UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the transition period from _________ to ________

Commission File Number: None

GWG HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**26-2222607**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

220 South Sixth Street, Suite 1200
Minneapolis, MN 55402
(Address of principal executive offices, including zip code)

(612) 746-1944
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of August 14, 2018, GWG Holdings, Inc. had 5,813,555 shares of common stock outstanding.

GWG HOLDINGS, INC.

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for the Quarter Ended June 30, 2018

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Cash and cash equivalents	$ 124,444,804	$ 114,421,491
Restricted cash	6,651,309	28,349,685
Investment in life insurance policies, at fair value	726,063,244	650,527,353
Life insurance policy benefits receivable	27,035,000	16,658,761
Other assets	10,841,567	8,898,884
TOTAL ASSETS	$ 895,035,924	$ 818,856,174
LIABILITIES & STOCKHOLDERS' EQUITY		
LIABILITIES		
Senior credit facility with LNV Corporation	$ 180,630,553	$ 212,238,192
L Bonds	518,788,942	447,393,568
Accounts payable	2,626,283	6,394,439
Interest and dividends payable	16,936,725	15,427,509
Other accrued expenses	4,031,070	3,730,723
TOTAL LIABILITIES	723,013,573	685,184,431
STOCKHOLDERS' EQUITY		
REDEEMABLE PREFERRED STOCK		
(par value $0.001; shares authorized 100,000; shares outstanding 98,095 and 98,611; liquidation preference of $98,667,000 and $99,186,000 as of June 30, 2018 and December 31, 2017, respectively)	88,997,278	92,840,243
SERIES 2 REDEEMABLE PREFERRED STOCK		
(par value $0.001; shares authorized 150,000; shares outstanding 148,705 and 88,709; liquidation preference of $149,573,000 and $89,208,000 as of June 30, 2018 and December 31, 2017, respectively)	131,704,423	80,275,204
COMMON STOCK		
(par value $0.001: shares authorized 210,000,000; shares issued and outstanding 5,813,555 as of both June 30, 2018 and December 31, 2017)	5,813	5,813
Additional paid-in capital	-	-
Accumulated deficit	(48,685,163)	(39,449,517)
TOTAL STOCKHOLDERS' EQUITY	172,022,351	133,671,743
TOTAL LIABILITIES & EQUITY	$ 895,035,924	$ 818,856,174

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2018	**June 30, 2017**	**June 30, 2018**	**June 30, 2017**
REVENUE				
Gain on life insurance policies, net	$ 23,339,750	$ 11,296,266	$ 37,208,495	$ 30,696,086
Interest and other income	975,198	371,320	1,648,125	1,059,845
TOTAL REVENUE	24,314,948	11,667,586	38,856,620	31,755,931
EXPENSES				
Interest expense	17,147,850	12,246,025	33,211,187	25,490,241
Employee compensation and benefits	3,235,699	3,741,299	6,978,368	6,904,360
Legal and professional fees	1,155,728	1,330,589	2,329,357	2,276,937
Other expenses	2,832,777	3,761,098	5,573,354	6,541,420
TOTAL EXPENSES	24,372,054	21,079,011	48,092,266	41,212,958
INCOME (LOSS) BEFORE INCOME TAXES	(57,106)	(9,411,425)	(9,235,646)	(9,457,027)
INCOME TAX EXPENSE (BENEFIT)	-	(3,717,174)	-	(3,717,674)
NET INCOME (LOSS)	(57,106)	(5,694,251)	(9,235,646)	(5,739,353)
Preferred stock dividends	4,338,487	2,031,097	8,042,971	3,898,857
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (4,395,593)	$ (7,725,348)	$ (17,278,617)	$ (9,638,210)
NET INCOME (LOSS) PER SHARE				
Basic	$ (0.76)	$ (1.34)	$ (2.97)	$ (1.69)
Diluted	$ (0.76)	$ (1.34)	$ (2.97)	$ (1.69)
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic	5,813,555	5,777,724	5,813,555	5,710,909
Diluted	5,813,555	5,777,724	5,813,555	5,710,909

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	$ (57,106)	$ (5,694,251)	$ (9,235,646)	$ (5,739,353)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:				
Change in fair value of life insurance policies	(14,573,175)	(15,235,502)	(31,218,769)	(29,119,335)
Amortization of deferred financing and issuance costs	2,402,773	1,497,948	4,665,961	4,164,151
Deferred income taxes	-	(3,717,174)		(3,717,674)
(Increase) decrease in operating assets:				
Life insurance policy benefits receivable	(14,732,270)	2,005,000	(10,376,239)	(1,625,000)
Other assets	(1,732,765)	55,656	(1,809,206)	2,252,361
Increase (decrease) in operating liabilities:				
Accounts payable and other accrued expenses	542,090	1,400,844	(1,003,118)	2,947,050
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(28,150,453)	(19,687,479)	(48,977,017)	(30,837,800)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in life insurance policies	(30,248,939)	(19,432,338)	(55,548,764)	(42,121,671)
Carrying value of matured life insurance policies	6,148,349	3,014,834	11,231,643	5,383,808
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(24,100,590)	(16,417,504)	(44,317,121)	(36,737,863)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net borrowings on (repayments of) senior debt	(29,080,815)	(3,845,037)	(32,135,150)	(7,099,537)
Payments for issuance of senior debt	-	(1,076,118)	-	(1,190,412)
Payments for redemption of Series I Secured Notes	-	(4,348,372)	-	(9,798,261)
Proceeds from issuance of L Bonds	60,536,446	31,875,811	97,197,545	56,744,470
Payments for issuance and redemption of L Bonds	(13,710,821)	(15,025,566)	(25,956,269)	(39,197,163)
Issuance (repurchase) of common stock	-	4	-	(1,603,556)
Proceeds from issuance of preferred stock	14,372,959	34,301,747	56,238,128	61,480,941
Payments for issuance of preferred stock	(984,599)	(1,945,618)	(4,142,294)	(3,963,105)
Payments for redemption of preferred stock	(1,212,690)	(1,372,593)	(1,539,914)	(1,759,332)
Preferred stock dividends	(4,338,487)	(2,031,097)	(8,042,971)	(3,898,857)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	25,581,993	36,533,161	81,619,075	49,715,188
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,669,050)	428,178	(11,675,063)	(17,860,475)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH				
BEGINNING OF PERIOD	157,765,163	98,024,925	142,771,176	116,313,578
END OF PERIOD	$ 131,096,113	$ 98,453,103	$ 131,096,113	$ 98,453,103

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — CONTINUED
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Interest paid	$ 13,776,000	$ 14,323,000	$ 27,251,000	$ 26,548,000
Premiums paid, including prepaid	$ 12,393,000	$ 11,646,000	$ 24,226,000	$ 22,606,000
Stock-based compensation	$ 47,000	$ 89,000	$ 260,000	$ 406,000
Payments for exercised stock options	$ -	100,000	37,000	100,000
NON-CASH INVESTING AND FINANCING ACTIVITIES				
Options and stock appreciation rights issued	164,000	239,000	168,000	264,000
L Bonds:				
Conversion of accrued interest and commissions payable to principal	$ 219,000	$ 397,000	$ 562,000	$ 905,000
Conversion of L Bonds to redeemable preferred stock	$ 125,000	$ 657,000	$ 4,546,000	$ 1,788,000
Preferred Stock:				
Issuance of Series A Preferred Stock in lieu of cash dividends	$ -	$ 166,000	$ -	$ 337,000
Conversion of L Bonds to redeemable preferred stock	$ 125,000	$ 657,000	$ 4,546,000	$ 1,788,000
Investment in life insurance policies included in accounts payable	$ 990,000	$ 1,296,000	$ 990,000	$ 1,296,000

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited)

	Preferred Stock Shares	Preferred Stock	Common Shares	Common Stock (par)	Additional Paid-in Capital	Accumulated Deficit	Total Equity
Balance, December 31, 2016	**2,699,704**	**$ 78,726,297**	**5,980,190**	**$ 5,980**	**$ 7,383,515**	**$ (18,817,294)**	**$ 67,298,498**
Net income (loss)	-	-	-	-	-	(20,632,223)	(20,632,223)
Issuance of common stock	-	-	33,810	33	320,970	-	321,003
Redemption of common stock	-	-	(200,445)	(200)	(1,603,360)	-	(1,603,560)
Issuance of Series A preferred stock	71,237	498,659	-	-	-	-	498,659
Redemption of Series A preferred stock	(2,711,916)	(20,199,792)	-	-	-	-	(20,199,792)
Issuance of redeemable preferred stock	129,622	122,933,106	-	-	(2,338,457)	-	120,594,649
Redemption of redeemable preferred stock	(1,328)	(1,327,776)	-	-	-	-	(1,327,776)
Preferred stock dividends	-	(8,925,807)	-	-	(3,776,534)	-	(12,702,341)
Stock-based compensation	-	1,410,760	-	-	13,866	-	1,424,626
Balance, December 31, 2017	**187,319**	**$ 173,115,447**	**5,813,555**	**$ 5,813**	**$ -**	**$ (39,449,517)**	**$ 133,671,743**
Net income (loss)	-	-	-	-	-	(9,235,646)	(9,235,646)
Issuance of redeemable preferred stock	61,021	56,878,238	-	-	-	-	56,878,238
Redemption of redeemable preferred stock	(1,540)	(1,539,914)	-	-	-	-	(1,539,914)
Preferred stock dividends	-	(8,042,971)	-	-		-	(8,042,971)
Stock-based compensation	-	290,901	-	-	-	-	290,901
Balance, June 30, 2018	**246,800**	**$ 220,701,701**	**5,813,555**	**$ 5,813**	**$ -**	**$ (48,685,163)**	**$ 172,022,351**

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

(1) Nature of Business and Summary of Significant Accounting Policies

Nature of Business — We are a financial services company committed to disrupting and transforming the life insurance and related industries. We built our business by creating opportunities for consumers to obtain significantly more value for their life insurance policies in a secondary market as compared to the traditional options offered by the insurance industry. We are enhancing and extending our activities in the life insurance industry by bringing step change technology through the commercialization of advanced epigenetic technology. At the same time, we are creating opportunities for investors to receive income and capital appreciation from our investment activities related to the life insurance industry.

GWG Holdings, Inc. and all of its subsidiaries are incorporated and organized in Delaware. Unless the context otherwise requires or we specifically so indicate, all references in these footnotes to “we,” “us,” “our,” “our Company,” “GWG,” or the “Company” refer to GWG Holdings, Inc. and its subsidiaries collectively and on a consolidated basis. References to the full names of particular entities, such as “GWG Holdings, Inc.” or “GWG Holdings,” are meant to refer only to the particular entity referenced.

On August 25, 2016, GWG Holdings formed a wholly owned subsidiary, currently named Life Epigenetics Inc. (“Life Epigenetics”), to commercialize advanced epigenetic technology for the life insurance industry related to its exclusive license for “DNA Methylation Based Predictor of Mortality” technology.

Use of Estimates — The preparation of our condensed consolidated financial statements in conformity with the Generally Accepted Accounting Principles in the United States of America (GAAP) requires management to make significant estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported amounts of revenue during the reporting period. We regularly evaluate estimates and assumptions, which are based on current facts, historical experience, management’s judgment, and various other factors that we believe to be reasonable under the circumstances. Our actual results may differ materially and adversely from our estimates. The most significant estimates with regard to these condensed consolidated financial statements relate to (1) the determination of the assumptions used in estimating the fair value of our investments in life insurance policies and (2) the value of our deferred tax assets and liabilities.

Cash and Cash Equivalents — We consider cash in demand deposit accounts and temporary investments purchased with an original maturity of three months or less to be cash equivalents. We maintain our cash and cash equivalents with highly rated financial institutions. The balances in our bank accounts may exceed Federal Deposit Insurance Corporation limits. We periodically evaluate the risk of exceeding insured levels and may transfer funds as we deem appropriate.

Life Insurance Policies — Accounting Standards Codification 325-30, *Investments in Insurance Contracts* permits a reporting entity to account for its investments in life insurance policies using either the investment method or the fair value method. We elected to use the fair value method to account for our life insurance policies. We initially record our purchase of life insurance policies at the transaction price, which is the amount paid for the policy, inclusive of all external fees and costs associated with the acquisition. At each subsequent reporting period, we re-measure the investment at fair value in its entirety and recognize the change in fair value as unrealized gain or loss in the current period, net of premiums paid, within gain on life insurance policies, net in our condensed consolidated statements of operations.

In a case where our acquisition of a policy is not complete as of a reporting date, but we have nonetheless advanced direct costs and deposits for the acquisition, those costs and deposits are recorded as other assets on our condensed consolidated balance sheets until the acquisition is complete and we have secured title to the policy. On both June 30, 2018 and December 31, 2017, a total of $0 of our other assets comprised direct costs and deposits that we had advanced for life insurance policy acquisitions.

We also recognize realized gain (or loss) from a life insurance policy upon one of the two following events: (1) our receipt of notice or verified mortality of the insured; or (2) our sale of the policy (upon filing of change-of-ownership forms and receipt of payment). In the case of mortality, the gain (or loss) we recognize is the difference between the policy benefits and the carrying value of the policy once we determine that collection of the policy benefits is realizable and reasonably assured. In the case of a policy sale, the gain (or loss) we recognize is the difference between the sale price and the carrying value of the policy on the date we receive sale proceeds.

Other Assets — Life Epigenetics is engaged in the development of intellectual property related to its exclusive license for the "DNA Methylation Based Predictor of Mortality" technology for the life insurance industry. The cost of entering into this license agreement is included in other assets on our condensed consolidated balance sheets.

To maintain the Company's life insurance provider licenses in certain states, we are required to keep cash security deposits with the states' licensing authorities. Security deposits included in other assets were $575,000 at both June 30, 2018 and December 31, 2017.

Stock-Based Compensation — We measure and recognize compensation expense for all stock-based payments at fair value on the grant date over the requisite service period. We use the Black-Scholes option pricing model to determine the weighted-average fair value of stock options. For restricted stock grants, fair value is determined as of the closing price of our common stock on the date of grant. Stock-based compensation expense is recorded in general and administrative expenses based on the classification of the employee or vendor. The determination of fair value of stock-based payment awards on the date of grant is affected by our stock price and a number of subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards and the expected duration of the awards.

The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at grant date. Volatility is based on the standard deviation of the average continuously compounded rate of return of five selected comparable companies. We have not paid common stock dividends.

Deferred Financing and Issuance Costs — Loans advanced to us under our senior credit facility with LNV Corporation, as described in Note 6, are reported net of financing costs, including issuance costs, sales commissions and other direct expenses, which are amortized using the straight-line method over the term of the facility. We had no loans advanced to us under our senior credit facility with Autobahn Funding Company during the year ended December 31, 2017 and this credit facility has since been terminated, as described in Note 5. The L Bonds, as described in Note 8, are reported net of financing costs, which are amortized using the interest method over the term of those borrowings. The Series I Secured Notes, as described in Note 7 have been redeemed, was reported net of financing costs, all of which were fully amortized using the interest method as of December 31, 2017. The Series A Convertible Preferred Stock ("Series A"), as described in Note 9, was reported net of financing costs (including the fair value of warrants issued), all of which were fully amortized using the interest method as of December 31, 2017. All shares of Series A have been redeemed and the obligations thereunder satisfied. Selling and issuance costs of Redeemable Preferred Stock ("RPS") and Series 2 Redeemable Preferred Stock ("RPS 2"), described in Notes 10 and 11, are netted against additional paid-in-capital, until depleted, and then against the outstanding balance of the preferred stock.

Earnings (loss) per Share — Basic earnings (loss) per share attributable to common shareholders are calculated using the weighted-average number of shares outstanding during the reported period. Diluted earnings (loss) per share are calculated based on the potential dilutive impact of our Series A, RPS, RPS 2, warrants and stock options. Due to our net loss attributable to common shareholders for the three and six months ended June 30, 2018, there are no dilutive securities.

Reclassification — Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Recently Issued Accounting Pronouncements — On February 25, 2016, the FASB issued Accounting Standards Update 2016-02 *Leases* ("ASU 2016-02"). The new guidance is effective for fiscal years beginning after December 15, 2018. ASU 2016-02 provides more transparency and comparability in the financial statements of lessees by recognizing all leases with a term greater than twelve months on the balance sheet. Lessees will also be required to disclose key information about their leases. Early adoption is permitted. We are currently evaluating the impact of the adoption of this pronouncement and have not yet adopted ASU 2016-02 as of June 30, 2018.

In March 2016, the FASB issued Accounting Standards Update 2016-09 ("ASU 2016-09") to simplify the accounting for stock compensation related to the following items: income tax accounting, award classification, estimation of forfeitures, and cash flow presentation. The new guidance is effective for fiscal years beginning after December 15, 2016. We adopted ASU 2016-09 effective January 1, 2017. The impact of the adoption was not material to the financial statements.

In November 2016, the FASB issued Accounting Standards Update 2016-18 ("ASU 2016-18"), which amends ASC 230 *Statement of Cash Flows* to add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. The guidance, to be applied retrospectively when adopted, requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The new guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. We adopted ASU 2016-18 as of March 31, 2018. The impact of the adoption was not material to the financial statements.

(2) Restrictions on Cash

Under the terms of our senior credit facility with LNV Corporation (discussed in Note 6), we are required to maintain collection and payment accounts that are used to collect policy benefits from pledged policies, pay annual policy premiums, interest and other charges under the facility, and distribute funds to pay down the facility. The agents for the lender authorize the disbursements from these accounts. At June 30, 2018 and December 31, 2017, there was a balance of $1,937,000 and $19,967,000, respectively, in these collection and payment accounts.

To fund the Company's acquisition of life insurance policies, we are required to maintain escrow accounts. Distributions from these accounts are made according to life insurance policy purchase contracts. At June 30, 2018 and December 31, 2017, there was a balance of $4,714,000 and $8,383,000, respectively, in the Company's escrow accounts.

(3) Investment in Life Insurance Policies

Our investments in life insurance policies are valued based on unobservable inputs that are significant to their overall fair value. Changes in the fair value of these policies, net of premiums paid, are recorded in gain on life insurance policies, net in our condensed consolidated statements of operations. Fair value is determined on a discounted cash flow basis that incorporates life expectancy assumptions generally derived from reports obtained from widely accepted life expectancy providers (other than insured lives covered under small face amount policies – those with $1 million in face value benefits or less), assumptions relating to cost-of-insurance (premium) rates and other assumptions. The discount rate we apply incorporates current information about discount rates applied by other public reporting companies owning portfolios of life insurance policies, the discount rates observed in the life insurance secondary market, market interest rates, the estimated credit exposure to the insurance companies that issued the life insurance policies and management's estimate of the operational risk premium a purchaser would require to receive the future cash flows derived from our portfolio as a whole. Management has discretion regarding the combination of these and other factors when determining the discount rate. As a result of management's analysis, a discount rate of 10.45% was applied to our portfolio as of both June 30, 2018 and December 31, 2017.

Portfolio Information

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2018, is summarized below:

Life Insurance Portfolio Summary

Total portfolio face value of policy benefits	$	1,849,079,000
Average face value per policy	$	1,831,000
Average face value per insured life	$	2,052,000
Average age of insured (yrs.)*		81.9
Average life expectancy estimate (yrs.)*		6.8
Total number of policies		1,010
Number of unique lives		901
Demographics		76% Males; 24% Females
Number of smokers		41
Largest policy as % of total portfolio face value		0.72%
Average policy as % of total portfolio		0.10%
Average annual premium as % of face value		3.11%

* Averages presented in the table are weighted averages.

A summary of our policies, organized according to their estimated life expectancy dates as of the reporting date, is as follows:

	As of June 30, 2018			As of December 31, 2017		
Years Ending December 31,	**Number of Policies**	**Estimated Fair Value**	**Face Value**	**Number of Policies**	**Estimated Fair Value**	**Face Value**
2018	4	$ 3,328,000	$ 3,375,000	8	$ 4,398,000	$ 4,689,000
2019	35	44,532,000	55,472,000	48	63,356,000	83,720,000
2020	80	77,686,000	115,736,000	87	79,342,000	127,373,000
2021	97	104,685,000	176,820,000	98	96,154,000	170,695,000
2022	119	100,279,000	190,208,000	90	85,877,000	181,120,000
2023	102	84,874,000	205,340,000	93	69,467,000	175,458,000
2024	111	83,602,000	232,258,000	100	77,638,000	228,188,000
Thereafter	462	227,077,000	869,870,000	374	174,295,000	704,905,000
Totals	1,010	$ 726,063,000	$ 1,849,079,000	898	$ 650,527,000	$ 1,676,148,000

We recognized life insurance benefits of $27,623,000 and $10,935,000 during the three months ended June 30, 2018 and 2017, respectively. The forgoing amounts pertained to policies with carrying values of $6,148,000 and $3,015,000, respectively, for which we recorded realized gains of $21,475,000 and $7,920,000, respectively. We recognized life insurance benefits of $42,127,000 and $29,910,000 during the six months ended June 30, 2018 and 2017, respectively. The forgoing amounts pertained to policies with carrying values of $11,232,000 and $5,384,000, for which we recorded realized gains of $30,895,000 and $24,526,000, respectively.

Reconciliation of gain on life insurance policies:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Change in estimated probabilistic cash flows (1)	$ 17,409,000	$ 13,431,000	$ 36,414,000	$ 27,465,000
Unrealized gain on acquisitions (2)	5,795,000	8,044,000	12,769,000	18,646,000
Premiums and other annual fees	(12,708,000)	(11,859,000)	(24,906,000)	(22,949,000)
Change in discount rates (3)	-	4,143,000	-	4,143,000
Change in life expectancy evaluation (4)	(95,000)	(6,662,000)	(4,963,000)	(8,604,000)
Face value of matured policies	27,623,000	10,935,000	42,127,000	29,910,000
Fair value of matured policies	(14,684,000)	(6,736,000)	(24,233,000)	(17,915,000)
Gain on life insurance policies, net	$ 23,340,000	$ 11,296,000	$ 37,208,000	$ 30,696,000

(1) Change in fair value of expected future cash flows relating to our investment in life insurance policies that are not specifically attributable to changes in life expectancy, discount rate or policy maturity events.

(2) Gain resulting from fair value in excess of transaction price for policies acquired during the reporting period.

(3) The discount rate of 10.45% as of June 30, 2018 remained unchanged from both the prior quarter and year end dates. The discount rate of 10.81% as of June 30, 2017 reflected a decrease from the 10.96% rate used at both the preceding quarter and year end dates.

(4) The change in fair value due to updating life expectancy estimates on certain life insurance policies in our portfolio.

We currently estimate that premium payments and servicing fees required to maintain our current portfolio of life insurance policies in force for the next five years, assuming no mortalities, are as follows:

Years Ending December 31,	Premiums	Servicing	Premiums and Servicing Fees
Six months ending December 31, 2018	$ 27,358,000	$ 677,000	$ 28,035,000
2019	63,323,000	1,355,000	64,678,000
2020	73,758,000	1,355,000	75,113,000
2021	84,700,000	1,355,000	86,055,000
2022	95,964,000	1,355,000	97,319,000
2023	107,289,000	1,355,000	108,644,000
	$ 452,392,000	$ 7,452,000	$ 459,844,000

Management anticipates funding the majority of the premium payments estimated above from cash flows realized from life insurance policy benefits, and to the extent necessary, with additional borrowing capacity, created as the premiums and servicing costs of pledged life insurance policies become due, under the amended and restated senior credit facility with LNV Corporation as described in Note 6, and the net proceeds from our offering of L Bonds as described in Note 8. Management anticipates funding premiums and servicing costs of non-pledged life insurance policies with cash flows realized from life insurance policy benefits from our portfolio of life insurance policies and net proceeds from our offering of L Bonds. The proceeds of these capital sources may also be used for the purchase, policy premiums and servicing costs of additional life insurance policies as well as for other working capital and financing expenditures including paying principal, interest and dividends.

(4) Fair Value Definition and Hierarchy

Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("ASC 820") establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace, including the existence and transparency of transactions between market participants. Assets and liabilities with readily available and actively quoted prices, or for which fair value can be measured from actively quoted prices in an orderly market, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

ASC 820 maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs whenever available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect assumptions about how market participants price an asset or liability based on the best available information. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Because valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary by types of assets and liabilities and is affected by a wide variety of factors, including, for example, whether an instrument is established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for assets and liabilities categorized in Level 3.

