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Sent time: Saturday, January 20, 2018 2:05:48 PM
To: dfstrube@herffjones.com
Cc: [REDACTED]
Subject: Medallic Overview

Good Morning Don,

Thank you for your genuine consideration and arranging our meeting at your headquarters. I am hoping for everyone's sake that Medallic Art and all its valuable assets can be acquired by Herff Jones. I believe that your company is one of a few that can fully appreciate our 115 year history and the archives, artists and dies we have on hand. You have been a customer for years so you know and appreciate our commitment to quality.

I was brought on board in January 2017 to turn this company around by rebuilding its culture, infrastructure, sales and marketing team, processes and management. Collectively, I have been able to achieve those goals while generating sales and profits for the last four months.

It has always been our goal to find the right strategic partner to buy the Mint to get out from under the weight of bankruptcy and to begin fresh. Now that the heavy lifting has been done, what an ideal time to find that partner.

We have had investors promise to purchase this company but have been unable to meet their commitments dates. In fact their delayed execution caused us to find ourselves in a cash constrained position. The investors essentially ate up all our time to conduct a disciplined search. Now we are time constrained as the Trustee/court wants to either liquidate the assets, which would mean the wide spread dispersal of incredible assets and our huge customer base, or sell off to a low bid competitor that has little regard for the accumulation of our immeasurable history.

I reach out to you very late in this game with the full authority to find a partnering agreement that would benefit everyone and allow the Mint to survive as it should. Your company has always had that stellar reputation as has Medallic Art Company--hence a natural acquisition.

The timing as I mentioned is critical so that we can retain the best employees, get the accumulated orders produced and delivered on time (sales are at an all time high) and take advantage of the tremendous momentum we built this last year. It would be a shame to see the Mint in the wrong hands or worse yet, disappear altogether.

Let me summarize our current situation:

1. The employees have all been terminated at the end of 2017 as required by the Trustee. This is an opportunity to rehire the right team reduced from 110 to most likely 90-95. This team makes a complete operating company to implement our marketing programs and achieve our revenue and profits goals for 2018.
2. We have only the Dayton, Nevada facility (HQ) and our facility in Green Bay, Wisconsin (Die shop). We also have a presence in the Pentagon and of course all the military exchanges.
3. We have a strong online presence with over 5,000 SKU's; Amazon, eBay and direct consumer business.
4. We have a vast customer list across many key verticals, one such is the Academia market.
5. We have our Archives dating back to 1903 and the associated dies.
6. We have a creative new product development group.
7. We would be a completely new, lien free, debt free company, named Medallic Art and Mint.
8. We have a long term dedicated sales team.
9. We have strong and innovative marketing programs that the Mint never had before which

generate substantial sales leads and sizable opportunities with corporate accounts such as Starbucks and Amazon.

10. We have a strong, hands on management team (CV's available), to assure the execution of our plans. . . and the list goes on.

I believe the purchase of Medallic would have substantial benefit to your company in terms of sales and marketing outlets, new product opportunities, natural extension of your recognition reputation, guaranteed cost effective and timely production of your Framing Success orders, access to all the archival medals, ability to produce precious metal products, new customers, joint marketing and public relations opportunities and a complete operating company in Dayton. At that facility we can continue to build a world class organization with the quality and reputation that you share and appreciate as we do. It just seems to me to be a brilliant and strategic move of high value.

I believe a relationship with Herff Jones would have significant mutual value from the announcement to our markets--consumers, corporate accounts, academia, military, collectors etc.

We are a self sustaining operating company that would regroup, free of bankruptcy and that stigma which is attached to the name of Northwest Territorial Mint. The Medallic name is free of this prior baggage, is highly recognized and respected. We are ready to be part of a bigger concern.

During our meeting we can share with you our financial projections for 2018 and beyond, specifically revenue and profit projections, timelines and major opportunities, customers, marketing programs and new products in development. We should also discuss integration issues--the overlap of our companies in a seamless manner having done this before.

In short, there is so much good to be said for the Mint. We are sitting with orders on the desk at a level well beyond what the company has ever experienced. It is a direct result of the marketing programs put in place earlier this year along with expanding our sales channels and refining our approach and strategic market positioning.

We don't need to fix anything at this time, just do more of what we do best--produce high quality products and continue to deliver on time. We were positioned to do just that when our cash and time ran out.

Thanks again for your consideration. We believe that our companies working together form a truly noteworthy and strategic partnership that will grab the attention of the markets we both serve. I believe in the strength this relationship will form and hope we can do this together.

Please find below answers to FAQ's. I also provided some additional information that may help frame this opportunity.

1. Our main competitor would be Medalcraft Mint in Green Bay, Wisconsin. They do not compete with us nor does anyone else in our Academia market segment. Further they are a poor second when it comes to deep relief medals which Medallic is most famous. Also no mint competes with us in medals over 4 inches, which again is a Medallic specialty. It is also hard for any mint to compete with our lengthy history and global reputation.
2. Our monthly revenue is approximately \$1M+. Our break even is \$950K. Gross profit on dollars past break even is 50%. Revenues have been climbing due to marketing programs now coming on board. I believe we will be at a run rate of \$1.25MM this year. Further it should be noted that these break even numbers include our Kent, Washington facility which I just closed down. Also, I was planning a reduction in force from 110 employees to 90-95 which would bring our break even closer to \$800K and hence a more meaningful gross and net profit.
3. At this moment sales orders are piling up due to our new products, new verticals, new corporate accounts and marketing programs maturing. We have a backlog of \$750K+. Typically

our backlog would be around \$500K at the beginning of the month so our programs are showing their effectiveness across our sales organization.

