to fifty thousand dollars
- Interest rate of 7.50% (two points over today's prime rate!!)
- Four year term, interest paid monthly with a balloon repayment of principal at the end of the term
- Option to convert all or part of your loan to stock at the then current stock price if Challenger is merged or purchased
- Make your loan by April 15, 2019 and we will make the interest rate 8.5% (three points over today's prime rate)

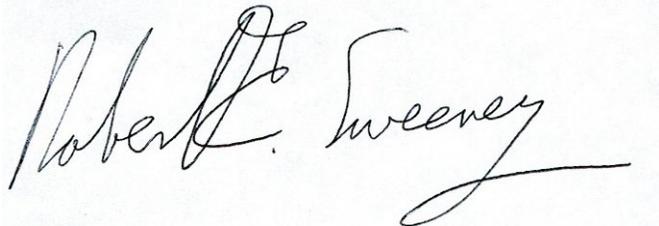
I don't see how I can make a more appealing offer!

These rates are ABOVE the current prime rate posted in the daily *Wall Street Journal*. As of March 21, 2019, that rate was 5.50% and is expected to remain in that vicinity for the foreseeable future. So, with a Challenger Strategic Loan, your idle bank or money market funds can now generate thousands of dollars more over the course of a comparable loan at the prime rate. Why not let these funds do you some good, and help us along as well?

As in the past, my only caveat is that this is a "first-come, first-served" offer. Once the \$500,000 is raised, you won't be able to get in this Spring!!

If you want to participate, please download the Loan Agreement Form PDF from the [Challenger Investment webpage](#). Print and fill out the Loan Agreement form. Then mail or overnight the form with your check enclosed to my attention to the address on the form. If you would prefer to wire your funds, I still need your form back, but you can email me at the address below for wiring instructions. Once again, let me express my appreciation for your past support, and thank you in advance for your participation.

Sincerely,

A handwritten signature in black ink that reads "Robert E. Sweeney". The signature is written in a cursive style with a large, stylized initial "R" and "S".

Robert E. "Bob" Sweeney,
Challenger Corporation
5100 Poplar Avenue, Suite 400
Memphis, TN 38137
901-762-8425
strategic@chall.com

P.S. If you want to FedEx the Loan Agreement and check for security purposes, email or call me for our FedEx number. I'll share it with you on an honor basis.