Level 3 Valuation Process

The estimated fair value of our portfolio of life insurance policies is determined on a quarterly basis by management taking into consideration a number of factors, including changes in discount rate assumptions, estimated premium payments and life expectancy estimate assumptions, as well as any changes in economic and other relevant conditions. The discount rate incorporates current information about discount rates applied by other reporting companies owning portfolios of life insurance policies, the discount rates observed in the life insurance secondary market, market interest rates, the estimated credit exposure to the insurance company that issued the life insurance policy and management's estimate of the operational risk premium a purchaser would require to receive the future cash flows derived from our portfolio as a whole. Management has discretion regarding the combination of these and other factors when determining the discount rate.

These inputs are then used to estimate the discounted cash flows from the portfolio using the Model Actuarial Pricing System ("MAPS") probabilistic and stochastic portfolio pricing model, which estimates the expected cash flows using various mortality probabilities and scenarios. The valuation process includes a review by senior management as of each quarterly valuation date. We also engage MAPS to independently test the accuracy of the valuations using the inputs we provide on a quarterly basis. A copy of a letter documenting the MAPS calculation is filed as Exhibit 99.1 to this report.

The following table reconciles the beginning and ending fair value of our Level 3 investments in our portfolio of life insurance policies for the periods ended June 30, as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Beginning balance	$ 687,389,000	$ 545,397,000	$ 650,527,000	$ 511,192,000
Purchases	30,249,000	19,432,000	55,549,000	42,122,000
Maturities (initial cost basis)	(6,148,000)	(3,015,000)	(11,232,000)	(5,384,000)
Net change in fair value	14,573,000	15,236,000	31,219,000	29,120,000
Ending balance	$ 726,063,000	$ 577,050,000	$ 726,063,000	$ 577,050,000

For life insurance policies with face amounts greater than $1 million and that are not pledged under any senior credit facility (approximately 18.4% of our portfolio by face amount of policy benefits) we attempt to update the life expectancy estimates on a continuous rotating three year cycle. For life insurance policies that are pledged under the LNV senior credit facility (approximately 73.1% of our portfolio by face amount of policy benefits) we are presently required to update the life expectancy estimates every two years beginning from the date of the amended facility. For the remaining small face insurance policies (i.e., a policy with $1 million in face value benefits or less) we may employ a range of methods and timeframes to update life expectancy estimates.

The following table summarizes the inputs utilized in estimating the fair value of our portfolio of life insurance policies:

	As of June 30, 2018	As of December 31, 2017
Weighted-average age of insured, years *	81.9	81.7
Weighted-average life expectancy, months *	82.0	82.4
Average face amount per policy	$ 1,831,000	$ 1,867,000
Discount rate	10.45%	10.45%

(*) Weighted-average by face amount of policy benefits

Life expectancy estimates and market discount rates for a portfolio of life insurance policies are inherently uncertain and the effect of changes in estimates may be significant. For example, if the life expectancy estimates were increased or decreased by four and eight months on each outstanding policy, and the discount rates were increased or decreased by 1% and 2%, with all other variables held constant, the fair value of our investment in life insurance policies would increase or decrease as summarized below:

Change in Fair Value of the Investment in Life Insurance Policies

	Change in Life Expectancy Estimates			
	minus 8 months	minus 4 months	plus 4 months	plus 8 months
June 30, 2018	$ 96,387,000	$ 47,837,000	$ (47,457,000)	$ (94,194,000)
December 31, 2017	$ 86,391,000	$ 42,886,000	$ (42,481,000)	$ (84,238,000)

	Change in Discount Rate			
	minus 2%	minus 1%	plus 1%	plus 2%
June 30, 2018	$ 75,047,000	$ 35,898,000	$ (33,001,000)	$ (63,412,000)
December 31, 2017	$ 68,117,000	$ 32,587,000	$ (29,964,000)	$ (57,583,000)

Other Fair Value Considerations

The carrying value of receivables, prepaid expenses, accounts payable and accrued expenses approximate fair value due to their short-term maturities and low credit risk. Using the income-based valuation approach, the estimated fair value of our L Bonds, having an aggregate face value of $534,302,000 as of June 30, 2018, is approximately $541,680,000 based on a weighted-average market interest rate of 6.78%. The carrying value of the senior credit facility with LNV Corporation reflects interest charged at 12-month LIBOR plus an applicable margin. The margin represents our credit risk, and the strength of the portfolio of life insurance policies collateralizing the debt. The overall rate reflects market, and the carrying value of the facility approximates fair value.

GWG MCA participates in the merchant cash advance industry by directly advancing sums to merchants and lending money, on a secured basis, to companies that advance sums to merchants. Each quarter, we review the carrying value of these cash advances, and determine if an impairment reserve is necessary. At June 30, 2018 one of our secured cash advances was impaired. Specifically, the secured loan to Nulook Capital LLC had an outstanding balance of $1,914,000 and a loan loss reserve of $1,908,000 at June 30, 2018. We deem fair value to be the estimated collectible value on each loan or advance made from GWG MCA. Secured MCA advances, net of loan loss reserve, of $1,345,000 and $1,662,000 are included within other assets on our condensed consolidated balance sheets as of June 30, 2018 and December 31, 2017, respectively. Where we estimate the collectible amount to be less than the outstanding balance, we record a reserve for the difference. Provision for MCA advances are recorded within other expenses on the statement of operations (see Note 15).

The following table summarizes outstanding common stock warrants (discussed in Note 13) as of June 30, 2018:

Month issued	**Warrants issued**	**Fair value per share**	**Risk free rate**	**Volatility**	**Term**
September 2014	16,000	$ 1.26	1.85%	17.03%	5 years
	16,000				

(5) Credit Facility — Autobahn Funding Company LLC

On September 12, 2017, we terminated our $105 million senior credit facility with Autobahn Funding Company LLC, the Credit and Security Agreement governing the facility as well as the related pledge agreement, pursuant to which our obligations under the facility were secured. We paid off in full all obligations under the facility on September 14, 2016, and since that date, we have had no amounts outstanding under the facility.

The Credit and Security Agreement contained certain financial and non-financial covenants, and we were in compliance with these covenants during the year ended December 31, 2017 until the date of termination.

(6) Credit Facility — LNV Corporation

On September 27, 2017, we entered into an amended and restated senior credit facility with LNV Corporation as lender through our subsidiary GWG DLP Funding IV, LLC (“DLP IV”). The Amended and Restated Loan Agreement governing the facility makes available a total of up to $300,000,000 in credit with a maturity date of September 27, 2029. Additional advances are available under the Amended and Restated Loan Agreement at the LIBOR rate as defined in the Amended and Restated Loan Agreement. Advances are available as the result of additional borrowing base capacity, created as the premiums and servicing costs of pledged life insurance policies become due. Interest will accrue on amounts borrowed under the Amended and Restated Loan Agreement at an annual interest rate, determined as of each date of borrowing or quarterly if there is no borrowing, equal to (A) the greater of 12-month LIBOR or the federal funds rate (as defined in the agreement) plus one-half of one percent per annum, plus (B) 7.50% per annum. The effective rate at June 30, 2018 was 10.19%. Interest payments are made on a quarterly basis.

As of June 30, 2018, approximately 73.1% of the total face value of our portfolio is pledged to LNV Corporation. The amount outstanding under this facility was $190,389,000 and $222,525,000 at June 30, 2018 and December 31, 2017, respectively. Obligations under the facility are secured by a security interest in DLP IV’s assets, for the benefit of the lenders under the Amended and Restated Loan Agreement, through an arrangement under which Wells Fargo serves as securities intermediary. The life insurance policies owned by DLP IV do not serve as direct collateral for the obligations of GWG Holdings under the L Bonds. The difference between the amount outstanding and the carrying amount on our condensed consolidated balance sheets is due to netting of unamortized debt issuance costs.

The Amended and Restated Loan Agreement has certain financial and nonfinancial covenants, and we were in compliance with these covenants at June 30, 2018 and December 31, 2017.

(7) Series I Secured Notes

Series I Secured Notes were legal obligations of GWG Life and were privately offered and sold from August 2009 through June 2011. On September 8, 2017, we redeemed all outstanding Series I Secured Notes for an aggregate of $6,815,000.

(8) L Bonds

Our L Bonds are legal obligations of GWG Holdings. Obligations under the L Bonds are secured by the assets of GWG Holdings and by GWG Life, as a guarantor, and are subordinate to the obligations under our senior credit facility (see Note 6). We began publicly offering and selling L Bonds in January 2012 under the name “Renewable Secured Debentures”. These debt securities were re-named “L Bonds” in January 2015. L Bonds are publicly offered and sold on a continuous basis under a registration statement permitting us to sell up to $1.0 billion in principal amount of L Bonds through January 2018. On December 1, 2017, an additional public offering was declared effective permitting us to sell up to $1.0 billion in principal amount of L Bonds on a continuous basis. The new offering is a follow-on to the previous L Bond offering and contains the same terms and features. We are party to an indenture governing the L Bonds dated October 19, 2011, as amended (“Indenture”), under which GWG Holdings is obligor, GWG Life is guarantor, and Bank of Utah serves as indenture trustee. On March 27, 2018 GWG L Bond holders approved Amendment No.1 to the Amended and Restated Indenture with Bank of Utah. This amendment expands the definition of Total Coverage to include, without duplication, the value of all of our other assets as reflected on our most recently available balance sheet prepared in accordance with GAAP. The Indenture contains certain financial and non-financial covenants, and we were in compliance with these covenants at June 30, 2018 and December 31, 2017.

The bonds have renewal features under which we may elect to permit their renewal, subject to the right of bondholders to elect to receive payment at maturity. Interest is payable monthly or annually depending on the election of the investor.

At June 30, 2018 and December 31, 2017, the weighted-average interest rate of our L Bonds was 7.15% and 7.29%, respectively. The principal amount of L Bonds outstanding was $534,302,000 and $461,427,000 at June 30, 2018 and December 31, 2017, respectively. The difference between the amount of outstanding L Bonds and the carrying amount on our condensed consolidated balance sheets is due to netting of unamortized deferred issuance costs, cash receipts for new issuances and payments of redemptions in process. Amortization of deferred issuance costs was $2,139,000 and $927,000 for the three months ended June 30, 2018 and 2017, respectively, and $4,138,000 and $2,856,000 for the six months ended June 30, 2018 and 2017, respectively. Future expected amortization of deferred financing costs as of June 30, 2018 is $18,060,000 in total over the next seven years.

Future contractual maturities of L Bonds, and future amortization of their deferred financing costs, at June 30, 2018 are as follows:

Years Ending December 31,	**Contractual Maturities**	**Unamortized Deferred Financing Costs**
Six months ending December 31, 2018	$ 60,612,000	$ 312,000
2019	150,617,000	3,024,000
2020	114,594,000	4,050,000
2021	65,293,000	2,860,000
2022	39,713,000	1,888,000
2023	36,818,000	1,984,000
Thereafter	66,655,000	3,942,000
	$ 534,302,000	$ 18,060,000

(9) Series A Convertible Preferred Stock

From July 2011 through September 2012, we privately offered shares of Series A of GWG Holdings at $7.50 per share. In the offering, we sold an aggregate of 3,278,000 shares for gross consideration of $24,582,000. Holders of Series A were entitled to cumulative dividends at the rate of 10% per annum, paid quarterly. The Series A Convertible Preferred Stock were only redeemable at our option.

Purchasers of Series A in our offering received warrants to purchase an aggregate of 416,000 shares of our common stock at an exercise price of $12.50 per share. As of June 30, 2018 and December 31, 2017, all of these warrants have expired and none of them had been exercised.

On October 9, 2017 all shares of Series A were redeemed with a redemption payment equal to the sum of: (i) $8.25 per Series A share and (ii) all accrued but unpaid dividends.

(10) Redeemable Preferred Stock

On November 30, 2015, our public offering of up to 100,000 shares of RPS at $1,000 per share was declared effective. Holders of RPS are entitled to cumulative dividends at the rate of 7% per annum, paid monthly. Dividends on the RPS are recorded as a reduction to additional paid-in capital, if any, then to the outstanding balance of the preferred stock if additional paid-in-capital has been exhausted. Under certain circumstances described in the Certificate of Designation for the RPS, additional shares of RPS may be issued in lieu of cash dividends.

The RPS ranks senior to our common stock and pari passu with our RPS 2 and entitles its holders to a liquidation preference equal to the stated value per share (i.e., $1,000) plus accrued but unpaid dividends. Holders of RPS may presently convert their RPS into our common stock at a conversion price equal to the volume-weighted average price of our common stock for the 20 trading days immediately prior to the date of conversion, subject to a minimum conversion price of $15.00 and in an aggregate amount limited to 15% of the stated value of RPS originally purchased by such holder from us and still held by such holder.

Holders of RPS may request that we redeem their RPS at a price equal to their stated value plus accrued but unpaid dividends, less an applicable redemption fee, if any. Nevertheless, the Certificate of Designation for RPS permits us in our sole discretion to grant or decline redemption requests. Subject to certain restrictions and conditions, we may also redeem shares of RPS without a redemption fee upon a holder’s death, total disability or bankruptcy. In addition, after one year from the date of original issuance, we may, at our option, call and redeem shares of RPS at a price equal to their liquidation preference.

In March 2017, we closed the RPS offering to additional investors having sold 99,127 shares of RPS for an aggregate gross consideration of $99,127,000 and incurred approximately $7,019,000 of related selling costs.

At the time of its issuance, we determined that the RPS contained two embedded features: (1) optional redemption by the holder and (2) optional conversion by the holder. We determined that each of the embedded features met the definition of a derivative and that the RPS should be considered an equity host for the purposes of assessing the embedded derivatives for potential bifurcation. Based on our assessment under Accounting Standards Codification 470 “*Debt*” (“ASC 470”) we do not believe bifurcation of either the holder’s redemption or conversion feature is appropriate.

(11) Series 2 Redeemable Preferred Stock

On February 14, 2017, our public offering of up to 150,000 shares of RPS 2 at $1,000 per share was declared effective. Holders of RPS 2 are entitled to cumulative dividends at the rate of 7% per annum, paid monthly. Dividends on the RPS 2 are recorded as a reduction to additional paid-in capital, if any, then to the outstanding balance of the preferred stock if additional paid-in capital has been exhausted. Under certain circumstances described in the Certificate of Designation for the RPS 2, additional shares of RPS 2 may be issued in lieu of cash dividends.

The RPS 2 ranks senior to our common stock and pari passu with our RPS and entitles its holders to a liquidation preference equal to the stated value per share (i.e., $1,000) plus accrued but unpaid dividends. Holders of RPS 2 may, less an applicable conversion discount, if any, convert their RPS 2 into our common stock at a conversion price equal to the volume-weighted average price of our common stock for the 20 trading days immediately prior to the date of conversion, subject to a minimum conversion price of $12.75 and in an aggregate amount limited to 10% of the stated value of RPS 2 originally purchased by such holder from us and still held by such holder.

Holders of RPS 2 may request that we redeem their RPS 2 shares at a price equal to their liquidation preference, less an applicable redemption fee, if any. Nevertheless, the Certificate of Designation for RPS 2 permits us in our sole discretion to grant or decline requests for redemption. Subject to certain restrictions and conditions, we may also redeem shares of RPS 2 without a redemption fee upon a holder's death, total disability or bankruptcy. In addition, we may, at our option, call and redeem shares of RPS 2 at a price equal to their liquidation preference (subject to a minimum redemption price, in the event of redemptions occurring less than one year after issuance, of 107% of the stated value of the shares being redeemed).

In April 2018, we closed the RPS 2 offering to additional investors having sold 149,979 shares of RPS 2 for an aggregate gross consideration of $149,979,000 and incurred approximately $10,284,000 of related selling costs.

At the time of its issuance, we determined that the RPS 2 contained two embedded features: (1) optional redemption by the holder; and (2) optional conversion by the holder. We determined that each of the embedded features met the definition of a derivative and that the RPS 2 should be considered an equity host for the purposes of assessing the embedded derivatives for potential bifurcation. Based on our assessment under ASC 470 we do not believe bifurcation of either the holder's redemption or conversion feature is appropriate.

(12) Income Taxes

We had a current income tax liability of $0 as of both June 30, 2018 and December 31, 2017. The components of our income tax expense (benefit) and the reconciliation at the statutory federal tax rate to our actual income tax expense (benefit) for the three and six months ended June 30, 2018 and 2017 consisted of the following:

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Statutory federal income tax (benefit)	$ (12,000)	$ (3,200,000)	$ (1,939,000)	$ (3,215,000)
State income taxes (benefit), net of federal benefit	10,000	(607,000)	(692,000)	(609,000)
Change in valuation allowance	(36,000)	-	2,568,000	-
Other permanent differences	38,000	90,000	63,000	106,000
Total income tax expense (benefit)	$ -	$ (3,717,000)	$ -	$ (3,718,000)

The tax effects of temporary differences that give rise to deferred income taxes were as follows:

	As of June 30, 2018	As of December 31, 2017
Deferred tax assets:		
Note receivable from related party	$ 1,437,000	$ 1,437,000
Net operating loss carryforwards	9,787,000	9,995,000
Other assets	1,487,000	1,724,000
Subtotal	12,711,000	13,156,000
Valuation allowance	(8,954,000)	(6,386,000)
Deferred tax assets	3,757,000	6,770,000
Deferred tax liabilities:		
Investment in life insurance policies	(3,651,000)	(6,630,000)
Other liabilities	(106,000)	(140,000)
Net deferred tax asset(liability)	$ -	$ -

At June 30, 2018 and December 31, 2017, we had federal net operating loss (“NOL”) carryforwards of $34,052,000 and $34,775,000, respectively. The NOL carryforwards will begin to expire in 2031. Future utilization of NOL carryforwards is subject to limitations under Section 382 of the Internal Revenue Code. This section generally relates to a more than 50 percent change in ownership over a three-year period. We currently do not believe that any prior issuance of common stock has resulted in an ownership change under Section 382 through June 30, 2018.

We provide for a valuation allowance when it is not considered “more likely than not” that our deferred tax assets will be realized. As of June 30, 2018, based on all available evidence, we have provided a valuation allowance against our total net deferred tax asset of $8,954,000 due to uncertainty as to the realization of our deferred tax assets during the carryforward periods.

On December 22, 2017, the U.S. federal government enacted the Tax Cuts and Jobs Act (“Tax Reform Bill”). The Tax Reform Bill changed existing United States tax law, including a reduction of the U.S. corporate income tax rate. The Company re-measured deferred taxes as of the date of enactment, reflecting those changes within deferred tax assets as of December 31, 2017.

ASC 740 requires the reporting of certain tax positions that do not meet a threshold of “more-likely-than-not” to be recorded as uncertain tax benefits. It is management’s responsibility to determine whether it is “more-likely-than-not” that a tax position will be sustained upon examination, including resolution of any related appeals or litigation, based upon the technical merits of the position. Management has reviewed all income tax positions taken or expected to be taken for all open years and has determined that the income tax positions are appropriately stated and supported. We do not anticipate that the total unrecognized tax benefits will significantly change prior to December 31, 2018.

Under our accounting policies, interest and penalties on unrecognized tax benefits, as well as interest received from favorable tax settlements are recognized as components of income tax expense. At June 30, 2018 and December 31, 2017, we recorded no accrued interest or penalties related to uncertain tax positions.

Our income tax returns for tax years ended December 31, 2014, 2015, 2016 and 2017, when filed, remain open to examination by the Internal Revenue Service and various state taxing jurisdictions. Our income tax return for tax year ended December 31, 2013 also remains open to examination by various state taxing jurisdictions.

(13) Common Stock

In September 2014, we consummated an initial public offering of our common stock resulting in the sale of 800,000 shares of common stock at $12.50 per share, and net proceeds of approximately $8.6 million after the payment of underwriting commissions, discounts and expense reimbursements. In connection with this offering, we listed our common stock on the Nasdaq Capital Market under the ticker symbol “GWGH.”

In conjunction with the initial public offering our Company issued warrants to purchase 16,000 shares of common stock at an exercise price of $15.63 per share. As of June 30, 2018, none of these warrants had been exercised. The remaining life of these warrants at June 30, 2018 was 1.3 years.

(14) Stock Incentive Plan

We adopted our 2013 Stock Incentive Plan in March 2013, as amended on June 1, 2015 and May 5, 2017. The Compensation Committee of our Board of Directors is responsible for the administration of the plan. Participants under the plan may be granted incentive stock options and non-statutory stock options; stock appreciation rights; stock awards; restricted stock; restricted stock units; and performance shares. Eligible participants include officers and employees of GWG Holdings and its subsidiaries, members of our Board of Directors, and consultants. Awards generally expire 10 years from the date of grant. As of June 30, 2018, 6,000,000 common stock options are authorized under the plan, of which 3,735,564 remain available for issuance.

Stock Options

As of June 30, 2018, we had outstanding stock options for 1,679,000 shares of common stock to employees, officers, and directors under the plan. Options for 1,061,000 shares have vested, and the remaining options are scheduled to vest over three years. The options were issued with an exercise price between $6.35 and $10.38 for those beneficially owning more than 10% of our common stock, and between $4.83 and $11.00 for all others, which is equal to the market price of the shares on the date of grant. The expected annualized volatility used in the Black-Scholes model valuation of options issued during the three months ended June 30, 2018 was 20.7%. The annual volatility rate is based on the standard deviation of the average continuously compounded daily changes of stock price of five selected comparable companies. As of June 30, 2018, stock options for 723,000 shares had been forfeited and stock options for 178,000 shares had been exercised.

Outstanding stock options:

	Vested	Un-vested	Total
Balance as of December 31, 2016	738,065	844,334	1,582,399
Granted during the year	61,099	367,500	428,599
Vested during the year	327,061	(327,061)	-
Exercised during the year	(126,498)	-	(126,498)
Forfeited during the year	(142,535)	(105,017)	(247,552)
Balance as of December 31, 2017	857,192	779,756	1,636,948
Granted year-to-date	4,850	99,200	104,050
Vested year-to-date	235,424	(235,424)	-
Exercised year-to-date	(23,834)	-	(23,834)
Forfeited year-to-date	(12,582)	(25,501)	(38,083)
Balance as of June 30, 2018	1,061,050	618,031	1,679,081

As of June 30, 2018, unrecognized compensation expense related to un-vested options is $933,000. We expect to recognize this compensation expense over the remaining vesting period ($304,000 in 2018, $426,000 in 2019, $183,000 in 2020, and $20,000 in 2021).

Stock Appreciation Rights (SARs)

As of June 30, 2018, we had outstanding SARs for 407,000 shares of the common stock to employees. The strike price of the SARs was between $7.84 and $10.38, which was equal to the market price of the common stock at the date of issuance. As of June 30, 2018, 215,000 of the SARs were vested. On June 30, 2018, the market price of GWG's common stock was $7.68.

Outstanding SARs:

	Vested	Un-vested	Total
Balance as of December 31, 2016	106,608	133,127	239,735
Granted during the year	13,001	91,986	104,987
Vested during the year	69,444	(69,444)	-
Forfeited during the year	-	(1,750)	(1,750)
Balance as of December 31, 2017	189,053	153,919	342,972
Granted year-to-date	-	64,050	64,050
Vested year-to-date	25,699	(25,699)	-
Forfeited year-to-date	-	-	-
Balance as of June 30, 2018	214,752	192,270	407,022

The liability for the SARs as of June 30, 2018 and December 31, 2017 was $483,000 and $551,000, respectively, and was recorded within other accrued expenses on the condensed consolidated balance sheets. Employee compensation and benefits expense for SARs of ($118,000) and $23,000 was recorded for the three months ended June 30, 2018 and 2017, respectively, and ($68,000) and $312,000 was recorded for the six months ended June 30, 2018 and 2017, respectively.

Upon the exercise of SARs, the Company is obligated to make cash payment equal to the positive difference between the fair market value of the Company's common stock on the date of exercise less the fair market value of the common stock on the date of grant.