4. Unfortunately there is very little available regarding past sales history. When I took over in January management reporting was either non existent or so convoluted that it was meaningless.

We did not even have financials or completed taxes since 2008. I can tell you that revenues for 2017 were \$12M, just about break even for the year. I am not particularly proud of break even results but considering where we came from--we are now in a solid position going forward. We have processes, infrastructure, sales, marketing, culture, product development, quality programs and a management team is quite hands on with strong sales focus. 2018 is the year to focus on driving revenues/profits without the headwinds of BK.

5. Sales breakdown by areas of focus: Our academia segment is 25% of our business, our online store accounts for about 30% (exchanges, Amazon, consumers), 45% is custom minting.

6. Sales projections for 2018 \$15M, 2019 \$18-22M, 2020 \$25-28M.

7. There are two "key man" contracts. I have one as does Michael White our Head of Production (20 years in the minting business). We are both most interested in seeing Medallic free of its past constraints and focused on growing this company. Precisely what 2018 is all about.

8. The existing 25 licenses are assumable, see list attached.

9. A detail list of equipment is also available and attached.

Now some additional facts for consideration:

Management team--we have a real hands-on group of professionals. We are not top heavy as that is unnecessary and impacts profits which are my primary focus. Those we do have are stellar performers with backgrounds ideal for growth in this industry. For example, our Head of Marketing comes from Dell and is strong in programs that generate leads and establishes our market dominance. Our Quality department is headed up by a 20 year employee whose standards are above all others and defines why Medallic has such an outstanding reputation.

Reasons for growth--we never had any marketing programs in the company. We now have programs that focus on new verticals, new products and are already producing results. For example, we now have two significant corporate accounts, Starbucks and Amazon Corporate.

Because of the nature of our sales force (in-house) larger accounts are best acquired by executives such as myself making these calls and visits. We now have outwardly facing sales people to acquire more of these larger corporate accounts adding to the existing sales efforts.

New products--we have amazing new products and the customers/markets asking for them. For example; we are known for our silver bullet line, our Trump 45 gold tipped bullets and now to expand in that area we have a miniature (1.5 oz) silver wine bottle(s) product and a customer who services over 900 wineries. The first order is just now coming due.

We also have beautiful photo coins which seem to be the ideal answer to non profits such as museums who can order these struck on one side coins with variable images on the other side as often as exhibits change. A lower cost/dynamic product. The zoos are also a customer base that is growing with our photo coin business.

We also have our new 'dog tag' product which is unlike anything in the industry and will further our business in the national and state parks while expanding our global reach to climbing clubs, athletic clubs (marathon runners, swimmers etc.). The potential of this product, (we already have our first order), plus some of these major verticals now available will clearly help us exceed our revenue projections.

We also have a vast collection of engravable products, a complete knife department (coin knives, lock back knives)--consumers can even design their own knife.

We have new packaging that will further help us stand out in the military exchanges and open new doors in the military theater. Our new packaging has already taken off with our relationship with Silvertowne Mint who sells our bullets on their 30 years running TV show, now offering our revolver cylinder as a unique package for bullet collectors.

Our innovation in new products and packaging are unlike our competitors and a major contributor to opening new doors at both the corporate and consumer levels.

Archives--115 years of pure art and Medallion history. We are just now opening those doors to restrikes of which Bradford Exchange is the first to recognize this potential and is ordering from us. This area and its exploitation is not even factored into our revenue growth projections yet promises to be significant upon initial evaluation.

New Medallion Collectible Series--picking up from where the Society of Medallists left off, we are ready to announce our first new medal in a series--reestablishing the collector market for Medallion Art. The first in this series is The Frog Prince--it is absolutely beautiful and sets Medallion Art, once again, above and beyond anyone else. This you have to see!

Risk assessment--What I proposed to the Trustee/court is a \$5M purchase for all the assets clear and free. Ideally the buyer would allow Medallion to grow and prosper according to plan and be left as a complete operating company overlapping naturally with the new partner's business.

There is very little financial risk and in fact more upside to the best of our assessment. After all the company could be liquidated and the investor would be whole, selling the company after all the BK history is removed automatically establishes the value of the company close to the valuations that range from \$10-18M. And finally, based on the revenue and profit projections, the ROI of \$5M can be realized in a short period of time. I have further proposed to the Trustee/court that the \$5M be broken down as follows: \$4M to the estate that would erase all the BK issues liens etc. and \$1M to Medallion as working capital.

Hence the initial investment would be the complete investment required as that would be appropriate working capital along with the receivables anticipated. So this deal is finite in terms of the initial purchase and capital outlay moving forward. The court is poised to make an immediate decision waiving the usual thirty days to allow others to outbid.

Thank you again for your timely and thoughtful consideration.

Bill Atalla