The following summarizes information concerning outstanding options and SARs issued under the 2013 Stock Incentive Plan:

	June 30, 2018			
	Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Life (years)	Fair Value at Grant Date
Vested				
Stock Options	1,061,050	$ 8.21	5.90	$ 1.82
SARs	214,752	$ 8.61	5.41	$ 1.89
Total Vested	1,275,802	$ 8.28	5.81	$ 1.83
Unvested				
Stock Options	618,031	$ 9.22	7.18	$ 2.21
SARs	192,270	$ 8.93	6.11	$ 2.10
Total Unvested	810,301	$ 9.16	6.93	$ 2.18

	December 31, 2017			
	Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Life (years)	Fair Value at Grant Date
Vested				
Stock Options	857,192	$ 8.05	6.17	$ 1.76
SARs	189,053	$ 8.54	5.86	$ 1.90
Total Vested	1,046,245	$ 8.14	6.11	$ 1.78
Unvested				
Stock Options	779,756	$ 9.21	7.50	$ 2.17
SARs	153,919	$ 9.16	6.24	$ 2.02
Total Unvested	933,675	$ 9.21	7.30	$ 2.15

(15) Other Expenses

The components of other expenses in our condensed consolidated statements of operations for the three and six months ended June 30, 2018 and 2017 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Contract Labor	$ 305,000	$ 87,000	$ 605,000	$ 181,000
Marketing	509,000	649,000	930,000	1,201,000
Information Technology	366,000	351,000	866,000	682,000
Servicing and Facility Fees	468,000	405,000	862,000	686,000
Travel and Entertainment	230,000	283,000	446,000	518,000
Insurance and Regulatory	352,000	393,000	719,000	718,000
Charitable Contributions	-	89,000	-	420,000
Provision for MCA Advances	94,000	878,000	94,000	878,000
General and Administrative	509,000	626,000	1,051,000	1,257,000
Total Other Expenses	$ 2,833,000	$ 3,761,000	$ 5,573,000	$ 6,541,000

(16) Net Loss Attributable to Common Shareholders

We have outstanding RPS and RPS 2, as described in Notes 10 and 11. RPS and RPS 2 are anti-dilutive to our net loss attributable to common shareholders calculation for both the three and six months ended June 30, 2018 and 2017. Our vested and un-vested stock options are anti-dilutive for both the three and six months ended June 30, 2018 and 2017.

(17) Commitments

We are party to an office lease with U.S. Bank National Association as the landlord. On September 1, 2015, we entered into an amendment to our original lease that expanded the leased space to 17,687 square feet and extended the term through October 2025. Under the amended lease we are obligated to pay base rent plus common area maintenance and a share of building operating costs. Rent expenses under this agreement were $110,000 during both three months ended June 30, 2018 and 2017 and $215,000 and $223,000 during the six months ended June 30, 2018 and 2017, respectively.

Minimum lease payments under the amended lease are as follows:

Six months ending December 31, 2018	$ 133,000
2019	275,000
2020	284,000
2021	293,000
2022	302,000
2023	311,000
Thereafter	593,000
	$ 2,191,000

(18) Contingencies

Litigation — In the normal course of business, we are involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on our financial position, results of operations or cash flows.

(19) Guarantee of L Bonds

We are publicly offering and selling L Bonds under a registration statement declared effective by the SEC, as described in Note 8. Our obligations under the L Bonds are secured by substantially all the assets of GWG Holdings, a pledge of all our common stock held individually by our largest stockholders, and by a guarantee and corresponding grant of a security interest in substantially all the assets of GWG Life. As a guarantor, GWG Life has fully and unconditionally guaranteed the payment of principal and interest on the L Bonds. GWG Life's equity in DLP IV serve as collateral for our L Bond obligations. Substantially all of our life insurance policies are held by DLP IV or GWG Life Trust ("the Trust"). The policies held by DLP IV are not collateral for the L Bond obligations as such policies are pledged to the senior credit facility with LNV Corporation.

The consolidating financial statements are presented in lieu of separate financial statements and other related disclosures of the subsidiary guarantor and issuer, because management does not believe that separate financial statements and related disclosures would be material to investors. There are currently no significant restrictions on the ability of GWG Holdings or GWG Life, the guarantor subsidiary, to obtain funds from its subsidiaries by dividend or loan, except as described in these notes. A substantial majority of insurance policies we currently own are subject to a collateral arrangement with LNV Corporation described in Note 6. Under this arrangement, we are required to maintain collection and payment accounts that are used to collect policy benefits from pledged policies, pay interest and other charges under the facility, and distribute funds to pay down the facility.

The following represents condensed consolidating financial information as of June 30, 2018 and December 31, 2017, with respect to the financial position, and as of June 30, 2018 and 2017, with respect to results of operations and cash flows of GWG Holdings and its subsidiaries. The parent column presents the financial information of GWG Holdings, the primary obligor for the L Bonds. The guarantor subsidiary column presents the financial information of GWG Life, the guarantor subsidiary of the L Bonds, presenting its investment in DLP IV and the Trust under the equity method. The non-guarantor subsidiaries column presents the financial information of all non-guarantor subsidiaries, including DLP IV and the Trust.

Condensed Consolidating Balance Sheets

June 30, 2018	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ 123,017,408	$ 546,177	$ 881,219	$ -	$ 124,444,804
Restricted cash	-	5,648,925	1,002,384	-	6,651,309
Investment in life insurance policies, at fair value	-	70,892,773	655,170,471	-	726,063,244
Life insurance policy benefits receivable	-	800,000	26,235,000	-	27,035,000
Other assets	4,307,833	1,921,184	4,612,550	-	10,841,567
Investment in subsidiaries	577,018,061	498,224,110	-	(1,075,242,171)	-
TOTAL ASSETS	$ 704,343,302	$ 578,033,169	$ 687,901,624	$ (1,075,242,171)	$ 895,035,924
LIABILITIES & STOCKHOLDERS' EQUITY					
LIABILITIES					
Senior credit facility with LNV Corporation	$ -	$ -	$ 180,630,553	$ -	$ 180,630,553
L Bonds	518,788,942	-	-	-	518,788,942
Accounts payable	580,162	738,894	1,307,227	-	2,626,283
Interest and dividends payable	11,449,184	-	5,487,541	-	16,936,725
Other accrued expenses	1,502,663	1,736,033	792,374	-	4,031,070
TOTAL LIABILITIES	532,320,951	2,474,927	188,217,695	-	723,013,573
STOCKHOLDERS' EQUITY					
Member capital	-	575,558,242	499,683,929	(1,075,242,171)	-
Redeemable preferred stock and Series 2 redeemable preferred stock	220,701,701	-	-	-	220,701,701
Common stock	5,813	-	-	-	5,813
Accumulated deficit	(48,685,163)	-	-	-	(48,685,163)
TOTAL STOCKHOLDERS' EQUITY	172,022,351	575,558,242	499,683,929	(1,075,242,171)	172,022,351
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 704,343,302	$ 578,033,169	$ 687,901,624	$ (1,075,242,171)	$ 895,035,924

Condensed Consolidating Balance Sheets (continued)

December 31, 2017	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ 111,952,829	$ 1,486,623	$ 982,039	$ -	$ 114,421,491
Restricted cash	-	9,367,410	18,982,275	-	28,349,685
Investment in life insurance policies, at fair value	-	51,093,362	599,433,991	-	650,527,353
Life insurance policy benefits receivable	-	1,500,000	15,158,761	-	16,658,761
Other assets	1,912,203	1,986,312	5,000,369	-	8,898,884
Investment in subsidiaries	480,659,789	415,235,212	-	(895,895,001)	-
TOTAL ASSETS	$ 594,524,821	$ 480,668,919	$ 639,557,435	$ (895,895,001)	$ 818,856,174
LIABILITIES & STOCKHOLDERS' EQUITY					
LIABILITIES					
Senior credit facility with LNV Corporation	$ -	$ -	$ 212,238,192	$ -	$ 212,238,192
L Bonds	447,393,568	-	-	-	447,393,568
Accounts payable	1,434,623	844,899	4,114,917	-	6,394,439
Interest and dividends payable	10,296,584	-	5,130,925	-	15,427,509
Other accrued expenses	1,728,303	1,610,773	391,647	-	3,730,723
TOTAL LIABILITIES	460,853,078	2,455,672	221,875,681	-	685,184,431
STOCKHOLDERS' EQUITY					
Member capital	-	478,213,247	417,681,754	(895,895,001)	-
Redeemable preferred stock and Series 2 redeemable preferred stock	173,115,447	-	-	-	173,115,447
Common stock	5,813	-	-	-	5,813
Accumulated deficit	(39,449,517)	-	-	-	(39,449,517)
TOTAL STOCKHOLDERS' EQUITY	133,671,743	478,213,247	417,681,754	(895,895,001)	133,671,743
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 594,524,821	$ 480,668,919	$ 639,557,435	$ (895,895,001)	$ 818,856,174

Condensed Consolidating Statements of Operations

For the three months ended June 30, 2018	**Parent**	**Guarantor Subsidiary**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
REVENUE					
Gain on life insurance policies, net	$ -	$ 6,620,224	$ 16,719,526	$ -	$ 23,339,750
Interest and other income	661,859	17,798	295,541	-	975,198
TOTAL REVENUE	661,859	6,638,022	17,015,067	-	24,314,948
EXPENSES					
Interest expense	11,396,554	-	5,751,296	-	17,147,850
Employee compensation and benefits	1,414,360	1,318,806	502,533	-	3,235,699
Legal and professional fees	399,790	234,740	521,198	-	1,155,728
Other expenses	1,697,222	476,907	658,648	-	2,832,777
TOTAL EXPENSES	14,907,926	2,030,453	7,433,675	-	24,372,054
INCOME (LOSS) BEFORE EQUITY IN INCOME OF SUBSIDIARIES	(14,246,067)	4,607,569	9,581,392	-	(57,106)
EQUITY IN INCOME OF SUBSIDIARIES	14,188,961	10,693,650	-	(24,882,611)	-
NET INCOME (LOSS) BEFORE INCOME TAXES	(57,106)	15,301,219	9,581,392	(24,882,611)	(57,106)
INCOME TAX BENEFIT	-	-	-	-	-
NET INCOME (LOSS)	(57,106)	15,301,219	9,581,392	(24,882,611)	(57,106)
Preferred stock dividends	4,338,487	-	-	-	4,338,487
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (4,395,593)	$ 15,301,219	$ 9,581,392	$ (24,882,611)	$ (4,395,593)

For the three months ended June 30, 2017	**Parent**	**Guarantor Subsidiary**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
REVENUE					
Gain on life insurance policies, net	$ -	$ 201,685	$ 11,094,581	$ -	$ 11,296,266
Interest and other income	69,221	163,384	298,141	(159,426)	371,320
TOTAL REVENUE	69,221	365,069	11,392,722	(159,426)	11,667,586
EXPENSES					
Interest expense	8,325,874	391,061	3,555,266	(26,176)	12,246,025
Employee compensation and benefits	2,109,562	1,529,188	102,549	-	3,741,299
Legal and professional fees	284,756	179,461	866,372	-	1,330,589
Other expenses	1,885,146	650,320	1,358,882	(133,250)	3,761,098
TOTAL EXPENSES	12,605,338	2,750,030	5,883,069	(159,426)	21,079,011
INCOME (LOSS) BEFORE EQUITY IN INCOME OF SUBSIDIARIES	(12,536,117)	(2,384,961)	5,509,653	-	(9,411,425)
EQUITY IN INCOME OF SUBSIDIARIES	3,124,692	7,241,779	-	(10,366,471)	-
NET INCOME (LOSS) BEFORE INCOME TAXES	(9,411,425)	4,856,818	5,509,653	(10,366,471)	(9,411,425)
INCOME TAX BENEFIT	(3,717,174)	-	-	-	(3,717,174)
NET INCOME (LOSS)	(5,694,251)	4,856,818	5,509,653	(10,366,471)	(5,694,251)
Preferred stock dividends	2,031,097	-	-	-	2,031,097
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (7,725,348)	$ 4,856,818	$ 5,509,653	$ (10,366,471)	$ (7,725,348)

Condensed Consolidating Statements of Operations (continued)

For the six months ended June 30, 2018	**Parent**	**Guarantor Subsidiary**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
REVENUE					
Gain on life insurance policies, net	$ -	$ 8,013,679	$ 29,194,816	$ -	$ 37,208,495
Interest and other income	1,113,898	26,524	507,703	-	1,648,125
TOTAL REVENUE	1,113,898	8,040,203	29,702,519	-	38,856,620
EXPENSES					
Interest expense	22,019,206	-	11,191,981	-	33,211,187
Employee compensation and benefits	3,337,093	2,794,537	846,738	-	6,978,368
Legal and professional fees	807,102	466,390	1,055,865	-	2,329,357
Other expenses	3,491,702	941,514	1,140,138	-	5,573,354
TOTAL EXPENSES	29,655,103	4,202,441	14,234,722	-	48,092,266
INCOME (LOSS) BEFORE EQUITY IN INCOME OF SUBSIDIARIES	(28,541,205)	3,837,762	15,467,797	-	(9,235,646)
EQUITY IN INCOME OF SUBSIDIARIES	19,305,559	17,557,850	-	(36,863,409)	-
NET INCOME (LOSS) BEFORE INCOME TAXES	(9,235,646)	21,395,612	15,467,797	(36,863,409)	(9,235,646)
INCOME TAX BENEFIT			-	-	
NET INCOME (LOSS)	(9,235,646)	21,395,612	15,467,797	(36,863,409)	(9,235,646)
Preferred stock dividends	8,042,971	-	-	-	8,042,971
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (17,278,617)	$ 21,395,612	$ 15,467,797	$ (36,863,409)	$ (17,278,617)

For the six months ended June 30, 2017	**Parent**	**Guarantor Subsidiary**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
REVENUE					
Gain on life insurance policies, net	$ -	$ 1,701,012	$ 28,995,074	$ -	$ 30,696,086
Interest and other income	154,228	235,285	923,802	(253,470)	1,059,845
TOTAL REVENUE	154,228	1,936,297	29,918,876	(253,470)	31,755,931
EXPENSES					
Interest expense	17,587,908	677,415	7,292,113	(67,195)	25,490,241
Employee compensation and benefits	4,038,357	2,750,770	115,232	-	6,904,360
Legal and professional fees	777,571	440,549	1,058,817	-	2,276,937
Other expenses	3,548,149	1,533,051	1,646,496	(186,275)	6,541,420
TOTAL EXPENSES	25,951,985	5,401,785	10,112,658	(253,470)	41,212,958
INCOME (LOSS) BEFORE EQUITY IN INCOME OF SUBSIDIARIES	(25,797,757)	(3,465,488)	19,806,218	-	(9,457,027)
EQUITY IN INCOME OF SUBSIDIARIES	16,340,730	21,305,986	-	(37,646,716)	-
NET INCOME (LOSS) BEFORE INCOME TAXES	(9,457,027)	17,840,498	19,806,218	(37,646,716)	(9,457,027)
INCOME TAX BENEFIT	(3,717,674)	-	-	-	(3,717,674)
NET INCOME (LOSS)	(5,739,353)	17,840,498	19,806,218	(37,646,716)	(5,739,353)
Preferred stock dividends	3,898,857	-	-	-	3,898,857
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (9,638,210)	$ 17,840,498	$ 19,806,218	$ (37,646,716)	$ (9,638,210)

Condensed Consolidating Statements of Cash Flows

For the three months ended June 30, 2018	**Parent**	**Guarantor Subsidiary**	**Non-Guarantor Subsidiary**	**Eliminations**	**Consolidated**
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	$ (57,106)	$ 15,301,219	$ 9,581,392	$ (24,882,611)	$ (57,106)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Equity of subsidiaries	(14,188,961)	(10,693,650)	-	24,882,611	-
Changes in fair value of life insurance policies	-	(4,693,656)	(9,879,519)	-	(14,573,175)
Amortization of deferred financing and issuance costs	2,139,018	-	263,755	-	2,402,773
(Increase) decrease in operating assets:					
Life insurance policy benefits receivable	-	(600,000)	(14,132,270)	-	(14,732,270)
Other assets	(59,942,967)	(41,271,719)	346,531	99,135,390	(1,732,765)
Increase (decrease) in operating liabilities:					
Accounts payable and other accrued expenses	471,218	(68,313)	139,185	-	542,090
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(71,578,798)	(42,026,119)	(13,680,926)	99,135,390	(28,150,453)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in life insurance policies	-	(15,548,000)	(14,700,939)	-	(30,248,939)
Carrying value of matured life insurance policies	-	1,313,885	4,834,464	-	6,148,349
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	(14,234,115)	(9,866,475)	-	(24,100,590)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net borrowings on (repayments of) senior debt	-	-	(29,080,815)	-	(29,080,815)
Proceeds from issuance of L Bonds	60,536,446	-	-	-	60,536,446
Payments for redemption and issuance of L Bonds	(13,710,821)	-	-	-	(13,710,821)
Proceeds from issuance of preferred stock	14,372,959	-	-	-	14,372,959
Payments for issuance of preferred stock	(984,599)	-	-	-	(984,599)
Payments for redemption of preferred stock	(1,212,690)	-	-	-	(1,212,690)
Preferred stock dividends	(4,338,487)	-	-	-	(4,338,487)
Issuance of member capital	-	57,296,366	41,839,024	(99,135,390)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	54,662,808	57,296,366	12,758,209	(99,135,390)	25,581,993
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,915,990)	1,036,132	(10,789,192)	-	(26,669,050)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH					
BEGINNING OF THE PERIOD	139,933,398	5,158,970	12,672,795	-	157,765,163
END OF THE PERIOD	$ 123,017,408	$ 6,195,102	$ 1,883,603	$ -	$ 131,096,113

Condensed Consolidating Statements of Cash Flows (continued)

For the three months ended June 30, 2017	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiary	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	$ (5,694,251)	$ 4,856,818	$ 5,509,653	$ (10,366,471)	$ (5,694,251)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Equity of subsidiaries	(3,124,692)	(7,241,779)	-	10,366,471	-
Changes in fair value of life insurance policies	-	(134,399)	(15,101,103)	-	(15,235,502)
Amortization of deferred financing and issuance costs	926,816	28,964	542,168	-	1,497,948
Deferred income taxes	(3,717,174)	-	-	-	(3,717,174)
(Increase) decrease in operating assets:					
Life insurance policy benefits receivable	-	600,000	1,405,000	-	2,005,000
Other assets	(32,646,205)	(23,493,280)	316,604	55,878,537	55,656
Increase (decrease) in operating liabilities:					
Accounts payable and other accrued expenses	1,974,991	(1,405,114)	830,967	-	1,400,844
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(42,280,515)	(26,788,790)	(6,496,711)	55,878,537	(19,687,479)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in life insurance policies	-	-	(19,432,338)	-	(19,432,338)
Carrying value of matured life insurance policies	-	256,152	2,758,682	-	3,014,834
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	256,152	(16,673,656)	-	(16,417,504)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net borrowings on (repayments of) senior debt	-	-	(3,845,037)	-	(3,845,037)
Payments for issuance of senior debt	-	(1,076,118)	-	-	(1,076,118)
Payments for redemption of Series I Secured Notes	-	(4,348,372)	-	-	(4,348,372)
Proceeds from issuance of L Bonds	31,875,811	-	-	-	31,875,811
Payments for redemption and issuance of L Bonds	(15,025,566)	-	-	-	(15,025,566)
Issuance of common stock	4	-	-	-	4
Proceeds from issuance of preferred stock	34,301,747	-	-	-	34,301,747
Payments for issuance of preferred stock	(1,945,618)	-	-	-	(1,945,618)
Payments for redemption of preferred stock	(1,372,593)	-	-	-	(1,372,593)
Preferred stock dividends	(2,031,097)	-	-	-	(2,031,097)
Issuance of member capital	-	31,450,843	24,427,694	(55,878,537)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	45,802,688	26,026,353	20,582,657	(55,878,537)	36,533,161
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,522,173	(506,285)	(2,587,710)	-	428,178
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH					
BEGINNING OF THE PERIOD	46,110,677	6,411,771	45,502,477	-	98,024,925
END OF THE PERIOD	$ 49,632,850	$ 5,905,486	$ 42,914,767	$ -	$ 98,453,103

Condensed Consolidating Statements of Cash Flows (continued)

For the six months ended June 30, 2018	**Parent**	**Guarantor Subsidiary**	**Non-Guarantor Subsidiary**	**Eliminations**	**Consolidated**
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	$ (9,235,646)	$ 21,395,612	$ 15,467,797	$ (36,863,409)	$ (9,235,646)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Equity of subsidiaries	(19,305,559)	(17,557,850)	-	36,863,409	-
Changes in fair value of life insurance policies	-	(6,205,841)	(25,012,928)	-	(31,218,769)
Amortization of deferred financing and issuance costs	4,138,451	-	527,510	-	4,665,961
(Increase) decrease in operating assets:					
Life insurance policy benefits receivable	-	700,000	(11,076,239)	-	(10,376,239)
Other assets	(79,448,344)	(65,365,920)	521,297	142,483,761	(1,809,206)
Increase (decrease) in operating liabilities:					
Accounts payable and other accrued expenses	1,161,452	19,255	(2,183,825)	-	(1,003,118)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(102,689,646)	(67,014,744)	(21,756,388)	142,483,761	(48,977,017)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in life insurance policies	-	(15,548,000)	(40,000,764)	-	(55,548,764)
Carrying value of matured life insurance policies	-	1,954,430	9,277,213	-	11,231,643
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	(13,593,570)	(30,723,551)	-	(44,317,121)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net borrowings on (repayments of) senior debt	-	-	(32,135,150)		(32,135,150)
Proceeds from issuance of L Bonds	97,197,545	-	-	-	97,197,545
Payments for redemption and issuance of L Bonds	(25,956,269)	-	-	-	(25,956,269)
Proceeds from issuance of preferred stock	56,238,128	-	-		56,238,128
Payments for issuance of preferred stock	(4,142,294)	-	-		(4,142,294)
Payments for redemption of preferred stock	(1,539,914)	-	-		(1,539,914)
Preferred stock dividends	(8,042,971)	-	-	-	(8,042,971)
Issuance of member capital	-	75,949,383	66,534,378	(142,483,761)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	113,754,225	75,949,383	34,399,228	(142,483,761)	81,619,075
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,064,579	(4,658,931)	(18,080,711)	-	(11,675,063)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH					
BEGINNING OF THE PERIOD	111,952,829	10,854,033	19,964,314	-	142,771,176
END OF THE PERIOD	$ 123,017,408	$ 6,195,102	$ 1,883,603	$ -	$ 131,096,113

Condensed Consolidating Statements of Cash Flows (continued)

For the six months ended June 30, 2017	**Parent**	**Guarantor Subsidiary**	**Non-Guarantor Subsidiary**	**Eliminations**	**Consolidated**
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	$ (5,739,353)	$ 17,840,498	$ 19,806,218	$ (37,646,716)	$ (5,739,353)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Equity of subsidiaries	(16,340,730)	(21,305,986)	-	37,646,716	-
Changes in fair value of life insurance policies	-	(1,193,821)	(27,925,514)	-	(29,119,335)
Amortization of deferred financing and issuance costs	2,855,809	74,384	1,233,958	-	4,164,151
Deferred income taxes, net	(3,717,674)	-	-	-	(3,717,674)
(Increase) decrease in operating assets:					
Life insurance policy benefits receivable	-	-	(1,625,000)	-	(1,625,000)
Other assets	(27,138,260)	(55,534,365)	1,842,210	83,082,776	2,252,361
Increase (decrease) in operating liabilities:					
Accounts payable and other accrued expenses	3,428,613	(1,563,526)	1,081,963	-	2,947,050
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(46,651,595)	(61,682,816)	(5,586,165)	83,082,776	(30,837,800)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in life insurance policies	-	-	(42,121,671)	-	(42,121,671)
Carrying value of matured life insurance policies	-	751,576	4,632,232	-	5,383,808
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	751,576	(37,489,439)	-	(36,737,863)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net borrowings on (repayments of) senior debt	-	-	(7,099,537)	-	(7,099,537)
Payments for issuance of senior debt	-	(1,076,118)	(114,294)	-	(1,190,412)
Payments for redemption of Series I Secured Notes	-	(9,798,261)	-	-	(9,798,261)
Proceeds from issuance of L Bonds	56,744,470	-	-	-	56,744,470
Payments for redemption and issuance of L Bonds	(39,197,163)	-	-	-	(39,197,163)
Redemption of common stock	(1,603,556)	-	-	-	(1,603,556)
Proceeds from issuance of preferred stock	61,480,941	-	-	-	61,480,941
Payments for issuance of preferred stock	(3,963,105)	-	-	-	(3,963,105)
Payments for redemption of preferred stock	(1,759,332)	-	-	-	(1,759,332)
Preferred stock dividends	(3,898,857)	-	-	-	(3,898,857)
Issuance of member capital	-	26,232,504	56,850,272	(83,082,776)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	67,803,398	15,358,125	49,636,441	(83,082,776)	49,715,188
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,151,803	(45,573,115)	6,560,837	-	(17,860,475)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH					
BEGINNING OF THE PERIOD	28,481,047	51,478,601	36,353,930	-	116,313,578
END OF THE PERIOD	$ 49,632,850	$ 5,905,486	$ 42,914,767	$ -	$ 98,453,103

(20) Concentration

We mostly purchase life insurance policies written by life insurance companies having investment-grade ratings by independent rating agencies. As a result, there may be certain concentrations of policies with life insurance companies. The following summarizes the face value of insurance policies with specific life insurance companies exceeding 10% of the total face value held by our portfolio.

Life Insurance Company	June 30, 2018	December 31, 2017
John Hancock	14.71%	15.57%
AXA Equitable	11.39%	11.88%
Lincoln National	11.19%	10.80%

The following summarizes the states, based on insured state of residence of the insurance policies in our portfolio, exceeding 10% of the total face value held by us:

State of Residence	June 30, 2018	December 31, 2017
Florida	19.90%	20.16%
California	18.71%	18.60%

(21) Subsequent Events

Subsequent to June 30, 2018, two policies covering two individuals have matured. The combined face value of insurance benefits of these policies were $400,000.

Subsequent to June 30, 2018, we have issued approximately $28,462,000 of L Bonds.

On January 12, 2018, GWG Holdings and its wholly owned subsidiary GWG Life entered into a Master Exchange Agreement with The Beneficient Company Group, L.P., a Delaware limited partnership (“Beneficient”), MHT Financial SPV, LLC, a Delaware limited liability company (“MHT SPV”), and various related trusts (the “Seller Trusts”), as amended and restated on January 18, 2018 with effect from January 12, 2018, and as further amended by the First Amendment to Master Exchange Agreement and Second Amendment to Master Exchange Agreement (as amended, the “Master Exchange Agreement”). Under the Master Exchange Agreement, GWG Holdings, on the one hand, and any of Beneficient, MHT SPV or the Seller Trusts, on the other hand, could terminate the Master Exchange Agreement prior to the closing under certain circumstances, including if the conditions to closing of the transaction had not been fulfilled by June 30, 2018 (the “Closing Conditions Date”). On March 30, 2018 and June 29, 2018, GWG Holdings, GWG Life, Beneficient, MHT SPV, and the Seller Trusts entered into First and Second Amendments to Master Exchange Agreement pursuant to which the Closing Conditions Date was extended to July 30, 2018. The material terms and conditions of the Master Exchange Agreement were described in GWG Holdings’ Current Report on Form 8-K filed with the Securities and Exchange Commission on January 18, 2018. The transactions contemplated by the Master Exchange Agreement are referred to as the “Exchange Transaction”.

On August 10, 2018, GWG Holdings, GWG Life, Beneficient, MHT SPV, and the Seller Trusts entered into a Third Amendment to Master Exchange Agreement (the “Third Amendment”). Pursuant to the Third Amendment, the parties agreed to consummate the Exchange Transaction in two closings. The Third Amendment also generally deleted MHT SPV as a party to the Master Exchange Agreement. The material terms and conditions of the Third Amendment, the Exchange Transaction and the first closing thereof were described in GWG Holdings’ Current Report on Form 8-K filed with the Securities and Exchange Commission on August 14, 2018.

In connection with the transactions contemplated by the Third Amendment, on August 10, 2018, GWG Holdings, GWG Life and Bank of Utah, as trustee (the “Trustee”), entered into a Supplemental Indenture (the “Supplemental Indenture”) to the Amended and Restated Indenture dated as of October 23, 2017 between GWG Holdings, GWG Life and the Trustee, as amended. GWG Holdings entered into the Supplemental Indenture to add and change certain provisions of the Amended and Restated Indenture necessary to provide for the issuance of a new class of securities titled “Seller Trust L Bonds”. The maturity date of the Seller Trust L Bonds is August 9, 2023. The Seller Trust L Bonds bear interest at 7.50% per year. The material terms and conditions of the Supplemental Indenture and the Seller Trust L Bonds were described in GWG Holdings’ Current Report on Form 8-K filed with the Securities and Exchange Commission on August 14, 2018.

On August 14, 2018 the Company’s Board of Directors declared a special dividend of $4.30 per share of common stock (approximately $25 million) payable in cash on September 5, 2018 to shareholders of record on August 27, 2018.

ITEM 1A. RISK FACTORS.

On August 10, 2018, GWG Holdings, GWG Life, Beneficient, MHT SPV, and the Seller Trusts entered into a Third Amendment to Master Exchange Agreement (the "Third Amendment"). Pursuant to the Third Amendment, the parties agreed to consummate the transactions contemplated by the Master Exchange Agreement in two closings. The first closing occurred on August 10, 2018. The material terms and conditions of the Third Amendment and such first closing were described in GWG Holdings' Current Report on Form 8-K filed with the Securities and Exchange Commission on August 14, 2018. The risk factors below update the risk factors regarding the Exchange Transaction (as defined below) that were previously included in our Annual Report on Form 10-K for the year ended December 31, 2017 and filed on March 29, 2018.

Risks associated with our Exchange Transaction with The Beneficient Company Group, L.P.:

We may not complete the Final Closing of the Exchange Transaction within our anticipated timeframe or at all.

We have entered into a Master Exchange Agreement (as amended, the "Master Agreement") to govern our securities exchange transaction with The Beneficient Company Group, L.P. ("Beneficient") and certain other parties (the "Exchange Transaction"). The Master Agreement contemplates that the Exchange Transaction will occur in two closings, an initial closing, which was completed on August 10, 2018 (the "Initial Transfer") and a final closing (the "Final Closing"), which is subject to various conditions. Upon consummation of the Initial Transfer, we issued $403 million of a new series of L Bonds to certain parties referred to as the "Seller Trusts" in the Master Agreement and 5.0 million shares at $10.00 per share of Series B Convertible Preferred Stock to Beneficient who we understand will transfer such shares to the Seller Trusts; in exchange Beneficent owes us $200 million under a commercial loan (the "Commercial Loan"); $162.9 million under an exchangeable note ("Exchangeable Note") which automatically converts into 16.3 million Beneficient common units upon consummation of the Final Closing; and issued us 4.0 million Beneficient common units at $10.00 per unit. Although we anticipate that the Final Closing will occur in the fourth quarter of 2018, there can be no assurance that it will be completed on this timeframe or at all. Under the Master Agreement, in the Final Closing, (i) the Seller Trusts will transfer to us an additional 24.2 million Beneficient common units at $10.00 per unit, (ii) Beneficient will issue to us approximately 16.3 million Beneficient common units at $10.00 per unit in satisfaction of the Exchangeable Note, and we will deliver to the Seller Trusts 24.2 million shares of our common stock at $10.00 per share and the Convertible Preferred Stock will convert into 5.0 million shares of our common stock at $10.00 per share. If the Final Closing of the Exchange Transaction is not completed for any reason, we will not realize all of the anticipated benefits of the Exchange Transaction described elsewhere in this report. Further, the price of our common stock may decline to the extent that the current market price reflects an assumption that the Final Closing of the Exchange Transaction will be completed.

Beneficient may be unable to operate its business successfully, which would negatively impact its ability to generate distributable cash flow and increase the value of its common units.

Beneficient plans to provide liquidity products and loans with trust services (collectively, "liquidity products") to owners of alternative assets and illiquid investment funds. Beneficient intends to market its liquidity products to mid-to-high net worth individuals (i.e., individuals having a net worth of between $5 million and $30 million), along with a variety of other financial services, including custody and clearing of alternative assets, fund and trust administration, retirement funds and insurance services for covering risks attendant to owning or managing alternative assets. Beneficient intends to operate as a master limited partnership. The success of the Exchange Transaction from our perspective will depend, in part, on Beneficient's ability to operate its business successfully, generate distributable cash flow to limited partners and increase the value of its common units. If Beneficient is unable to do so, such inability will negatively impact the value of our investment in Beneficient and, in turn, would have a corresponding negative impact on the value of our assets and the price of our common stock.

Beneficient's operations will materially impact our financial performance.

We expect to account for our acquisition of common units of Beneficient using the equity method of accounting. As a result, we will recognize a share of the profits and losses of Beneficient in the periods when such profits and losses are earned or incurred by Beneficient. Because common units of Beneficient will represent a significant percent of our assets, the impact on our financial statements of Beneficient's financial performance may be material.

Beneficient may be unable to obtain a trust bank charter, or tax status as a master limited partnership, which would hinder Beneficient's ability to successfully pursue its current business plan and could adversely affect the value of its common units.

Beneficient is a privately-held company organized as a Delaware limited partnership that intends to operate as a master limited partnership. In addition, Beneficient intends to seek a trust bank charter from the State of Texas and carry on much of its business through a trust company. There can be no assurance that Beneficient will be successful in obtaining a trust bank charter or the timing of the receipt of such trust bank charter. Because Beneficient's current business plans are based in part on obtaining regulatory approval to operate as a regulated trust bank and a master limited partnership, a failure to do so may materially and adversely impact its financial performance and prospects, which would likely decrease the value of the Beneficient common units we hold.

Beneficient may be unable to obtain a listing for its common units which would hinder Beneficient's ability to successfully pursue its current business plan and could adversely affect the value of its common units.

Under the Master Agreement, Beneficient has agreed to use its commercial best efforts to pursue and obtain a listing following the closing of the Exchange Transaction. If Beneficient fails to file a registration statement with the SEC in connection with a listing within 24 months after such closing, or secure a listing on or prior to the 40-month anniversary of such closing, then the Master Agreement provides that we may, at our election, cause Beneficient to adopt a strategy to redeem all of the common units of Beneficient then held by us at a redemption price equal to the greater of $11.00 per unit or the book value per unit as of the redemption date. Under this strategy, Beneficient would be required to use a portion of its distributable cash flow to satisfy our redemption election (together with all other redemption elections that may be made by the holders of other interests in Beneficient or interests convertible into interests of Beneficient). However, there is no assurance that Beneficient's distributable cash flow will be sufficient to affect a redemption within a particular period of time or at all. If Beneficient is ultimately unable to satisfy its redemption obligations, we may not be able to recoup our investment in Beneficient common units.

We will have limited or no ability to influence Beneficient's management's decisions regarding its business.

Although, upon the Final Closing of the Exchange Transaction, we will own a significant percentage of Beneficient's outstanding common units (approximately 87%), Beneficient's general partner is authorized to perform all acts that it determines to be necessary or appropriate to carry out Beneficient's purposes and to conduct its business. As a result, we will have only limited voting rights relating to certain matters and, as is contemplated by the terms of Beneficient's limited partnership agreement (which we have become a party to as a result of the completion of the Initial Transfer), any person or group that acquires beneficial ownership of 20% or more of Beneficient's common limited partnership units (including GWG) will lose voting rights associated with all of its common units and such common units may not be voted on any matter. Further, any person or group (other than Beneficient's general partner and its affiliates, or a direct or subsequently approved transferee of the general partner or its affiliates or such person or group approved by the board of directors of the general partner of Beneficient) who acquires, in the aggregate, beneficial ownership of 20% or more of Beneficient's common units (including GWG which, upon the Final Closing will own approximately 87%), will lose voting rights associated with all of its common units and such common units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of limited partners, calculating required votes, determining the presence of a quorum or for other similar purposes. In addition, prior to a listing, if any, of Beneficient's common units on a national stock exchange or, in lieu thereof, quotation of the common units in an automated quotation system, the executive committee of the board of directors of the general partner of Beneficient will be entitled to cast all of the votes that the limited partners would otherwise be entitled to cast, and no limited partner, in its capacity as such, will be permitted to vote in respect of its common units. As a result, we will have limited or no ability to influence Beneficient's management's decisions regarding its business.

Beneficient's partnership agreement eliminates fiduciary duties that might otherwise be owed to us under Delaware law.

Beneficient's business and affairs are managed by Beneficient Management, LLC, its general partner ("Beneficient Management"). Beneficient's partnership agreement eliminates the fiduciary duties that might otherwise be owed by the Beneficient Management under Delaware law and replaces them with the duties expressly set forth in such agreement. Beneficient's partnership agreement provides that, when the general partner is permitted or required to make a decision in its "discretion" or pursuant to a provision not subject to an express standard of "good faith," in making such decision, the general partner has no duty to give any consideration to any interest of or factors affecting Beneficient or any other person. If a decision under Beneficient's partnership agreement is subject to an express standard of "good faith," such decision will not constitute a breach of the agreement if the decision is approved by (i) a majority of the members of the conflicts committee of the board of directors of the general partner of Beneficient, (ii) holders of a majority of the voting power of the Beneficient's common units entitled to vote (excluding voting common units owned by the general partner and its affiliates), or (iii) the general partner acting without a subjective belief that such decision was adverse to the interests of Beneficient. Potential conflicts of interest may arise among the general partner and its affiliates, on the one hand, and Beneficient, on the other hand, and the general partner may be able to favor its own interest to the detriment of Beneficient and the holders of the common units.

Beneficient has significant debt obligations outstanding to us and has the ability to incur additional indebtedness.

Subject to certain restrictions within the Commercial Loan, Beneficient is permitted to incur additional indebtedness ranking senior to the Commercial Loan and the Exchangeable Note. If Beneficient is unable to execute its business plans, it may materially and adversely impact Beneficient's ability to repay its indebtedness, including the Commercial Loan and Exchangeable Note in accordance with their respective terms. As a significant holder of Beneficient indebtedness, a payment default under any additional indebtedness Beneficient may incur, or under the Commercial Loan or Exchangeable Note, would likely have a corresponding negative impact on the value of our assets (including the value of our Beneficient common units) and the price of our common stock.

Our percentage ownership in Beneficient may be diluted.

Upon consummation of the Final Closing of the Exchange Transaction, we will become the owner of approximately 87% of the issued and outstanding common units in Beneficient. Our percentage ownership does not take into account (i) approximately 125,657,883 limited partner interests that may be issued upon the conversion of outstanding securities issued by Beneficient or its affiliates, or (ii) additional limited partner interests that may be issued after the closing of the Exchange Transaction. Importantly, the general partner of Beneficient has discretion to cause Beneficient to issue additional limited partner interests from time to time, and Beneficient's partnership agreement contains no meaningful restrictions on this authority. Moreover, the Beneficient organizational structure permits the future issuance of additional securities that can, upon certain circumstances or at the discretion of their holders, be converted into additional limited partner interests in Beneficient. As a result, our percentage ownership in Beneficient may be diluted in the future.

The resale of our common stock issued in the Exchange Transaction could put downward pressure on the market price of our common stock and result in a destabilized trading market for our common stock.

Upon the Final Closing, our Series B Convertible Preferred Stock will automatically convert to 5 million shares of our common stock and we will also issue approximately 24.2 million additional shares of our common stock, which in the aggregate will represent approximately 83% of our outstanding common stock. The shares of common stock we issue on the Final Closing will be subject to contractual resale restrictions, governance restrictions, as well as resale restrictions. The Master Agreement and related ancillary agreements require that we register the resale of the shares of common stock issued in the Final Closing to the Seller Trusts to the extent permitted by applicable SEC rules and regulations. Upon the effectiveness of such registration, or the lapse of applicable resale restrictions under applicable securities laws or applicable lock-up restrictions, the shares of our common stock issued in the Exchange Transaction will be available for resale in the public equity markets only through an Orderly Marketing Agreement or in a widely dispersed registered public offering. We cannot predict the effect, if any, that future sales of these shares or the availability of these shares for future sale will have on the market price of our common stock.

At the Final Closing, we will enter into an Orderly Marketing Agreement among GWG, the Seller Trusts and Credit Suisse Securities (USA), LLC for the orderly marketing and resale of the common stock to be issued to the Seller Trusts in the Exchange Transaction. The purpose of this Orderly Marketing Agreement is to manage the timing and amount of our common shares that are publicly resold in the market because the number of shares of our common stock to be issued in the Exchange Transaction will substantially increase the total number of our issued and outstanding shares. However, there is no assurance that the Orderly Marketing Agreement will accomplish its purpose of maintaining a stable market for our common stock. Until the sales of our common stock under the Orderly Marketing Agreement, certain governance restrictions will remain in place for the benefit of our current shareholders under a Stockholders Agreement.

Upon consummation of the Exchange Transaction, the Seller Trusts, collectively, will own a substantial majority of our outstanding common stock.

At the Final Closing of the Exchange Transaction, our 5 million shares of Series B Convertible Preferred Stock will convert into 5 million shares of our common stock and we will issue 24.2 million shares of our common stock to the Seller Trusts. Upon conversion of our Series B Convertible Preferred Stock and the issuance of our common stock, such shares will represent approximately 83% of our outstanding common stock. At the Final Closing, we will enter into a Stockholders Agreement with the Seller Trusts which provides that for so long as the Seller Trusts own voting securities of GWG Holdings representing 10% or more of the total voting power of all shares of GWG Holdings voting securities, all voting securities of GWG Holdings over which the Seller Trusts (and their respective transferees) have voting control will be voted solely in proportion with the votes cast by all other holders of voting securities of GWG on any matter put before them. In the Stockholders Agreement, the Seller Trusts have agreed to only sell shares of our Common Stock under the Orderly Marketing Agreement or in a registered public offering to or through one or more underwriters or placement agents and to instruct the underwriters or placement agents to use their reasonable best efforts to (x) effect as wide a distribution of the shares of our common stock as is reasonably practicable without adversely affecting the pricing thereof and (y) not sell any shares of our common stock to any person or group who, after consummation of the sale, would have beneficial ownership of our voting securities representing in the aggregate 5.0% or more of the total voting power of all shares of GWG Holdings voting securities or, in the case of certain institutional investors, 10% or more of the total voting power of all shares of GWG Holdings voting securities). In addition, until the earlier of (i) one year from the closing of the Exchange Transaction and (ii) the termination of the Orderly Marketing Agreement, the Seller Trusts (including their assignees and transferees, and their respective affiliates) will be subject to certain standstill restrictions that will prohibit the Seller Trusts from, among other things, acquiring any of our voting securities, seeking or proposing to influence or control our management, Board of Directors, or policies, and submitting a proposal for any merger, recapitalization, reorganization, business combination, or other extraordinary transaction involving our Company. Following expiration of the standstill period, however, the Seller Trusts, to the extent they continue to hold shares of our common stock, may engage in such activities. Notwithstanding these contractual restrictions, we cannot assure you that the Seller Trusts will not have some influence over our business.

An inability to obtain accurate and timely financial information from Beneficient may prevent us from complying with reporting obligations under federal securities law and compromise our ability to finance our operations through the public equity or debt markets.

On August 14, 2018, we filed a current report on Form 8-K disclosing the initial closing of the transactions contemplated by the Master Agreement. We are required under applicable SEC reporting rules to amend that current report to include certain historical and pro forma financial information, including audited historical financial statements of Beneficient, within the timeline required. Although we expect to obtain such audited historical financial statements, to date we have not done so.

Going forward, we expect to recognize a share of the profits and losses of Beneficient in the periods when such profits and losses are earned or incurred by Beneficient. Therefore, we will continue to be heavily reliant on Beneficient to provide us with accurate and timely financial reporting that will allow us to timely prepare and file our own financial statements in accordance with U. S. generally accepted accounting principles and in compliance with SEC regulations.

If we are unable to obtain accurate and timely financial information from Beneficient and are unable to timely prepare and file our financial statements as a result, we may fail to comply with reporting obligations under federal securities law, become subject to delisting from the Nasdaq Stock Market, and may be unable to utilize the public debt or equity markets to finance our operations. Because we have been heavily reliant on the public offer and sale of L Bonds, discontinuing our L Bond offers would have a material adverse impact on our ability to expand our life insurance portfolio and otherwise fund our operations. In addition, our failure to deliver financial information and comply with disclosure requirements under applicable SEC regulations may result in covenant violations under our amended and restated senior credit facility with LNV Corporation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion in conjunction with the condensed consolidated financial statements and accompanying notes and the information contained in other sections of this report. This discussion and analysis is based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management.

Risk Relating to Forward-Looking Statements

This report contains forward-looking statements that reflect our current expectations and projections about future events. Actual results could differ materially from those described in these forward-looking statements.

The words "believe," "could," "possibly," "probably," "anticipate," "estimate," "project," "expect," "may," "will," "should," "seek," "intend," "plan," "expect," or "consider" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from such statements. Many of the forward-looking statements contained in this report can be found in our MD&A discussion.

Such risks and uncertainties include, but are not limited to:

- changes in the secondary market for life insurance;
- changes resulting from the evolution of our business model and strategy with respect to the life insurance industry;
- the valuation of assets reflected on our financial statements;
- the reliability of assumptions underlying our actuarial models, including our life expectancy estimates;
- our reliance on debt financing and continued access to the capital markets;
- our history of operating losses;
- risks relating to the validity and enforceability of the life insurance policies we purchase;
- risks relating to our ability to license and effectively apply epigenetic technology to improve and expand the scope of our business;
- our reliance on information provided and obtained by third parties, including underwriting tables;
- federal, state and FINRA regulatory matters;
- competition in the secondary market of life insurance and epigenetic technology;
- the relative illiquidity of life insurance policies;
- our ability to satisfy our debt obligations if we were to sell our entire portfolio of life insurance policies;
- life insurance company credit exposure;
- cost-of-insurance (premium) increases on our life insurance policies;
- general economic outlook, including prevailing interest rates;
- performance of our investments in life insurance policies;
- financing requirements;
- risks associated with the merchant cash advance business;
- the various risks associated with our attempts to commercialize our epigenetic technology;

- risks associated with our ability to protect our intellectual property rights;
- litigation risks;
- restrictive covenants contained in borrowing agreements;
- our ability to make cash distributions in satisfaction of dividend obligations and redemption requests; and

We caution you that the foregoing list of factors is not exhaustive. Forward-looking statements are only estimates and predictions, or statements of current intent. Actual results, outcomes or actions that we ultimately undertake could differ materially from those anticipated in the forward-looking statements due to risks, uncertainties or actual events differing from the assumptions underlying these statements.

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012, or JOBS Act, was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933 for complying with new or revised accounting standards. This means that an “emerging growth company” can make an election to delay the adoption of certain accounting standards until those standards would apply to private companies. We have historically qualified as an emerging growth company and have elected to delay our adoption of new or revised accounting standards and, as a result, we may not have complied with new or revised accounting standards at the same time as other public reporting companies that are not “emerging growth companies.” Effective upon the initial closing of the transactions contemplated by the Master Exchange Agreement (discussed below), we no longer qualify as an emerging growth company as a result of the aggregate amount of non-convertible debt that we have issued during the prior three year period.

Overview

We are a financial services company committed to disrupting and transforming the life insurance and related industries. We built our business by creating opportunities for consumers to obtain significantly more value for their life insurance policies in a secondary market as compared to the traditional options offered by the insurance industry.

We are enhancing and extending our activities in the life insurance industry by bringing step change technology through the commercialization of advanced epigenetic technology. At the same time, we are creating opportunities for investors to receive income and capital appreciation from our investment activities related to the life insurance industry.

Critical Accounting Policies

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with the Generally Accepted Accounting Principles in the United States of America (GAAP) requires us to make significant judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our judgments, estimates, and assumptions on historical experience and on various other factors believed to be reasonable under the circumstances. Actual results could differ materially from these estimates. We evaluate our judgments, estimates, and assumptions on a regular basis and make changes accordingly. We believe that the judgments, estimates, and assumptions involved in valuing our investments in life insurance policies and evaluating deferred taxes have the greatest potential impact on our consolidated financial statements and accordingly believe these to be our critical accounting estimates. Below we discuss the critical accounting policies associated with these estimates as well as certain other critical accounting policies.

Ownership of Life Insurance Policies — Fair Value Option

We account for the purchase of life insurance policies in accordance with Accounting Standards Codification 325-30, *Investments in Insurance Contracts*, which requires us to use either the investment method or the fair value method. We have elected to account for all of our life insurance policies using the fair value method.

The fair value of our life insurance policies is determined as the net present value of the life insurance portfolio's future expected cash flows (policy benefits received and required premium payments) that incorporates current life expectancy estimates and discount rate assumptions.

We initially record our purchase of life insurance policies at the transaction price, which is the amount paid for the policy, inclusive of all external fees and costs associated with the acquisition. At each subsequent reporting period, we re-measure the investment at fair value in its entirety and recognize the change in fair value as unrealized gain (revenue) in the current period, net of premiums paid. Changes in the fair value of our portfolio are based on periodic evaluations and are recorded in our consolidated statements of operations as changes in fair value of life insurance policies.

Fair Value Components — Life Expectancies

Unobservable inputs, as discussed below, are a critical component of our estimate for the fair value of our investments in life insurance policies. We currently use a probabilistic method of estimating and valuing the projected cash flows of our portfolio, which we believe to be the preferred and most prevalent valuation method in the industry. In this regard, the most significant assumptions we make are the life expectancy estimates of the insureds and the discount rate applied to the expected future cash flows to be derived from our portfolio.

The 2015 Valuation Basic Table ("2015 VBT") finalized by the Society of Actuaries is based on a much larger dataset of insured lives, face amount of policies and more current information compared to the dataset underlying the 2008 Valuation Basic Table. The 2015 VBT dataset includes 266 million policies compared to the 2008 VBT dataset of 75 million. The experience data in the 2015 VBT dataset includes 2.6 million claims on policies from 51 insurance carriers. Life expectancies implied by the 2015 VBT are generally slightly longer for both males and females nonsmokers between the ages of 65 and 80. However, insureds of both genders over the age of 80 have significantly longer life expectancies, approximately 8% to 42% longer, as compared to the 2008 VBT. We adopted the 2015 VBT in our valuation process in 2016.

For life insurance policies with face amounts greater than $1 million and that are not pledged under any senior credit facility (approximately 18.4% of our portfolio by face amount of policy benefits) we attempt to update the life expectancy estimates on a continuous rotating three year cycle. For life insurance policies that are pledged under the LNV senior credit facility (approximately 73.1% of our portfolio by face amount of policy benefits) we are presently required to update the life expectancy estimates every two years beginning from the date of the amended facility. For the remaining small face insurance policies (i.e., a policy with $1 million in face value benefits or less) we may employ a range of methods and timeframes to update life expectancy estimates.

We conduct medical underwriting on the life insurance policies we own with life expectancy reports produced by independent third-party medical-actuarial underwriting firms. Each life expectancy report summarizes the underlying insured person's medical history based on the underwriter's review of recent and historical medical records. We obtain two such life expectancy reports for almost all policies, except for small face value insurance policies (i.e., a policy with $1 million in face value benefits or less) for which we have obtained at least one fully underwritten or simplified third-party report. A simplified third-party underwriting report is based on a medical interview, which may be supplemented with additional information obtained from a pharmacy benefit manager database. For valuation purposes, we use the life expectancy estimate, using the average, in the case of multiple reports, expressed as the number of months at which the individual will have a 50% probability of mortality.

Our prior experience in updating life expectancy estimates has generally resulted in shorter life expectancies of the updated insureds within our portfolio, but often not as short as we had projected. This has resulted in reductions to the fair value of our portfolio in the amounts of $0.1 million and $6.7 million for the three months ended June 30, 2018 and 2017, respectively and $5.0 million and $8.6 million for the six months ended June 30, 2018 and 2017, respectively. As our life insurance portfolio continues to grow, we may experience additional and material adjustments to the fair value of our portfolio due to updating life expectancy estimates.

Fair Value Components — Required Premium Payments

We must pay the premiums on the life insurance policies within our portfolio in order to collect the policy benefit. The same probabilistic model and methodologies used to generate expected cash inflows from the life insurance policy benefits over the expected life of the insured are used to estimate cash outflows due to required premium payments. Premiums paid are offset against revenue in the applicable reporting period.

Fair Value Components — Discount Rate

A discount rate is used to calculate the net present value of the expected cash flows. The discount rate used to calculate fair value of our portfolio incorporates the guidance provided by Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*.

The table below provides the discount rate used to estimate the fair value of our portfolio of life insurance policies for the period ending:

June 30, 2018	December 31, 2017
10.45%	10.45%

The discount rate incorporates current information about discount rates applied by other reporting companies owning portfolios of life insurance policies, discount rates observed by us in the life insurance secondary market, market interest rates, credit exposure to the issuing insurance companies, and our estimate of the operational risk premium a purchaser would apply to the future cash flows derived from our portfolio of life insurance policies. Management has discretion regarding the combination of these and other factors when determining the discount rate. The discount rate we choose assumes an orderly and arms-length transaction (i.e., a non-distressed transaction in which neither seller nor buyer is compelled to engage in the transaction), which is consistent with related GAAP guidance. The carrying value of policies acquired during each quarterly reporting period are adjusted to their current fair value using the fair value discount rate applied to the entire portfolio as of that reporting date.

We engaged Model Actuarial Pricing System, LP. (“MAPS”), owner of the actuarial portfolio pricing software we use, to prepare a calculation of our life insurance portfolio. MAPS processed policy data, future premium data, life expectancy estimate data, and other actuarial information to calculate a net present value for our portfolio using the specified discount rate of 10.45%. MAPS independently calculated the net present value of our portfolio of 1,010 policies to be $726.1 million and furnished us with a letter documenting its calculation. A copy of such letter is filed as Exhibit 99.1 to this report.

Deferred Income Taxes

Under Accounting Standards Codification 740, *Income Taxes* (“ASC 740”), deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established for deferred tax assets that are not considered “more likely than not” to be realized. Realization of deferred tax assets depends upon having sufficient past or future taxable income in periods to which the deductible temporary differences are expected to be recovered or within any applicable carryback or carryforward periods or sufficient tax planning strategies. After assessing the realization of the net deferred tax assets, we believe that there is substantial uncertainty that our net deferred tax asset will be realized during the applicable carryforward period. As such, a valuation allowance has been established against the total net deferred tax asset as of June 30, 2018 and December 31, 2017, respectively.

Principal Revenue and Expense Items

We earn revenues from the following three primary sources.

Life Insurance Policy Benefits Realized. We recognize the difference between the face value of the policy benefits and carrying value when an insured event has occurred and determine that collection of the policy benefits is realizable and reasonably assured. Revenue from a transaction must meet both criteria in order to be recognized. We generally collect the face value of the life insurance policy from the insurance company within 45 days of our notification of the insured’s mortality.

Change in Fair Value of Life Insurance Policies. We value our portfolio investments for each reporting period in accordance with the fair value principles discussed herein, which reflects the expected receipt of policy benefits in future periods, net of premium costs, as shown in our condensed consolidated financial statements.

Sale of a Life Insurance Policy. In the event of a sale of a policy, we recognize gain or loss as the difference between the sale price and the carrying value of the policy on the date of the receipt of payment on such sale.

Our main components of expense are summarized below.

Selling, General and Administrative Expenses. We recognize and record expenses incurred in our business operations, including operations related to the purchasing and servicing of life insurance policies. These expenses include salaries and benefits, sales, marketing, occupancy and other expenditures.

Interest Expense. We recognize, and record interest expenses associated with the costs of financing our life insurance portfolio for the current period. These expenses include interest paid to our senior lenders under our senior credit facility with LNV Corporation, interest paid on our L Bonds and other outstanding indebtedness. When we issue debt, we amortize the financing costs (commissions and other fees) associated with such indebtedness over the outstanding term of the financing and classify it as interest expense.

Results of Operations — Three and Six Months Ended June 30, 2018 Compared to the Same Periods in 2017

The following is our analysis of the results of operations for the periods indicated below. This analysis should be read in conjunction with our condensed consolidated financial statements and related notes.

Revenue

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Revenue realized from maturities of life insurance policies	$ 21,475,000	$ 7,920,000	$ 30,895,000	$ 24,526,000
Revenue recognized from change in fair value of life insurance policies	14,573,000	15,235,000	31,219,000	29,119,000
Premiums and other annual fees	(12,708,000)	(11,859,000)	(24,906,000)	(22,949,000)
Gain on life insurance policies, net	23,340,000	11,296,000	37,208,000	30,696,000
Interest and other income	975,000	372,000	1,649,000	1,060,000
Total revenue	$ 24,315,000	$ 11,668,000	$ 38,857,000	$ 31,756,000
Attribution of gain on life insurance policies, net:				
Change in estimated probabilistic cash flows, net of premium and other annual fees paid	$ 4,701,000	$ 1,572,000	$ 11,508,000	$ 4,516,000
Net revenue recognized at matured policy event	12,939,000	4,199,000	17,894,000	11,995,000
Unrealized gain on acquisitions	5,795,000	8,044,000	12,769,000	18,646,000
Change in discount rates	-	4,143,000	-	4,143,000
Change in life expectancy evaluation	(95,000)	(6,662,000)	(4,963,000)	(8,604,000)
Gain on life insurance policies, net	$ 23,340,000	$ 11,296,000	$ 37,208,000	$ 30,696,000
Number of policies acquired	85	49	144	122
Face value of purchases	$ 118,308,000	$ 88,740,000	$ 212,660,000	$ 193,495,000
Purchases (initial cost basis)	$ 30,249,000	$ 19,432,000	$ 55,549,000	$ 42,122,000
Unrealized gain on acquisition (% of face value)	4.9%	9.1%	6.0%	9.6%
Number of policies matured	17	9	32	19
Face value of matured policies	$ 27,623,000	$ 10,935,000	$ 42,127,000	$ 29,910,000
Net revenue recognized at maturity event (% of face value matured)	46.8%	38.4%	42.5%	40.1%

Revenue from changes in estimated probabilistic cash flows, net of premiums paid was $4.7 million and $1.6 million for the three months ended and $11.5 million and $4.5 million for the six months ended June 30, 2018 and 2017, respectively. Increases of $3.1 million and $7.0 million for the three and six months ended June 30, 2018 over the comparable prior year periods resulted from premium optimization actions coordinated with our external servicer, leveraging certain guarantee features and shadow accounts on certain life insurance policies in our portfolio, and growth of face value in our portfolio, partially offset by COI premium increases recognized of $4.3 million and $5.5 million for the three and six months ended June 30, 2018 compared to $0 for the three and six months ended June 30, 2017.

The face value of policies purchased were $118.3 million and $88.7 million for the three months ended and $212.7 million and $193.5 million for the six months ended June 30, 2018 and 2017, respectively, reflecting increases of face value purchased of $29.6 million and $19.2 million for the three and six months ended June 30, 2018 over the comparable prior year periods. The resulting unrealized gain on acquisition was $5.8 million and $8.0 million for the three months ended and $12.8 million and $18.6 million for the six months ended June 30, 2018 and 2017, respectively, reflecting decreases of $2.2 million and $5.8 million for the three and six months ended June 30, 2018 over the comparable prior year periods. Decreased unrealized gain on acquisition in the current periods is the result of increased purchase competition driving down yields in the broker market.

The face value of matured policies was $27.6 million and $10.9 million for the three months ended and $42.1 million and $29.9 million for the six months ended June 30, 2018 and 2017, respectively, reflecting increases of face value of matured policies of $16.7 million and $12.2 million for the three and six months ended June 30, 2018 over the comparable prior year periods. The resulting revenue recognized at matured policy event was $12.9 million and $4.2 million for the three months ended and $17.9 million and $12.0 million for the six months ended June 30, 2018 and 2017, respectively. Revenue increases from maturity events of $8.7 million and $5.9 million for the three and six months ended June 30, 2018 over the comparable prior year periods primarily resulted from the increased face value of policies matured during those same periods.

Revenue recognized from changes in discount rate were $0 and $4.1 million for both the three and six months ended June 30, 2018 and 2017, respectively. The discount rate of 10.45% as of June 30, 2018 remained unchanged from both the prior quarter and year end dates. The discount rate of 10.81% as of June 30, 2017 reflected a decrease from the 10.96% rate used at both the preceding quarter and year end dates.

Net revenue charges from change in life expectancy evaluation of $0.1 million and $6.7 million for the three months ended and $5.0 million and $8.6 million for the six months ended June 30, 2018 and 2017, respectively. The resulting net revenue increases of $6.6 million and $3.6 million for the three and six months ended June 30, 2018 over the comparable prior year periods primarily resulted from lower number of life expectancy updates received during the three and six months ended June 30, 2018 over the comparable prior year periods. The decreased number of life expectancy updates is primarily the result of our cycle update timing and concentrated efforts of our external servicer in the prior year to resolve a backlog of third party evaluations.

Interest and other income is comprised of bank interest and other miscellaneous items. Increased revenue of $0.6 million for the three and six months ended June 30, 2018 were primarily driven by higher bank account balances and the implementation of a sweep process to move balances to higher interest earning bank accounts.

Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Increase/ Decrease	2018	2017	Increase/ Decrease
Interest expense (including amortization of deferred financing costs) (1)	$ 17,148,000	$ 12,246,000	$ 4,902,000	$ 33,211,000	$ 25,490,000	$ 7,721,000
Employee compensation and benefits (2)	3,236,000	3,741,000	(505,000)	6,978,000	6,904,000	74,000
Legal and professional expenses (3)	1,155,000	1,331,000	(176,000)	2,330,000	2,278,000	52,000
Other expenses (4)	2,833,000	3,761,000	(928,000)	5,573,000	6,541,000	(968,000)
Total expenses	$ 24,372,000	$ 21,079,000	$ 3,293,000	$ 48,092,000	$ 41,213,000	$ 6,879,000

(1) The average debt outstanding increased from approximately $566.0 million during the three months ended June 30, 2017 to approximately $723.4 million during the same period of 2018, and from approximately $563.0 million during the six months ended June 30, 2017 to approximately $706.9 million during the same period of 2018. The average interest rate of the senior credit facility with LNV Corporation increased from 7.56% to 10.17% for the three months ended June 30, 2017 and 2018, respectively, and from 7.50% to 9.89% for the six months ended June 30, 2017 and 2018, respectively.
(2) Quarterly decrease is due to reduced employee headcount. At June 30, 2018 we employed 63 employees and on June 30, 2017 we employed 76 employees.
(3) Decrease is due to decreased legal fees associated with MCA collections.
(4) Increased contract labor costs, servicing and facility fees were offset by a reduction in charitable contributions and marketing costs, and lower provision for MCA advances. See Note 15 for detailed breakdown.

Deferred Income Taxes

Under ASC 740, Income Taxes (“ASC 740”), deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established for deferred tax assets that are not considered “more likely than not” to be realized. Realization of deferred tax assets depends upon having sufficient past or future taxable income in periods to which the deductible temporary differences are expected to be recovered or within any applicable carryback or carryforward periods. After assessing the realization of the net deferred tax assets, we believe that there is substantial uncertainty that our net deferred tax asset will be realized during the applicable carryforward period. As such, a valuation allowance has been established against the total net deferred tax asset as of June 30, 2018 and December 31, 2017.

Income Tax Expense

We realized income tax benefit of $0 and $3.7 million for the three and six months ended June 30, 2018 and 2017, respectively. The effective rate for the three months ended June 30, 2018 and 2017 were 0% and 39.5%, respectively, and 0% and 39.3% for the six month ended June 30, 2018 and 2017, respectively, compared to expected statutory rate of 21.0% and 34.0%, respectively.

The following table provides a reconciliation of our income tax expense at the statutory federal tax rate to our actual income tax expense:

	Three Months Ended				Six Months Ended			
	June 30, 2018		June 30, 2017		June 30, 2018		June 30, 2017	
Statutory federal income tax (benefit)	$ (12,000)	21.0%	$ (3,200,000)	34.0%	$ (1,939,000)	21.0%	$ (3,215,000)	34.0%
State income taxes (benefit), net of federal benefit	10,000	(17.1)%	(607,000)	6.5%	(692,000)	7.5%	(609,000)	6.4%
Valuation allowance	(36,000)	63.4%	-	-	2,568,000	(27.8)%	-	-
Other permanent differences	38,000	(67.3)%	90,000	(1.0)%	63,000	(0.7)%	106,000	(1.1)%
Total income tax expense (benefit)	**$ -**	**0.0%**	**$ (3,717,000)**	**39.5%**	**$ -**	**0.0%**	**$ (3,718,000)**	**39.3%**

The Tax Reform Bill enacted by U.S. Federal government in December 2017 changed existing tax law including a reduction of the U.S. Corporate tax rate. The Company re-measured deferred taxes as of the date of enactment, reflecting these changes within deferred tax assets as of December 31, 2017.

The most significant temporary differences between GAAP net income (loss) and taxable net income (loss) are the treatment of interest costs, policy premiums and servicing costs with respect to the acquisition and maintenance of the life insurance policies and revenue recognition with respect to the fair value of the life insurance portfolio.

Liquidity and Capital Resources

We finance our businesses through a combination of life insurance policy benefit receipts, equity offerings, debt offerings, and our senior credit facility. We have used our debt offerings and our senior credit facility for policy acquisition, policy premiums and servicing costs, working capital and financing expenditures including paying principal, interest and dividends.

As of June 30, 2018 and December 31, 2017, we had approximately $158.1 million and $159.4 million, respectively, in combined available cash, cash equivalents, restricted cash and policy benefits receivable for the purpose of purchasing additional life insurance policies, paying premiums on existing policies, paying portfolio servicing expenses, and paying principal, interest and dividends on our outstanding debt and equity securities. Additional future borrowing base capacity for premiums and servicing costs, created as the premiums and servicing costs of pledged life insurance policies become due and by additional policy pledges to the facility, if any, exists under the amended and restated senior credit facility with LNV Corporation.

Financings Summary

We had the following outstanding debt balances as of June 30, 2018 and December 31, 2017:

	As of June 30, 2018		As of December 31, 2017	
Issuer/Borrower	**Principal Amount Outstanding**	**Weighted Average Interest Rate**	**Principal Amount Outstanding**	**Weighted Average Interest Rate**
GWG Holdings, Inc. – L Bonds (see Note 8)	$ 534,302,000	7.15%	$ 461,427,000	7.29%
GWG DLP Funding IV, LLC – LNV senior credit facility (see Note 6)	190,389,000	10.19%	222,525,000	9.31%
Total	$ 724,691,000	7.95%	$ 683,952,000	7.95%

In November 2011, we began offering Series I Secured Notes, which were governed by an Intercreditor Agreement, a Third Amended and Restated Note Issuance and Security Agreement dated November 1, 2011, as amended, and a related Pledge Agreement. In September 2017, all of the Series I Secured Notes were paid in full and all obligations thereunder were terminated.

In June 2011, we concluded a private placement offering of Series A Preferred Stock for new investors, having received an aggregate $24.6 million in subscriptions for our Series A Preferred Stock. These subscriptions consisted of $14.0 million in conversions of outstanding Series I Secured Notes into Series A Preferred Stock and $10.6 million of new investments. In October 2017, we exercised our contractual right to call for the redemption of the Series A Preferred Stock and all related outstanding warrants and paid an aggregate of approximately $22.2 million.

In January 2012, we began publicly offering up to $250.0 million in debt securities (initially named “Renewable Secured Debentures” and subsequently renamed “L Bonds”) that was completed in January 2015.

On September 24, 2014, we consummated an initial public offering of our common stock resulting in the sale of 800,000 shares of common stock at $12.50 per share and net proceeds of approximately $8.6 million after the deduction of underwriting commissions, discounts and expense reimbursements.

In January 2015, we began publicly offering up to $1.0 billion of L Bonds as a follow-on to our earlier $250.0 million public debt offering. In January 2018, we began publicly offering up to $1.0 billion L Bonds as a follow-on to our earlier L Bond offering. Through June 30, 2018, the total amount of these L Bonds sold, including renewals, was $972.8 million. As of June 30, 2018 and December 31, 2017, respectively, we had approximately $534.3 million and $461.4 million in principal amount of L Bonds outstanding.

In October 2015, we began publicly offering up to 100,000 shares of our Redeemable Preferred Stock (“RPS”) at a per-share price of $1,000. As of December 31, 2017, we had issued approximately $99.1 million stated value of RPS and terminated that offering.

In February 2017, we began publicly offering up to 150,000 shares of Series 2 Redeemable Preferred Stock (RPS 2) at a per-share price of $1,000. As of June 30, 2018, we have issued approximately $150 million stated value of RPS 2 and terminated that offering.

The weighted-average interest rate of our outstanding L Bonds as of June 30, 2018 and December 31, 2017 was 7.15% and 7.29%, respectively, and the weighted-average maturity at those dates was 2.50 and 2.38 years, respectively. Our L Bonds have renewal features. Since we first issued our L Bonds, we have experienced $438.5 million in maturities, of which $259.3 million has renewed through June 30, 2018 for an additional term. This has provided us with an aggregate renewal rate of approximately 59.1% for investments in these securities.

Future contractual maturities of L Bonds at June 30, 2018 are:

Years Ending December 31,	**L Bonds**
Six months ending December 31, 2018	$ 60,612,000
2019	150,617,000
2020	114,594,000
2021	65,293,000
2022	39,713,000
2023	36,818,000
Thereafter	66,655,000
	$ 534,302,000

The L Bonds are secured by all of our assets and are subordinate to our senior credit facility with LNV Corporation.

On September 27, 2017, we entered into a $300 million amended and restated senior credit facility with LNV Corporation in which DLP IV is the borrower. We intend to use the proceeds from this facility to grow and maintain our portfolio of life insurance policies, for liquidity and for general corporate purposes. As of June 30, 2018 we had approximately $190.4 million outstanding under the senior credit facility with LNV Corporation.

We expect to meet our ongoing operational capital needs for policy acquisition, policy premiums and servicing costs, working capital and financing expenditures including paying principal, interest and dividends through a combination of the receipt of policy benefits from our portfolio of life insurance policies, net proceeds from our L Bond offering, and funding available from our senior credit facility with LNV Corporation. We estimate that our liquidity and capital resources are sufficient for our current and projected financial needs for at least the next twelve months given current assumptions. However, if we are unable to continue our L Bonds offering for any reason, and we are unable to obtain capital from other sources, our business will be materially and adversely affected. In addition, our business will be materially and adversely affected if we do not receive the policy benefits we forecast and if holders of our L Bonds fail to renew with the frequency we have historically experienced. In such a case, we could be forced to sell our investments in life insurance policies to service or satisfy our debt-related and other obligations. A sale under such circumstances may result in significant impairment of the recognized value of our portfolio.

Capital expenditures have historically not been material and we do not anticipate making material capital expenditures in 2018 or beyond.

Debt Financings Summary

The table below reconciles the face amount of our outstanding debt to the carrying value shown on our balance sheet:

	As of June 30, 2018	As of December 31, 2017
Total senior facility with LNV Corporation and other indebtedness		
Face amount outstanding	$ 190,389,000	$ 222,525,000
Unamortized selling costs	(9,758,000)	(10,287,000)
Carrying amount	$ 180,631,000	$ 212,238,000
L Bonds:		
Face amount outstanding	$ 534,302,000	$ 461,427,000
Subscriptions in process	2,547,000	1,560,000
Unamortized selling costs	(18,060,000)	(15,593,000)
Carrying amount	$ 518,789,000	$ 447,394,000

Portfolio Assets and Secured Indebtedness

At June 30, 2018, the fair value of our investments in life insurance policies of $726.1 million plus our cash balance of $124.4 million and our restricted cash balance of $6.7 million, plus matured policy benefits receivable of $27.0 million, totaled $884.2 million, representing an excess of portfolio assets over secured indebtedness of $159.5 million. At December 31, 2017, the fair value of our investments in life insurance policies of $650.5 million plus our cash balance of $114.4 million and our restricted cash balance of $28.3 million, plus matured policy benefits receivable of $16.7 million, totaled $809.9 million, representing an excess of portfolio assets over secured indebtedness of $126.0 million.

The following forward-looking table seeks to illustrate the impact that a hypothetical sale of our portfolio of life insurance assets at various discount rates would have on our ability to satisfy our debt obligations as of June 30, 2018. In all cases, the sale of the life insurance assets owned by DLP IV will be used first to satisfy all amounts owing under the respective senior credit facility with LNV Corporation. The net sale proceeds remaining after satisfying all obligations under the senior credit facility with LNV Corporation would be applied to L Bonds on a pari passu basis.

Portfolio Discount Rate	10%	12%	14%	16%	17%
Value of portfolio	$ 741,839,000	$ 676,034,000	$ 620,015,000	$ 571,903,000	$ 550,346,000
Cash, cash equivalents and policy benefits receivable	158,131,000	158,131,000	158,131,000	158,131,000	158,131,000
Total assets	899,970,000	834,165,000	778,146,000	730,034,000	708,477,000
Senior credit facility	190,389,000	190,389,000	190,389,000	190,389,000	190,389,000
Net after senior credit facility	709,581,000	643,776,000	587,757,000	539,645,000	518,088,000
L Bonds	534,302,000	534,302,000	534,302,000	534,302,000	534,302,000
Net after L Bonds	$ 175,279,000	$ 109,474,000	$ 53,455,000	$ 5,343,000	$ (16,214,000)
Impairment to L Bonds	No impairment	No impairment	No impairment	No Impairment	Impairment

The table illustrates that our ability to fully satisfy amounts owing under the L Bonds would likely be impaired upon the sale of all our life insurance assets at a price equivalent to a discount rate of approximately 16.24% or higher. At December 31, 2017, the likely impairment occurred at a discount rate of approximately 15.04% or higher. The discount rates used to calculate the fair value of our portfolio were 10.45% as of both June 30, 2018 and December 31, 2017.

The table does not include any allowance for transactional fees and expenses associated with a portfolio sale (which expenses and fees could be substantial) and is provided to demonstrate how various discount rates used to value our portfolio could affect our ability to satisfy amounts owing under our debt obligations in light of our senior secured lender's right to priority payments. This table also does not include the yield maintenance fee, which could be substantial, we are required to pay in certain circumstances under our senior credit facility with LNV Corporation. You should read the above table in conjunction with the information contained in other sections of this report, including our discussion of discount rates included under the "Critical Accounting Policies — Fair Value Components — Discount Rate" caption above.

Amendment of Credit Facility

Effective September 27, 2017, DLP IV entered into an Amended and Restated Loan and Security Agreement with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement. The Loan and Security Agreement makes available a total of up to $300,000,000 in credit to DLP IV with a maturity date of September 27, 2029. Additional advances are available under the Amended and Restated Loan Agreement at the LIBOR rate as defined in the Amended and Restated Loan Agreement. Advances are available as the result of additional borrowing base capacity, created as the premiums and servicing costs of pledged life insurance policies become due and by additional policy pledges to the facility, if any. Interest will accrue on amounts borrowed under the Amended and Restated Loan Agreement at an annual interest rate, determined as of each date of borrowing or quarterly if there is no borrowing, equal to (A) the greater of 12-month LIBOR or the federal funds rate (as defined in the agreement) plus one-half of one percent per annum, plus (B) 7.50% per annum. The effective rate at June 30, 2018 was 10.19%. Interest payments are made on a quarterly basis.

Under the Amended and Restated Loan and Security Agreement, DLP IV has granted the administrative agent, for the benefit of the lenders under the agreement, a security interest in all of DLP IV's assets. As with prior collateral arrangements relating to the senior secured debt of GWG Holdings and its subsidiaries (on a consolidated basis), GWG Holdings' equity ownership in DLP IV continues to serve as collateral for the obligations of GWG Holdings under the L Bonds (although the life insurance assets owned by DLP IV will not themselves serve directly as collateral for those obligations).

Cash Flows

The payment of premiums and servicing costs to maintain life insurance policies represents our most significant requirement for cash disbursement. When a policy is purchased, we are able to calculate the minimum premium payments required to maintain the policy in-force. Over time as the insured ages, premium payments will increase. Nevertheless, the probability we will actually be required to pay the premiums decreases as mortality becomes more likely. These scheduled premiums and associated probabilities are factored into our expected internal rate of return and cash-flow modeling. Beyond premiums, we incur policy servicing costs, including annual trustee, policy administration and tracking costs. Additionally, we incur financing costs, including principal, interest and dividends. Both policy servicing costs and financing costs are excluded from our internal rate of return calculations. Until we receive a sufficient amount of proceeds from the policy benefits, we intend to pay these costs from our senior credit facility with LNV Corporation, when permitted, and through the issuance of L Bonds.

The amount of payments for anticipated premiums, including the requirement by our senior credit facility with LNV Corporation to maintain a two month cost-of-insurance threshold within each policy cash value account, and servicing costs that we will be required to make over the next five years to maintain our current portfolio, assuming no mortalities, is set forth in the table below.

Years Ending December 31,	Premiums	Servicing	Premiums and Servicing Fees
Six months ending December 31, 2018	$ 27,358,000	$ 677,000	$ 28,035,000
2019	63,323,000	1,355,000	64,678,000
2020	73,758,000	1,355,000	75,113,000
2021	84,700,000	1,355,000	86,055,000
2022	95,964,000	1,355,000	97,319,000
2023	107,289,000	1,355,000	108,644,000
	$ 452,392,000	$ 7,452,000	$ 459,844,000

Our anticipated premium expenses are subject to the risk of increased cost-of-insurance charges (i.e., "COI" or premium charges) for the life insurance policies we own. On May 9, 2018 we learned that John Hancock Life Insurance Company ("John Hancock") had begun notifying policy owners of COI increases on Performance UL policies issued between 2003 and 2010. We identified and received notice on 20 such policies in our portfolio, representing $59.6 million in total face value, and have completed our analysis and incorporation of increased cost of insurance charges into our portfolio as of June 30, 2018 reducing the fair value by approximately $2.9 million. In addition, we received notice and recognized COI increases on four policies issued by the Transamerica Life Insurance Company ("Transamerica") as of June 30, 2018 with a total face value of $9.2 million and a reduction in fair value of $1.4 million.

We have no known pending cost-of-insurance increases on any policies in our portfolio, but we are aware that cost-of-insurance increases have become more prevalent in the industry. Thus, we may see additional insurers implementing cost-of-insurance increases in the future.

For the quarter-end dates set forth below, the following table illustrates the total amount of face value of policy benefits owned, and the trailing 12 months of life insurance policy benefits realized and premiums paid on our portfolio. The trailing 12-month benefits/premium coverage ratio indicates the ratio of policy benefits realized to premiums paid over the trailing 12-month period from our portfolio of life insurance policies.

Quarter End Date	Portfolio Face Amount ($)	12-Month Trailing Benefits Realized ($)	12-Month Trailing Premiums Paid ($)	12-Month Trailing Benefits/Premium Coverage Ratio
March 31, 2015	754,942,000	46,675,000	23,786,000	196.2%
June 30, 2015	806,274,000	47,125,000	24,348,000	193.5%
September 30, 2015	878,882,000	44,482,000	25,313,000	175.7%
December 31, 2015	944,844,000	31,232,000	26,650,000	117.2%
March 31, 2016	1,027,821,000	21,845,000	28,771,000	75.9%
June 30, 2016	1,154,798,000	30,924,000	31,891,000	97.0%
September 30, 2016	1,272,078,000	35,867,000	37,055,000	96.8%
December 31, 2016	1,361,675,000	48,452,000	40,239,000	120.4%
March 31, 2017	1,447,558,000	48,189,000	42,753,000	112.7%
June 30, 2017	1,525,363,000	49,295,000	45,414,000	108.5%
September 30, 2017	1,622,627,000	53,742,000	46,559,000	115.4%
December 31, 2017	1,676,148,000	64,719,000	52,263,000	123.8%
March 31, 2018	1,758,066,000	60,248,000	53,169,000	113.3%
June 30, 2018	1,849,079,000	76,936,000	53,886,000	142.8%

We believe that the portfolio cash flow results set forth above are consistent with our general investment thesis: that the life insurance policy benefits we receive will continue to increase over time in relation to the premiums we are required to pay on the remaining polices in the portfolio. Nevertheless, we expect that our portfolio cash flow on a period-to-period basis will remain inconsistent until such time as we achieve our goal of acquiring a larger, more diversified portfolio of life insurance policies.

Inflation

Changes in inflation do not necessarily correlate with changes in interest rates. We presently do not foresee any material impact of inflation on our results of operations in the periods presented in our condensed consolidated financial statements.

Off-Balance Sheet Arrangements

We are party to an office lease with U.S. Bank National Association as the landlord. On September 1, 2015, we entered into an amendment that expanded the leased space to 17,687 square feet and extended the term through October 2025 (see Note 17 to the condensed consolidated financial statements).

Credit Risk

We review the credit risk associated with our portfolio of life insurance policies when estimating its fair value. In evaluating the policies' credit risk, we consider insurance company solvency, credit risk indicators, economic conditions, ongoing credit evaluations, and company positions. We attempt to manage our credit risk related to life insurance policies typically by purchasing policies issued only from companies with an investment-grade credit rating by either Standard & Poor's, Moody's, or A.M. Best Company. As of June 30, 2018, 95.3% of our life insurance policies, by face value benefits, were issued by companies that maintained an investment-grade rating (BBB or better) by Standard & Poor's.

Interest Rate Risk

Our senior credit facility with LNV Corporation is floating-rate financing. In addition, our ability to offer interest and dividend rates that attract capital (including in our continuous offering of L Bonds) is generally impacted by prevailing interest rates. Furthermore, while our L Bond offering provides us with fixed-rate debt financing, our Debt Coverage Ratio is calculated in relation to the interest rate on all of our debt financing. Therefore, fluctuations in interest rates impact our business by increasing our borrowing costs and reducing availability under our debt financing arrangements. We calculate our portfolio earnings based upon the spread generated between the return on our life insurance portfolio and the total cost of our financing. As a result, increases in interest rates will reduce the earnings we expect to achieve from our investments in life insurance policies.

Non-GAAP Financial Measures

Non-GAAP financial measures disclosed by our management are provided as additional information to investors in order to provide an alternative method for assessing our financial condition and operating results. These non-GAAP financial measures are not in accordance with GAAP and may be different from non-GAAP measures used by other companies, including other companies within our industry. This presentation of non-GAAP financial information should not be considered in isolation or as a substitute for comparable amounts prepared in accordance with GAAP. See our condensed consolidated financial statements and our financial statements contained herein.

We use non-GAAP financial measures for management's assessment of our financial condition and operating results without regard to GAAP fair value standards. The application of current GAAP fair value standards, especially during a period of significant growth of our portfolio and our Company may result in current period GAAP financial results that may not be reflective of our long-term earnings potential. Management believes our non-GAAP financial measures provide investors an alternative view of the long-term earnings potential without regard to the volatility in GAAP financial results that can, and does, occur during this stage of our portfolio and company growth.

Therefore, in contrast to a GAAP fair valuation, we seek to measure the accrual of the actuarial gain occurring within the portfolio of life insurance policies at our expected internal rate of return (exclusive of future interest costs) based on statistical mortality probabilities for the insureds (using primarily the insured's age, sex, health and smoking status). The expected internal rate of return tracks actuarial gain occurring within the policies according to a mortality table as the insureds' age increases. By comparing the actuarial gain accruing within our portfolio of life insurance policies against our adjusted operating costs during the same period, we can estimate the overall financial performance of our business without regard to fair value volatility. We use this information to balance our life insurance policy purchasing and manage our capital structure, including the issuance of debt and utilization of our other sources of capital, and to monitor our compliance with borrowing covenants. We believe that these non-GAAP financial measures provide information that is useful for investors to understand period-over-period operating results separate and apart from fair value items that can have a disproportionately positive or negative impact on GAAP results in any particular reporting period.

In addition, the Indenture governing our L Bonds requires us to maintain a "Debt Coverage Ratio" designed to provide reasonable assurance that the buy and hold value of our life insurance portfolio plus the value of all our other assets exceed our total outstanding indebtedness. This ratio is calculated using non-GAAP measures in the method described below, again without regard to GAAP-based fair value measures.

Non-GAAP Investment Cost Basis	As of June 30, 2018	As of December 31, 2017
GAAP fair value	$ 726,063,000	$ 650,527,000
Unrealized fair value gain (1)	(362,605,000)	(331,386,000)
Adjusted cost basis increase (2)	365,886,000	325,100,000
Non-GAAP investment cost basis (3)	$ 729,344,000	$ 644,241,000

(1) This represents the reversal of cumulative unrealized GAAP fair value gain of life insurance policies.
(2) Adjusted cost basis is increased to interest, premiums and servicing fees that are expensed under GAAP.
(3) This is the non-GAAP investment cost basis in life insurance policies from which our expected internal rate of return is calculated.

Excess Spread. Management uses the "total excess spread" to gauge expected profitability of our investments. The Expected IRR of our portfolio is based upon future cash flow forecasts derived from a probabilistic analysis of our policy benefits received and policy premiums paid in relation to our non-GAAP investment cost basis.

	As of June 30, 2018	As of December 31, 2017
Expected IRR (1)	10.19%	10.48%
Total weighted-average interest rate on indebtedness for borrowed money (2)	7.95%	7.95%
Total excess spread (3)	2.24%	2.53%

(1) Excludes IRR realized on matured life insurance policies — which are substantial.
(2) Represents the weighted-average interest rate paid on all interest-bearing indebtedness as of the measurement date, determined as follows:

Indebtedness	As of June 30, 2018	As of December 31, 2017
Senior credit facility with LNV Corporation	$ 190,389,000	$ 222,525,000
L Bonds	534,302,000	461,427,000
Total	$ 724,691,000	$ 683,952,000
Interest Rates on Indebtedness		
Senior credit facility with LNV Corporation	10.19%	9.31%
L Bonds	7.15%	7.29%
Weighted-average interest rates paid on indebtedness	7.95%	7.95%

(3) Calculated as the Expected IRR minus the weighted-average interest rate on interest-bearing indebtedness(2).

Adjusted Non-GAAP Net Income. We calculate our adjusted non-GAAP net income by recognizing the actuarial gain accruing within our life insurance portfolio at the Expected IRR against our adjusted cost basis without regard to fair value. We net this actuarial gain against its adjusted costs during the same period to calculate our net income on an adjusted non-GAAP basis.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP net income (loss) attributable to common shareholders	$ (4,396,000)	$ (7,725,000)	$ (17,279,000)	$ (9,638,000)
Unrealized fair value gain (1)	(14,573,000)	(15,235,000)	(31,219,000)	(29,119,000)
Adjusted cost basis increase (2)	27,453,000	22,739,000	53,450,000	44,461,000
Accrual of unrealized actuarial gain (3)	4,973,000	7,505,000	11,575,000	12,415,000
Total adjusted non-GAAP net income (loss)	$ 13,457,000	$ 7,284,000	$ 16,527,000	$ 18,119,000

(1) Reversal of unrealized GAAP fair value gain on life insurance policies for current period.
(2) Adjusted cost basis is increased to include interest, premiums and servicing fees that are expensed under GAAP.
(3) Accrual of actuarial gain at Expected IRR.

Adjusted Non-GAAP Tangible Net Worth. We calculate our adjusted non-GAAP tangible net worth by recognizing the actuarial gain accruing within our life insurance policies at the Expected IRR of the policies we own without regard to fair value. We net this actuarial gain against our costs during the same period to calculate our adjusted tangible net worth on a non-GAAP basis.

	As of June 30, 2018	**As of December 31, 2017**
GAAP net worth	$ 172,022,000	$ 133,672,000
Less intangible assets [(1)]	(33,133,000)	(30,354,000)
GAAP tangible net worth	138,889,000	103,318,000
Unrealized fair value gain [(2)]	(362,605,000)	(331,386,000)
Adjusted cost basis increase [(3)]	365,886,000	325,100,000
Accrual of unrealized actuarial gain [(4)]	169,816,000	158,241,000
Total adjusted non-GAAP tangible net worth	$ 311,986,000	$ 255,273,000

(1) Unamortized portion of deferred financing costs and pre-paid insurance.
(2) Reversal of cumulative unrealized GAAP fair value gain or loss of life insurance policies.
(3) Adjusted cost basis is increased to include interest, premiums and servicing fees that are expensed under GAAP.
(4) Accrual of cumulative actuarial gain at Expected IRR.

Debt Coverage Ratio. Our L Bonds borrowing covenants require us to maintain a Debt Coverage Ratio of less than 90%. The Debt Coverage Ratio is calculated by dividing the sum of our total interest-bearing indebtedness by the sum of our cash, cash equivalents, and policy benefits receivable by the net present value of the life insurance portfolio, and, without duplication, the value of all of our other assets as reflected on our most recently available balance sheet prepared in accordance with GAAP.

	As of June 30, 2018	**As of December 31, 2017**
Life insurance portfolio policy benefits	$ 1,849,079,000	$ 1,676,148,000
Discount rate of future cash flows [(1)]	7.95%[(1)]	7.95%[(1)]
Net present value of life insurance portfolio policy benefits	$ 822,029,000	$ 737,625,000
Cash and cash equivalents	131,096,000	142,771,000
Life insurance policy benefits receivable	27,035,000	16,659,000
Other assets [(2)]	10,841,000	-
Total Coverage	$ 991,001,000	$ 897,055,000
Senior credit facility	$ 190,389,000	$ 222,525,000
L Bonds	534,302,000	461,427,000
Total Indebtedness	$ 724,691,000	$ 683,952,000
Debt Coverage Ratio	73.13%	76.24%

(1) Weighted-average interest rate paid on indebtedness.
(2) The Total Coverage amount as of June 30, 2018 includes “Other assets” as defined in the Amendment No.1 to Amended and Restated Indenture with Bank of Utah, dated March 27, 2018.

As of June 30, 2018 and December 31, 2017, we were in compliance with the Debt Coverage Ratio.

We have in the past reported non-GAAP expected portfolio internal rate of return at purchase among our other non-GAAP financial measures. We have determined, however, to cease reporting this measure primarily because we do not believe that it is sufficiently additive to our existing non-GAAP measures in aiding users of our financial statements and disclosures to measure and evaluate our financial condition or operating results.

Portfolio Information

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2018, is summarized below:

Life Insurance Portfolio Summary

Total portfolio face value of policy benefits	$ 1,849,079,000
Average face value per policy	$ 1,831,000
Average face value per insured life	$ 2,052,000
Average age of insured (yrs.)*	81.9
Average life expectancy estimate (yrs.)*	6.8
Total number of policies	1,010
Number of unique lives	901
Demographics	76% Males; 24% Females
Number of smokers	41
Largest policy as % of total portfolio face value	0.72%
Average policy as % of total portfolio	0.10%
Average annual premium as % of face value	3.11%

* Averages presented in the table are weighted averages.

Our portfolio of life insurance policies, owned by our wholly owned subsidiaries as of June 30, 2018, organized by the insured's current age and the associated number of policies and policy benefits, is summarized below:

Distribution of Policies and Policy Benefits by Current Age of Insured

				Percentage of Total		
Min Age	**Max Age**	**Number of Policies**	**Policy Benefits**	**Number of Policies**	**Policy Benefits**	**Wtd. Avg. LE (yrs.)**
95	100	12	$ 16,954,000	1.2%	0.9%	1.4
90	94	111	209,514,000	11.0%	11.3%	2.8
85	89	213	446,986,000	21.1%	24.2%	4.7
80	84	213	453,283,000	21.1%	24.5%	6.5
75	79	205	368,928,000	20.3%	20.0%	8.9
70	74	180	263,198,000	17.8%	14.2%	10.6
60	69	76	90,216,000	7.5%	4.9%	10.1
Total		**1,010**	**$ 1,849,079,000**	**100.0**%	**100.0**%	**6.8**

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2018, organized by the insured's estimated life expectancy and associated policy benefits, is summarized below:

Distribution of Policies by Current Life Expectancies (LE) of Insured

				Percentage of Total	
Min LE (Months)	**Max LE (Months)**	**Number of Policies**	**Policy Benefits**	**Number of Policies**	**Policy Benefits**
1	47	268	$ 442,256,000	26.5%	23.9%
48	71	198	361,295,000	19.6%	19.5%
72	95	207	391,580,000	20.5%	21.2%
96	119	166	329,115,000	16.4%	17.8%
120	143	97	150,815,000	9.6%	8.2%
144	179	60	130,376,000	6.0%	7.0%
180	228	14	43,642,000	1.4%	2.4%
Total		**1,010**	**$ 1,849,079,000**	**100.0**%	**$ 100.0**%

We track concentrations of pre-existing medical conditions among insured individuals within our portfolio based on information contained in life expectancy reports including the underwriter's designation of primary impairment. We track these medical conditions within the following ten primary categories: (1) cancer, (2) cardiovascular, (3) cerebrovascular, (4) dementia, (5) diabetes, (6) multiple conditions, (7) neurological disorders, (8) respiratory disease, (9) other, and (10) no diseases. Currently, the primary disease categories within our portfolio that represent a concentration of over 10% are multiple conditions, cardiovascular, and other which constitute 26.7%, 21.5%, and 12.7%, respectively, of the face amount of insured benefits of our portfolio as of June 30, 2018.

The yield to maturity on bonds issued by life insurance carriers reflects, among other things, the credit risk (risk of default) of such insurance carrier. We follow the yields on certain publicly traded life insurance company bonds because this information is part of the data we consider when valuing our portfolio of life insurance policies for our financial statements.

The average yield to maturity of publicly traded life insurance company bonds data we consider when valuing our portfolio of life insurance policies was 4.11% as of June 30, 2018. We believe that this reflects, in part, the financial market's judgment that credit risk is low with regard to these carriers' financial obligations. It should be noted that the obligations of life insurance carriers to pay life insurance policy benefits ranks senior to all of their other financial obligations, such as the aforementioned senior bonds they issue.

As of June 30, 2018, approximately 95.3% of the face value of policy benefits in our life insurance portfolio were issued by insurance companies with investment-grade credit ratings from Standard & Poor's. Our ten largest life insurance company credit exposures and the Standard & Poor's credit rating of their respective financial strength and claims-paying ability is set forth below:

Distribution of Policy Benefits by Top 10 Insurance Companies

Rank	Policy Benefits	Percentage of Policy Benefit Amount	Insurance Company	Ins. Co. S&P Rating
1	$ 271,936,000	14.7%	John Hancock Life Insurance Company (U.S.A.)	AA-
2	210,626,000	11.4%	AXA Equitable Life Insurance Company	A+
3	206,917,000	11.2%	Lincoln National Life Insurance Company	AA-
4	171,627,000	9.3%	Transamerica Life Insurance Company	AA-
5	120,081,000	6.5%	Metropolitan Life Insurance Company	AA-
6	90,168,000	4.9%	American General Life Insurance Company	A+
7	61,737,000	3.3%	Pacific Life Insurance Company	AA-
8	60,893,000	3.3%	Massachusetts Mutual Life Insurance Company	AA+
9	54,632,000	2.9%	Reliastar Life Insurance Company	A
10	53,202,000	2.9%	Security Life of Denver Insurance Company	A
	$ 1,301,819,000	**70.4%**		

Secondary Life Insurance — Portfolio Return Modeling

The goal of our portfolio of life insurance assets is to earn superior risk-adjusted returns. At any time, we calculate our returns from our life insurance assets based upon (i) our historical results; and (ii) the future cash flows we expect to realize from our statistical forecasts. To forecast our expected future cash flows and returns, we use the probabilistic method of analysis. The expected internal rate of return of our portfolio is based upon future cash flow forecasts derived from a probabilistic analysis of policy benefits received and policy premiums paid in relation to our non-GAAP investment cost basis. As of June 30, 2018, the expected internal rate of return on our portfolio of life insurance assets was 10.19% based on our portfolio benefits of $1.85 billion and our non-GAAP investment cost basis of $729 million (including purchase price, premiums paid, and financing costs incurred to date). This calculation excludes returns realized from our matured policy benefits which are substantial.

We seek to further enhance our understanding of our expected future cash flow and returns by using a stochastic analysis, sometimes referred to as a "Monte Carlo simulation," to provide us with a greater understanding of the variability of our projections. The stochastic analysis we perform provides internal rates of return calculations for different statistical confidence intervals. The results of our stochastic analysis, in which we run 10,000 random mortality scenarios, demonstrates that the scenario ranking at the 50^{th} percentile of all 10,000 results generates an internal rate of return ("IRR") of 10.14%, which is very near to our expected IRR ("Expected IRR") of our portfolio of 10.19%. Our Expected IRR is based upon future cash flow forecasts derived from a probabilistic analysis of our policy benefits received and policy premiums paid in relation to our non-GAAP investment cost basis. The stochastic analysis results also indicate that our portfolio is expected under this hypothetical analysis to generate an internal rate of return of 9.69% or better in 75% of all generated scenarios; and an internal rate of return of 9.30% or better in 90% of all generated scenarios. As the portfolio continues to grow in size and diversity, all else equal, the hypothetical scenario results cluster closer to each other around our median, or 50^{th} percentile, internal rate of return expectation, thereby lowering future cash flow volatility and potentially justifying our use of lower discount rates to value our portfolio as size and diversification continue to increase over time.

The complete detail of our portfolio of life insurance policies, owned by our wholly owned subsidiaries as of June 30, 2018, organized by the current age of the insured and the associated policy benefits, sex, estimated life expectancy, issuing insurance carrier, and the credit rating of the issuing insurance carrier, is set in Exhibit 99.2 to this report.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance the objectives of the control system are met.

As of June 30, 2018, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of our disclosure controls and procedures as such term is defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934, as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Securities Exchange Act of 1934 during the period covered by this report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only with proper authorizations; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, under the supervision of and with the participation of the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of June 30, 2018 based on criteria for effective control over financial reporting set forth by the Committee of Sponsoring Organizations of the Treadway Commission, 2013 framework in "*Internal Control — Integrated Framework*." Based on this assessment, our management concluded that, as of the evaluation date, we maintained effective internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 6. EXHIBITS

Exhibit	
10.1	Second Amendment to Master Exchange Agreement, dated June 29, 2018 (*filed herewith*).
31.1	Section 302 Certification of the Chief Executive Officer (*filed herewith*).
31.2	Section 302 Certification of the Chief Financial Officer (*filed herewith*).
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (*filed herewith*).
99.1	Letter from Model Actuarial Pricing Systems, dated July 23, 2018 (*filed herewith*).
99.2	Portfolio of Life Insurance Policies as of June 30, 2018 (*filed herewith*).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	GWG HOLDINGS, INC.
Date: August 14, 2018	By: /s/ Jon R. Sabes *Chief Executive Officer*
Date: August 14, 2018	By: /s/ William B. Acheson *Chief Financial Officer*

EXHIBIT INDEX

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101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SECOND AMENDMENT TO MASTER EXCHANGE AGREEMENT

THIS SECOND AMENDMENT is dated as of June 29, 2018 (this "Second Amendment"), and amends in part that certain MASTER EXCHANGE AGREEMENT, as amended and restated on January 18, 2018 with effect as of January 12, 2018, and further amended by the First Amendment thereto, dated April 30, 2018 (the "Agreement"), by and among GWG HOLDINGS, INC., a Delaware corporation ("GWG"), GWG LIFE, LLC, a Delaware limited liability company and wholly owned Subsidiary of GWG, THE BENEFICIENT COMPANY GROUP, L.P., a Delaware limited partnership, MHT FINANCIAL SPV, LLC, a Delaware limited liability company and wholly owned subsidiary of MHT Financial, L.L.C., and each of the EXCHANGE TRUSTS that is a party to the Agreement (the "Seller Trusts"), and as agreed to and accepted by Murray T. Holland and Jeffrey S. Hinkle as trust advisors to the Seller Trusts. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Agreement.

WITNESSETH:

WHEREAS, the parties have entered into the Agreement; and

WHEREAS, the parties have agreed in principle to a forthcoming amendment of the Agreement that will contemplate multiple closings of the transaction, the first of which is expected to occur presently and will include the transfer of approximately $403,000,000 of L Bonds and $150,000,000 of cash consideration, and are committed to its ultimate closing on the satisfaction of the remaining regulatory requirements;

WHEREAS, pursuant to and in accordance with Section 11.10 of the Agreement, the parties wish to amend the Agreement as set forth in this Second Amendment.

NOW, THEREFORE, in consideration of the rights and obligations contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties agree as follows:

Section 1. Amendment to the Agreement.

(a) Section 10.1(b)(i) of the Agreement is hereby deleted in its entirety and replaced with the following:

"if any of the conditions set forth in Article IX shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by July 30, 2018; provided that the right to terminate this Agreement pursuant to this Section 10.1(b)(i) shall not be available to a party whose failure to perform any of its material obligations under this Agreement has been the primary cause of, or primarily resulted in, such failure; or"

(b) All other terms and provisions of the Agreement are hereby ratified in full and incorporated by reference herein.

Section 2. No Third Party Beneficiary. This Second Amendment shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person, any legal or equitable right, benefit or remedy of any nature whatsoever, including, without limitation, any rights of employment for any specified period, under or by reason of this Agreement.

Section 3. Entire Agreement. This Second Amendment constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof Except as amended by this Second Amendment, the Agreement shall continue in full force and effect.

Section 4. Counterparts. This Second Amendment may be executed in counterparts (and delivered by facsimile or electronic transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 5. Governing Law. This Second Amendment, and all claims or causes of action based upon, arising out of, or related to this Second Amendment or the transactions contemplated hereby, shall be governed by, and construed in accordance with, the Laws of the State of Delaware, without giving effect to principles or rules of conflict of laws to the extent such principles or rules would require or permit the application of Laws of another jurisdiction.

[Signature Page Follows]

IN WITNESS WHEREOF the parties have hereunto caused this Second Amendment to be duly executed as of the date first set forth above.

GWG HOLDINGS, INC.

By: JON SABES
Name: Jon Sabes
Title: Chief Executive Officer

GWG LIFE, LLC

By: JON SABES
Name: Jon Sabes
Title: Chief Executive Officer

[Signature Page to Second Amendment to Master Exchange Agreement]

IN WITNESS WHEREOF the parties have hereunto caused this Second Amendment to be duly executed as of the date first set forth above.

THE BENEFICIENT COMPANY GROUP, L.P.

By: BRAD K. HEPPNER
Name: Brad K. Heppner
Title: Chief Executive Officer

MHT FINANCIAL SPV, LLC

By: MURRAY T. HOLLAND
Name: Murray T. Holland
Title: Manager

THE LT-1 EXCHANGE TRUST,

By: DELAWARE TRUST COMPANY, not in its individual capacity but solely as Trustee

By: ALAN R. HALPERN
Name: Alan R. Halpern
Title: Vice President

THE LT-2 EXCHANGE TRUST,

By: DELAWARE TRUST COMPANY, not in its individual capacity but solely as Trustee

By: ALAN R. HALPERN
Name: Alan R. Halpern
Title: Vice President

[Signature Page to Second Amendment to Master Exchange Agreement]

IN WITNESS WHEREOF the parties have hereunto caused this Second Amendment to be duly executed as of the date first set forth above.

THE LT-3 EXCHANGE TRUST,

By: DELAWARE TRUST COMPANY, not in its individual capacity but solely as Trustee

By: ALAN R. HALPERN
Name: Alan R. Halpern
Title: Vice President

THE LT-4 EXCHANGE TRUST,

By: DELAWARE TRUST COMPANY, not in its individual capacity but solely as Trustee

By: ALAN R. HALPERN
Name: Alan R. Halpern
Title: Vice President

THE LT-5 EXCHANGE TRUST,

By: DELAWARE TRUST COMPANY, not in its individual capacity but solely as Trustee

By: ALAN R. HALPERN
Name: Alan R. Halpern
Title: Vice President

THE LT-6 EXCHANGE TRUST,

By: DELAWARE TRUST COMPANY, not in its individual capacity but solely as Trustee

By: ALAN R. HALPERN
Name: Alan R. Halpern
Title: Vice President

[Signature Page to Second Amendment to Master Exchange Agreement]

IN WITNESS WHEREOF the parties have hereunto caused this Second Amendment to be duly executed as of the date first set forth above.

THE LT-7 EXCHANGE TRUST,

By: DELAWARE TRUST COMPANY, not in its individual capacity but solely as Trustee

By: Alan R. Halpern
Name: Alan R. Halpern
Title: Vice President

THE LT-8 EXCHANGE TRUST,

By: DELAWARE TRUST COMPANY, not in its individual capacity but solely as Trustee

By: Alan R. Halpern
Name: Alan R. Halpern
Title: Vice President

MURRAY T. HOLLAND, as Trust Advisor

Murray T. Holland

JEFFREY S. HINKLE, as Trust Advisor

Jeffrey S. Hinkle

Exhibit 31.1

SECTION 302 CERTIFICATION

I, Jon R. Sabes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GWG Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 14, 2018

/s/ Jon R. Sabes
Chief Executive Officer

Exhibit 31.2

SECTION 302 CERTIFICATION

I, William B. Acheson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GWG Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2018

/s/ William B. Acheson

Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of GWG Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jon R. Sabes, Chief Executive Officer of the Company, and I, William B. Acheson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jon R. Sabes
Jon R. Sabes
Chief Executive Officer

August 14, 2018

/s/ William B. Acheson
William B. Acheson
Chief Financial Officer

August 14, 2018

Exhibit 99.1

Model Actuarial Pricing Systems
Life Settlement Analytic Software and Services

499 Park Ave, 4th Floor
New York, NY 10022
+1 (847) 483-9401

July 23, 2018

David Marantz
Executive Vice President – Policy Acquisitions
GWG Life
220 South Sixth Street, Suite 1200
Minneapolis, MN 55402

David:

You have asked that we prepare a quarterly valuation of a GWG portfolio of life insurance settlements. The valuations were prepared under the assumptions described below, which you provided in phone conversations and e- mails. We utilized the revised policy portfolio data you provided on 07/19/2018 to project potential cash flows monthly following the **06/30/2018** valuation date, based on the premiums and other values in the policy records provided.

Data Reliance

In preparing these valuations, we relied upon:

- Policy Data – We have relied on the portfolio data file as provided to us by GWG Life. This file and the policy data contained in it are assumed to have been prepared accurately and reflect current company supported product performance. The **06/30/2018** file had **1010** policies with total face amounts of **$1,849,078,652**, a net increase of **68** policies and net increase of **$91,012,879** in face amount over the prior quarter. The **03/31/2018** file had **942** policies with total face amounts of **$1,758,065,773**.

- Future Premiums Data – We have relied on GWG Life's data regarding the future premiums to be paid on each policy. It is our understanding that GWG Life uses the MAPS software package along with data gathered from the actual premium payments to the life insurance carriers for each policy for projecting future minimum premium streams.

- Life Expectancy, Values, plus any adjustments – We have relied on the life expectancy values provided by GWG Life. It is our understanding that GWG Life obtained these LE values using the following industry experts: 21st Services, AVS Underwriting, EMSI, Fasano Associates, ISC Services, LSI, and/or Predictive Resources.

Results

Using the assumptions stated below, we calculated the net present values as of the valuation dates using the specified discount rate of **10.45%.** These results will be e-mailed to you in the Excel reports generated, including a Portfolio Summary and List of Policies, from the MAPS Portfolio valuation model.

	GWG Portfolio as of 06/30/2018		
Number of Policies	**1010**		
Total Net Death Benefit ($)	**1,849,078,652**		
Discount Rate	**10.45%**	**12.00%**	**15.00%**
Expected Net Present Value ($)	**726,063,244**	676,033,613	595,069,736
Stochastic Analysis – 10,000 Scenarios			
95th Percentile Net Present Value ($)	**683,801,555**	633,849,382	553,587,908
95% CTE Net Present Value ($)	**673,854,704**	624,061,100	543,800,257

The Expected Net Present Value is the probabilistic average value of the portfolio. These values are calculated actuarially; assuming that the amount of premiums paid and death benefits received are proportional to the probabilities of survival. Since death will occur at an unknown discrete point in time, the actual return for a policy, and a portfolio of policies, may vary significantly from the Expected Value.

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The Stochastic analysis can return information about the range of values that might be achieved along with probabilities that the results might be better or worse than the Expected or a specified level. The Stochastic analysis creates random scenarios where a discrete date of death is independently projected for each life based on its mortality curve. The net present value of the portfolio for each scenario is calculated as the present value of projected death benefits minus the present value of projected premiums. The scenarios are ranked by value. The 95th Percentile Net Present Value is the portfolio value exceeded by 95% of the stochastic scenarios. The 95% CTE is the Contingent Tail Expectation for the 95th percentile, and is the average of the 5% of scenarios with the lowest net present value.

The valuations (1) do not include premiums paid before the valuation date, and (2) assume that the insured remains alive at the valuation date. The valuations also assume that the policy COIs and policy expense charges remain at current levels in the future. If these charges are increased, the projected values would decrease. The above values do not consider any federal income or other taxes.

Summary of MAPS Model Settings and Assumptions

We used the following assumptions as discussed with you:

- *Insurance Policy Characteristics***:** Per portfolio data file as provided.
- *Policy Issue Date:* Per portfolio data file as provided.
- *Insured Date of Birth and Gender:* Per portfolio data file as provided.
- *Extended Death Benefit After Policy Maturity Age:* Per portfolio data file as provided.
- *Optimized Premium Levels and Timing:* Monthly premiums unadjusted per the portfolio data file as provided.
- *Per Policy and Portfolio Administrative Expenses*: None, per the portfolio data file as provided.
- *Collection of Death Benefit Delay:* 0 months, with 0.00% statutory interest credited.
- *Mortality:* 2015 VBT Select & Ultimate Primary tables, by Age, Sex, and Tobacco Use.
- *Age Basis:* Age Nearest Birthday.
- *Mortality Improvement:* None.
- *Life Expectancy:* One blended LE and corresponding UW effective date per life in the portfolio data file as provided.
- *Adjustment Applied to Stated LE:* None.
- *Improvement Used by Underwriters:* No.
- *Valuation Discount Interest Rates:* **10.45%** as specified, plus 12% and 15%.
- *Number of Stochastic Scenarios:* 10,000.
- *Stochastic Random Seed input:* **1234567**
- *Stochastic Percentile Ranks and Contingent Tail Expectations:* 95%, with additional reporting at 75%, 85%, 90%, 97%, and 99%.

Notice on Mortality and Volatility

Parties engaged in life settlements commonly obtain and use "life expectancies" in their considerations. While life expectancies are provided for individuals, they are developed from expected patterns of mortality of large groups of similar individuals. No one knows exactly when any one individual will die, nor is a life expectancy intended to suggest the time until death will be near the life expectancy. Any one individual may live much longer than his or her estimated life expectancy or that projected by applying a mortality rating to any particular mortality table. Even for a large group of lives, the actual mortality for the group may be less than expected for a variety of reasons (such as improvements in medical technology, unanticipated general mortality improvement, or incorrect estimation of the life expectancy). Stochastic simulation and sensitivity testing can help to quantify these risks, but such tests should not be interpreted as a guarantee of any particular financial outcome. Investors will earn less than expected on the policy of any individual who lives longer than his life expectancy.

Model Actuarial Pricing Systems, LP

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Background

Model Actuarial Pricing Systems, LP is a subsidiary of Cantor Fitzgerald (a leading global financial services firm) providing life settlement software and services worldwide to a variety of customers including life settlement brokers, providers, consultants and investors.

Since its inception in late 1990s, the MAPS Single Policy Valuation Model has been the industry standard life settlement valuation model for both single life and joint life insurance contracts. Incorporating sophisticated analysis and valuation algorithms, the MAPS Model transformed the life settlements industry by providing actuarially correct valuation of the premium and death benefit cash flows associated with a life settlement transaction.

Very truly yours,

/s/ Lisa Simms

Lisa Simms
Model Actuarial Pricing Systems, LP

Life Insurance Portfolio Detail
(as of June 30, 2018)

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
1	$	8,000,000	F	100	12	Massachusetts Mutual Life Insurance Company	AA+
2	$	100,000	M	98	25	Farm Bureau Life Insurance Company	NR
3	$	805,000	M	98	18	John Hancock Life Insurance Company (U.S.A.)	AA-
4	$	1,500,000	F	97	16	Accordia Life and Annuity Company	A-
5	$	360,000	M	97	32	John Hancock Life Insurance Company (U.S.A.)	AA-
6	$	1,000,000	F	96	9	Transamerica Life Insurance Company	AA-
7	$	264,000	F	96	8	Lincoln Benefit Life Company	BBB+
8	$	125,000	F	96	1	Lincoln National Life Insurance Company	AA-
9	$	250,000	M	95	15	North American Company for Life and Health Insurance	A+
10	$	800,000	F	95	45	Lincoln National Life Insurance Company	AA-
11	$	3,500,000	M	95	23	Reliastar Life Insurance Company	A
12	$	250,000	M	95	4	Transamerica Life Insurance Company	AA-
13	$	572,429	F	94	16	Reliastar Life Insurance Company	A
14	$	3,000,000	M	94	21	West Coast Life Insurance Company	AA-
15	$	500,000	F	94	43	John Hancock Life Insurance Company (U.S.A.)	AA-
16	$	5,000,000	F	94	39	American General Life Insurance Company	A+
17	$	2,000,000	F	94	1	Pruco Life Insurance Company	AA-
18	$	400,000	F	94	46	Principal Life Insurance Company	A+
19	$	5,000,000	F	94	17	John Hancock Life Insurance Company (U.S.A.)	AA-
20	$	1,000,000	F	94	13	Lincoln National Life Insurance Company	AA-
21	$	150,000	M	94	10	Transamerica Life Insurance Company	AA-
22	$	300,000	F	94	10	West Coast Life Insurance Company	AA-
23	$	1,682,773	F	93	32	Hartford Life and Annuity Insurance Company	BBB
24	$	500,000	M	93	28	Massachusetts Mutual Life Insurance Company	AA+
25	$	500,000	F	93	28	C.M. Life Insurance Company	AA+
26	$	1,000,000	F	93	28	C.M. Life Insurance Company	AA+
27	$	1,000,000	F	93	28	Hartford Life and Annuity Insurance Company	BBB
28	$	5,000,000	M	93	15	John Hancock Life Insurance Company (U.S.A.)	AA-
29	$	3,100,000	F	93	16	Lincoln Benefit Life Company	BBB+
30	$	100,000	M	93	43	Sun Life Assurance Company of Canada (U.S.)	AA-
31	$	144,000	M	93	38	Lincoln National Life Insurance Company	AA-
32	$	500,000	M	93	28	Reliastar Life Insurance Company	A
33	$	1,000,000	M	93	1	Voya Retirement Insurance and Annuity Company	NR
34	$	1,000,000	F	92	30	United of Omaha Life Insurance Company	AA-
35	$	3,500,000	F	92	47	John Hancock Life Insurance Company (U.S.A.)	AA-
36	$	500,000	M	92	25	Allianz Life Insurance Company of North America	AA
37	$	1,200,000	F	92	19	Massachusetts Mutual Life Insurance Company	AA+
38	$	1,200,000	F	92	19	Massachusetts Mutual Life Insurance Company	AA+
39	$	375,000	M	92	19	Lincoln National Life Insurance Company	AA-
40	$	5,000,000	M	92	22	John Hancock Life Insurance Company (U.S.A.)	AA-
41	$	500,000	F	92	14	Lincoln National Life Insurance Company	AA-
42	$	5,000,000	F	92	43	Reliastar Life Insurance Company	A
43	$	5,000,000	F	92	16	Lincoln National Life Insurance Company	AA-
44	$	1,150,000	F	92	47	Lincoln National Life Insurance Company	AA-
45	$	1,203,520	M	92	43	Columbus Life Insurance Company	AA
46	$	1,350,000	F	92	15	Lincoln National Life Insurance Company	AA-
47	$	3,500,000	F	92	21	Lincoln National Life Insurance Company	AA-
48	$	5,000,000	F	91	28	Massachusetts Mutual Life Insurance Company	AA+
49	$	403,875	M	91	24	John Hancock Life Insurance Company (U.S.A.)	AA-
50	$	100,000	M	91	14	American General Life Insurance Company	A+
51	$	2,500,000	F	91	27	American General Life Insurance Company	A+
52	$	2,500,000	M	91	31	Pacific Life Insurance Company	AA-
53	$	4,000,000	F	91	47	Transamerica Life Insurance Company	AA-
54	$	5,000,000	M	91	32	AXA Equitable Life Insurance Company	A+
55	$	1,103,922	F	91	37	Sun Life Assurance Company of Canada (U.S.)	AA-
56	$	1,000,000	F	91	41	Transamerica Life Insurance Company	AA-
57	$	250,000	F	91	41	Transamerica Life Insurance Company	AA-
58	$	500,000	F	91	19	Transamerica Life Insurance Company	AA-
59	$	1,050,000	M	91	24	John Hancock Life Insurance Company (U.S.A.)	AA-

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
60	$	5,000,000	M	91	27	American General Life Insurance Company	A+
61	$	313,413	M	91	27	American General Life Insurance Company	A+
62	$	3,000,000	M	91	65	Transamerica Life Insurance Company	AA-
63	$	500,000	M	91	39	Lincoln National Life Insurance Company	AA-
64	$	649,026	F	91	45	Midland National Life Insurance Company	A+
65	$	4,785,380	F	91	30	John Hancock Life Insurance Company (U.S.A.)	AA-
66	$	1,803,455	F	91	45	Metropolitan Life Insurance Company	AA-
67	$	1,529,270	F	91	45	Metropolitan Life Insurance Company	AA-
68	$	800,000	M	91	51	Lincoln National Life Insurance Company	AA-
69	$	700,000	M	91	48	Ohio National Life Assurance Corporation	A+
70	$	400,000	M	91	22	Lincoln National Life Insurance Company	AA-
71	$	2,000,000	M	91	17	John Hancock Life Insurance Company (U.S.A.)	AA-
72	$	5,000,000	M	91	31	John Hancock Life Insurance Company (U.S.A.)	AA-
73	$	500,000	F	91	14	Nationwide Life and Annuity Insurance Company	A+
74	$	2,225,000	F	91	60	Transamerica Life Insurance Company	AA-
75	$	3,000,000	F	91	65	Massachusetts Mutual Life Insurance Company	AA+
76	$	338,259	M	91	16	Voya Retirement Insurance and Annuity Company	NR
77	$	1,500,000	M	91	24	Ameritas Life Insurance Corporation	A+
78	$	300,000	M	91	24	John Hancock Life Insurance Company (U.S.A.)	AA-
79	$	2,000,000	M	91	33	John Hancock Life Insurance Company (U.S.A.)	AA-
80	$	396,791	M	91	15	Lincoln National Life Insurance Company	AA-
81	$	1,000,000	F	91	35	Metropolitan Life Insurance Company	AA-
82	$	1,000,000	F	91	56	Lincoln National Life Insurance Company	AA-
83	$	1,000,000	F	90	29	Metropolitan Life Insurance Company	AA-
84	$	1,000,000	F	90	37	Metropolitan Tower Life Insurance Company	AA-
85	$	500,000	F	90	43	Sun Life Assurance Company of Canada (U.S.)	AA-
86	$	5,000,000	F	90	36	Transamerica Life Insurance Company	AA-
87	$	3,000,000	M	90	24	Transamerica Life Insurance Company	AA-
88	$	1,200,000	M	90	48	Transamerica Life Insurance Company	AA-
89	$	1,000,000	M	90	50	AXA Equitable Life Insurance Company	A+
90	$	250,000	M	90	52	Metropolitan Life Insurance Company	AA-
91	$	6,000,000	F	90	33	Sun Life Assurance Company of Canada (U.S.)	AA-
92	$	330,000	M	90	44	AXA Equitable Life Insurance Company	A+
93	$	175,000	M	90	44	Metropolitan Life Insurance Company	AA-
94	$	335,000	M	90	44	Metropolitan Life Insurance Company	AA-
95	$	3,000,000	M	90	49	AXA Equitable Life Insurance Company	A+
96	$	1,000,000	F	90	17	New York Life Insurance Company	AA+
97	$	1,250,000	M	90	14	Columbus Life Insurance Company	AA
98	$	300,000	M	90	14	Columbus Life Insurance Company	AA
99	$	10,000,000	F	90	69	West Coast Life Insurance Company	AA-
100	$	2,500,000	M	90	37	Transamerica Life Insurance Company	AA-
101	$	1,000,000	F	90	29	West Coast Life Insurance Company	AA-
102	$	2,000,000	F	90	29	West Coast Life Insurance Company	AA-
103	$	5,000,000	M	90	69	West Coast Life Insurance Company	AA-
104	$	2,800,000	M	90	25	AXA Equitable Life Insurance Company	A+
105	$	500,000	M	90	25	Transamerica Life Insurance Company	AA-
106	$	500,000	F	90	54	Metropolitan Life Insurance Company	AA-
107	$	800,000	M	90	33	National Western Life Insurance Company	A
108	$	500,000	F	90	27	Transamerica Life Insurance Company	AA-
109	$	400,000	F	90	27	Lincoln Benefit Life Company	BBB+
110	$	1,269,017	M	90	12	Hartford Life and Annuity Insurance Company	BBB
111	$	300,000	F	90	29	Lincoln National Life Insurance Company	AA-
112	$	1,500,000	F	90	28	Transamerica Life Insurance Company	AA-
113	$	500,000	F	90	28	Transamerica Life Insurance Company	AA-
114	$	1,000,000	M	90	19	Security Life of Denver Insurance Company	A
115	$	4,445,467	M	90	36	Penn Mutual Life Insurance Company	A+
116	$	1,369,670	M	90	34	Lincoln National Life Insurance Company	AA-
117	$	7,500,000	M	90	28	Lincoln National Life Insurance Company	AA-
118	$	3,600,000	F	90	41	AXA Equitable Life Insurance Company	A+
119	$	5,000,000	M	90	55	Lincoln National Life Insurance Company	AA-
120	$	4,513,823	F	90	18	Accordia Life and Annuity Company	A-
121	$	100,000	F	90	33	American General Life Insurance Company	A+
122	$	100,000	F	90	33	American General Life Insurance Company	A+
123	$	1,900,000	F	90	22	John Hancock Life Insurance Company (U.S.A.)	AA-

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
124	$	1,000,000	M	89	25	John Hancock Life Insurance Company (U.S.A.)	AA-
125	$	2,000,000	M	89	25	John Hancock Life Insurance Company (U.S.A.)	AA-
126	$	1,365,000	F	89	66	Transamerica Life Insurance Company	AA-
127	$	250,000	M	89	21	Wilton Reassurance Life Insurance Company	NR
128	$	1,000,000	F	89	61	Security Life of Denver Insurance Company	A
129	$	200,000	F	89	59	Lincoln National Life Insurance Company	AA-
130	$	1,000,000	M	89	20	Massachusetts Mutual Life Insurance Company	AA+
131	$	1,000,000	F	89	11	State Farm Life Insurance Company	AA
132	$	2,000,000	M	89	68	Transamerica Life Insurance Company	AA-
133	$	209,176	M	89	65	Lincoln National Life Insurance Company	AA-
134	$	1,000,000	F	89	42	Nationwide Life and Annuity Insurance Company	A+
135	$	8,500,000	M	89	62	Massachusetts Mutual Life Insurance Company	AA+
136	$	500,000	M	89	56	Metropolitan Life Insurance Company	AA-
137	$	750,000	F	89	54	Lincoln National Life Insurance Company	AA-
138	$	1,500,000	F	89	54	Lincoln National Life Insurance Company	AA-
139	$	400,000	F	89	54	Lincoln National Life Insurance Company	AA-
140	$	1,250,000	F	89	54	Lincoln National Life Insurance Company	AA-
141	$	2,000,000	M	89	31	Lincoln National Life Insurance Company	AA-
142	$	4,000,000	F	89	30	John Hancock Life Insurance Company (U.S.A.)	AA-
143	$	200,000	M	89	45	American General Life Insurance Company	A+
144	$	2,000,000	M	89	19	Lincoln National Life Insurance Company	AA-
145	$	1,800,000	M	89	30	John Hancock Life Insurance Company (U.S.A.)	AA-
146	$	4,106,995	M	89	38	Lincoln National Life Insurance Company	AA-
147	$	4,000,000	M	89	28	Metropolitan Life Insurance Company	AA-
148	$	2,000,000	M	89	63	Security Life of Denver Insurance Company	A
149	$	2,000,000	M	89	63	Security Life of Denver Insurance Company	A
150	$	2,000,000	M	89	63	Security Life of Denver Insurance Company	A
151	$	1,650,000	M	89	30	Massachusetts Mutual Life Insurance Company	AA+
152	$	1,500,000	F	89	76	Transamerica Life Insurance Company	AA-
153	$	1,500,000	M	89	33	AXA Equitable Life Insurance Company	A+
154	$	325,000	M	88	27	Lincoln National Life Insurance Company	AA-
155	$	5,400,000	M	88	51	Lincoln National Life Insurance Company	AA-
156	$	600,000	M	88	49	Ohio National Life Assurance Corporation	A+
157	$	300,000	F	88	67	Accordia Life and Annuity Company	A-
158	$	1,000,000	M	88	23	Sun Life Assurance Company of Canada (U.S.)	AA-
159	$	1,000,000	F	88	46	AXA Equitable Life Insurance Company	A+
160	$	563,879	F	88	78	AXA Equitable Life Insurance Company	A+
161	$	2,000,000	M	88	29	Metropolitan Life Insurance Company	AA-
162	$	3,000,000	M	88	29	Metropolitan Life Insurance Company	AA-
163	$	800,000	F	88	40	Lincoln National Life Insurance Company	AA-
164	$	1,000,000	M	88	16	John Hancock Life Insurance Company (U.S.A.)	AA-
165	$	2,000,000	F	88	58	AXA Equitable Life Insurance Company	A+
166	$	5,000,000	F	88	33	Security Life of Denver Insurance Company	A
167	$	3,000,000	F	88	57	Sun Life Assurance Company of Canada (U.S.)	AA-
168	$	1,000,000	F	88	51	Transamerica Life Insurance Company	AA-
169	$	125,000	M	88	39	Jackson National Life Insurance Company	AA-
170	$	2,500,000	M	88	39	Metropolitan Life Insurance Company	AA-
171	$	1,500,000	M	88	65	AXA Equitable Life Insurance Company	A+
172	$	1,000,000	M	88	30	AXA Equitable Life Insurance Company	A+
173	$	2,328,547	M	88	40	Metropolitan Life Insurance Company	AA-
174	$	2,000,000	M	88	40	Metropolitan Life Insurance Company	AA-
175	$	500,000	M	88	32	Lincoln National Life Insurance Company	AA-
176	$	4,000,000	F	88	75	John Hancock Life Insurance Company (U.S.A.)	AA-
177	$	5,000,000	M	88	59	Security Life of Denver Insurance Company	A
178	$	3,000,000	F	88	41	North American Company for Life And Health Insurance	A+
179	$	3,000,000	F	88	38	Transamerica Life Insurance Company	AA-
180	$	5,000,000	M	88	69	Security Life of Denver Insurance Company	A
181	$	2,000,000	M	88	78	Protective Life Insurance Company	AA-
182	$	5,000,000	F	88	49	Phoenix Life Insurance Company	BB
183	$	500,000	M	88	25	New England Life Insurance Company	A+
184	$	4,000,000	F	88	59	Reliastar Life Insurance Company	A
185	$	284,924	M	88	34	Transamerica Life Insurance Company	AA-
186	$	5,000,000	F	88	65	American General Life Insurance Company	A+
187	$	2,000,000	M	88	38	AXA Equitable Life Insurance Company	A+

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
188	$	1,750,000	M	88	38	AXA Equitable Life Insurance Company	A+
189	$	2,000,000	F	88	60	John Hancock Life Insurance Company (U.S.A.)	AA-
190	$	500,000	F	88	13	Transamerica Life Insurance Company	AA-
191	$	2,000,000	M	88	27	Transamerica Life Insurance Company	AA-
192	$	1,425,000	M	88	33	John Hancock Life Insurance Company (U.S.A.)	AA-
193	$	1,000,000	M	88	48	Lincoln National Life Insurance Company	AA-
194	$	5,000,000	F	87	72	AXA Equitable Life Insurance Company	A+
195	$	500,000	M	87	54	Conneticut General Life Insurance Company	AA-
196	$	1,000,000	F	87	56	John Hancock Life Insurance Company (U.S.A.)	AA-
197	$	694,487	M	87	49	Lincoln National Life Insurance Company	AA-
198	$	6,000,000	F	87	95	American General Life Insurance Company	A+
199	$	1,433,572	M	87	30	Security Mutual Life Insurance Company of NY	NR
200	$	1,500,000	F	87	98	Lincoln Benefit Life Company	BBB+
201	$	1,000,000	F	87	81	Reliastar Life Insurance Company	A
202	$	1,000,000	F	87	22	Metropolitan Life Insurance Company	AA-
203	$	750,000	M	87	58	West Coast Life Insurance Company	AA-
204	$	4,000,000	M	87	16	John Hancock Life Insurance Company (U.S.A.)	AA-
205	$	1,000,000	M	87	50	John Hancock Life Insurance Company (U.S.A.)	AA-
206	$	2,000,000	F	87	70	Lincoln Benefit Life Company	BBB+
207	$	1,000,000	M	87	31	Security Life of Denver Insurance Company	A
208	$	2,000,000	F	87	47	New York Life Insurance Company	AA+
209	$	5,000,000	M	87	67	Lincoln National Life Insurance Company	AA-
210	$	2,400,000	M	87	16	Genworth Life Insurance Company	B+
211	$	100,000	M	87	52	North American Company for Life And Health Insurance	A+
212	$	3,000,000	M	87	60	Transamerica Life Insurance Company	AA-
213	$	3,250,000	F	87	73	Metropolitan Life Insurance Company	AA-
214	$	3,075,000	F	87	73	Metropolitan Life Insurance Company	AA-
215	$	600,000	M	87	71	AXA Equitable Life Insurance Company	A+
216	$	7,600,000	F	87	72	Transamerica Life Insurance Company	AA-
217	$	250,000	M	87	6	Midland National Life Insurance Company	A+
218	$	1,000,000	F	87	71	John Hancock Life Insurance Company (U.S.A.)	AA-
219	$	1,000,000	M	87	35	Lincoln National Life Insurance Company	AA-
220	$	450,000	M	87	35	American General Life Insurance Company	A+
221	$	1,750,000	M	87	35	American General Life Insurance Company	A+
222	$	1,750,000	M	87	35	American General Life Insurance Company	A+
223	$	2,000,000	M	87	72	Lincoln National Life Insurance Company	AA-
224	$	2,500,000	F	87	49	American General Life Insurance Company	A+
225	$	2,500,000	M	87	35	AXA Equitable Life Insurance Company	A+
226	$	3,000,000	M	87	35	Lincoln National Life Insurance Company	AA-
227	$	500,000	M	87	21	Genworth Life Insurance Company	B+
228	$	1,980,000	M	87	26	New York Life Insurance Company	AA+
229	$	1,500,000	M	87	38	Voya Retirement Insurance and Annuity Company	NR
230	$	3,000,000	F	87	24	AXA Equitable Life Insurance Company	A+
231	$	2,000,000	M	87	48	American National Insurance Company	A
232	$	250,000	M	87	51	Voya Retirement Insurance and Annuity Company	NR
233	$	1,800,000	F	87	36	Lincoln National Life Insurance Company	AA-
234	$	1,703,959	M	87	43	Lincoln National Life Insurance Company	AA-
235	$	2,000,000	M	87	30	Metropolitan Life Insurance Company	AA-
236	$	1,000,000	M	87	34	Hartford Life and Annuity Insurance Company	BBB
237	$	3,500,000	F	87	71	Lincoln Benefit Life Company	BBB+
238	$	1,000,000	M	87	61	Lincoln National Life Insurance Company	AA-
239	$	1,000,000	M	87	24	Metropolitan Life Insurance Company	AA-
240	$	300,000	M	87	34	New England Life Insurance Company	A+
241	$	200,000	M	86	48	John Hancock Life Insurance Company (U.S.A.)	AA-
242	$	1,000,000	M	86	46	Lincoln Benefit Life Company	BBB+
243	$	402,500	M	86	55	John Hancock Life Insurance Company (U.S.A.)	AA-
244	$	10,000,000	M	86	95	Pacific Life Insurance Company	AA-
245	$	80,000	F	86	33	Protective Life Insurance Company	AA-
246	$	1,000,000	M	86	36	Texas Life Insurance Company	NR
247	$	500,000	M	86	75	Metropolitan Life Insurance Company	AA-
248	$	2,000,000	M	86	37	National Life Insurance Company	A+
249	$	3,000,000	M	86	21	U.S. Financial Life Insurance Company	NR
250	$	2,147,816	F	86	89	John Hancock Life Insurance Company (U.S.A.)	AA-
251	$	4,200,000	F	86	89	Transamerica Life Insurance Company	AA-

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
252	$	325,000	M	86	38	Genworth Life and Annuity Insurance Company	B+
253	$	175,000	M	86	38	Genworth Life and Annuity Insurance Company	B+
254	$	850,000	M	86	33	American General Life Insurance Company	A+
255	$	1,900,000	M	86	41	American National Insurance Company	A
256	$	5,000,000	M	86	31	AXA Equitable Life Insurance Company	A+
257	$	385,000	M	86	47	Metropolitan Life Insurance Company	AA-
258	$	500,000	M	86	47	Metropolitan Life Insurance Company	AA-
259	$	75,000	M	86	28	Fidelity and Guaranty Insurance Company	BBB+
260	$	450,000	M	86	35	North American Company for Life and Health Insurance	A+
261	$	1,500,000	M	86	65	Lincoln National Life Insurance Company	AA-
262	$	5,000,000	M	86	73	Banner Life Insurance Company	AA-
263	$	3,500,000	F	86	78	AXA Equitable Life Insurance Company	A+
264	$	1,000,000	F	86	72	West Coast Life Insurance Company	AA-
265	$	8,500,000	M	86	73	John Hancock Life Insurance Company (U.S.A.)	AA-
266	$	10,000,000	M	86	40	Lincoln National Life Insurance Company	AA-
267	$	3,000,000	F	86	42	Metropolitan Life Insurance Company	AA-
268	$	750,000	M	86	50	John Hancock Life Insurance Company (U.S.A.)	AA-
269	$	4,500,000	M	86	48	AXA Equitable Life Insurance Company	A+
270	$	250,000	M	86	28	Transamerica Life Insurance Company	AA-
271	$	2,275,000	M	86	64	Reliastar Life Insurance Company	A
272	$	120,000	F	86	63	Lincoln National Life Insurance Company	AA-
273	$	77,000	F	86	63	Lincoln National Life Insurance Company	AA-
274	$	10,000,000	M	86	56	AXA Equitable Life Insurance Company	A+
275	$	5,000,000	M	86	49	Transamerica Life Insurance Company	AA-
276	$	304,100	F	86	77	AXA Equitable Life Insurance Company	A+
277	$	500,000	F	86	77	AXA Equitable Life Insurance Company	A+
278	$	900,000	M	86	47	Hartford Life and Annuity Insurance Company	BBB
279	$	340,000	F	86	59	Jackson National Life Insurance Company	AA-
280	$	2,000,000	M	86	64	Pacific Life Insurance Company	AA-
281	$	3,500,000	M	86	63	AXA Equitable Life Insurance Company	A+
282	$	6,748,219	F	86	99	Phoenix Life Insurance Company	BB
283	$	7,600,000	M	86	72	Transamerica Life Insurance Company	AA-
284	$	300,000	M	86	48	Transamerica Life Insurance Company	AA-
285	$	3,000,000	M	86	37	Metropolitan Life Insurance Company	AA-
286	$	1,275,000	M	86	30	Metropolitan Tower Life Insurance Company	AA-
287	$	2,000,000	F	86	88	Lincoln National Life Insurance Company	AA-
288	$	2,247,450	F	86	35	Transamerica Life Insurance Company	AA-
289	$	1,000,000	M	86	28	American General Life Insurance Company	A+
290	$	750,000	M	86	60	AXA Equitable Life Insurance Company	A+
291	$	500,000	F	86	68	Metropolitan Life Insurance Company	AA-
292	$	400,000	M	86	25	Transamerica Life Insurance Company	AA-
293	$	1,000,000	F	86	32	American General Life Insurance Company	A+
294	$	500,000	M	86	30	John Hancock Life Insurance Company (U.S.A.)	AA-
295	$	3,500,000	M	86	37	Pacific Life Insurance Company	AA-
296	$	2,500,000	M	86	37	AXA Equitable Life Insurance Company	A+
297	$	850,000	F	85	98	Transamerica Life Insurance Company	AA-
298	$	1,000,000	F	85	80	Nationwide Life Insurance Company	A+
299	$	500,000	F	85	76	Lincoln National Life Insurance Company	AA-
300	$	500,000	F	85	76	Lincoln National Life Insurance Company	AA-
301	$	1,500,000	M	85	68	Metropolitan Tower Life Insurance Company	AA-
302	$	3,000,000	M	85	40	Protective Life Insurance Company	AA-
303	$	1,500,000	M	85	40	American General Life Insurance Company	A+
304	$	2,000,000	F	85	77	Transamerica Life Insurance Company	AA-
305	$	1,000,000	M	85	44	Lincoln National Life Insurance Company	AA-
306	$	150,000	M	85	79	Genworth Life and Annuity Insurance Company	B+
307	$	5,000,000	F	85	49	Transamerica Life Insurance Company	AA-
308	$	500,000	M	85	67	Protective Life Insurance Company	AA-
309	$	600,000	M	85	44	Massachusetts Mutual Life Insurance Company	AA+
310	$	5,000,000	M	85	81	American General Life Insurance Company	A+
311	$	9,635,575	M	85	112	Reliastar Life Insurance Company	A
312	$	250,000	M	85	112	Reliastar Life Insurance Company	A
313	$	10,000,000	M	85	47	Lincoln National Life Insurance Company	AA-
314	$	1,000,000	M	85	122	Reliastar Life Insurance Company	A
315	$	1,000,000	F	85	50	American General Life Insurance Company	A+

		Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
316	$	1,000,000	M	85	67	Hartford Life and Annuity Insurance Company	BBB
317	$	2,000,000	F	85	59	Lincoln National Life Insurance Company	AA-
318	$	1,995,000	F	85	88	Transamerica Life Insurance Company	AA-
319	$	838,529	M	85	92	Transamerica Life Insurance Company	AA-
320	$	750,000	M	85	77	Metropolitan Life Insurance Company	AA-
321	$	916,983	F	85	91	Pacific Life Insurance Company	AA-
322	$	775,000	M	85	72	Hartford Life and Annuity Insurance Company	BBB
323	$	1,000,000	M	85	43	Hartford Life and Annuity Insurance Company	BBB
324	$	1,000,000	M	85	43	Jackson National Life Insurance Company	AA-
325	$	417,300	M	85	73	Jackson National Life Insurance Company	AA-
326	$	2,500,000	F	85	47	Reliastar Life Insurance Company	A
327	$	5,000,000	M	85	51	Transamerica Life Insurance Company	AA-
328	$	2,000,000	M	85	46	Ohio National Life Assurance Corporation	A+
329	$	1,000,000	M	85	46	Ohio National Life Assurance Corporation	A+
330	$	500,000	F	85	75	AXA Equitable Life Insurance Company	A+
331	$	1,000,000	M	85	80	Lincoln National Life Insurance Company	AA-
332	$	2,400,000	M	85	44	Phoenix Life Insurance Company	BB
333	$	350,000	M	85	18	Jackson National Life Insurance Company	AA-
334	$	5,000,000	M	85	72	Lincoln National Life Insurance Company	AA-
335	$	10,074,335	F	85	75	Security Life of Denver Insurance Company	A
336	$	2,236,056	F	85	75	Security Life of Denver Insurance Company	A
337	$	2,000,000	M	84	45	John Hancock Life Insurance Company (U.S.A.)	AA-
338	$	5,000,000	F	84	52	Security Mutual Life Insurance Company of NY	NR
339	$	5,000,000	M	84	62	AXA Equitable Life Insurance Company	A+
340	$	6,000,000	M	84	75	Transamerica Life Insurance Company	AA-
341	$	8,000,000	M	84	60	AXA Equitable Life Insurance Company	A+
342	$	850,000	F	84	71	Zurich Life Insurance Company	A
343	$	550,000	M	84	88	Genworth Life Insurance Company	B+
344	$	500,000	M	84	39	West Coast Life Insurance Company	AA-
345	$	1,680,000	F	84	46	AXA Equitable Life Insurance Company	A+
346	$	1,000,000	F	84	65	Lincoln National Life Insurance Company	AA-
347	$	2,000,000	M	84	58	New York Life Insurance Company	AA+
348	$	1,250,000	M	84	74	Metropolitan Life Insurance Company	AA-
349	$	1,000,000	M	84	53	AXA Equitable Life Insurance Company	A+
350	$	4,000,000	F	84	86	Lincoln National Life Insurance Company	AA-
351	$	1,050,000	M	84	61	American General Life Insurance Company	A+
352	$	1,000,000	M	84	32	American General Life Insurance Company	A+
353	$	1,000,000	M	84	53	Security Mutual Life Insurance Company of NY	NR
354	$	1,600,000	M	84	58	John Hancock Life Insurance Company (U.S.A.)	AA-
355	$	1,700,000	M	84	58	John Hancock Life Insurance Company (U.S.A.)	AA-
356	$	1,000,000	M	84	50	AXA Equitable Life Insurance Company	A+
357	$	1,500,000	M	84	43	Lincoln Benefit Life Company	BBB+
358	$	10,000,000	F	84	41	Transamerica Life Insurance Company	AA-
359	$	58,000	M	84	59	Transamerica Life Insurance Company	AA-
360	$	3,000,000	M	84	89	Voya Retirement Insurance and Annuity Company	NR
361	$	350,000	M	84	44	Lincoln National Life Insurance Company	AA-
362	$	3,000,000	M	84	88	John Hancock Life Insurance Company (U.S.A.)	AA-
363	$	10,000,000	M	84	45	Hartford Life and Annuity Insurance Company	BBB
364	$	1,750,000	M	84	58	AXA Equitable Life Insurance Company	A+
365	$	5,000,000	M	84	56	AXA Equitable Life Insurance Company	A+
366	$	300,000	F	84	50	Hartford Life and Annuity Insurance Company	BBB
367	$	250,000	M	84	82	American General Life Insurance Company	A+
368	$	2,502,000	M	84	116	Transamerica Life Insurance Company	AA-
369	$	240,000	M	84	21	Lincoln National Life Insurance Company	AA-
370	$	10,000,000	M	84	86	John Hancock Life Insurance Company (U.S.A.)	AA-
371	$	10,000,000	M	84	77	Pacific Life Insurance Company	AA-
372	$	3,000,000	M	84	72	John Hancock Life Insurance Company (U.S.A.)	AA-
373	$	1,210,000	M	84	43	Lincoln National Life Insurance Company	AA-
374	$	125,000	M	84	43	Accordia Life and Annuity Company	A-
375	$	3,000,000	F	84	80	West Coast Life Insurance Company	AA-
376	$	7,000,000	M	84	61	Genworth Life Insurance Company	B+
377	$	8,000,000	M	83	99	Metropolitan Life Insurance Company	AA-
378	$	500,000	M	83	31	Genworth Life and Annuity Insurance Company	B+
379	$	500,000	M	83	128	Lincoln National Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
380	$ 500,000	M	83	128	Lincoln National Life Insurance Company	AA-
381	$ 3,000,000	M	83	116	Metropolitan Life Insurance Company	AA-
382	$ 3,528,958	F	83	80	Lincoln National Life Insurance Company	AA-
383	$ 300,000	F	83	74	Metropolitan Life Insurance Company	AA-
384	$ 12,450,000	M	83	117	Brighthouse Life Insurance Company	AA-
385	$ 3,000,000	M	83	47	Transamerica Life Insurance Company	AA-
386	$ 600,000	M	83	29	Lincoln National Life Insurance Company	AA-
387	$ 800,000	M	83	54	North American Company for Life And Health Insurance	A+
388	$ 8,500,000	F	83	81	John Hancock Life Insurance Company (U.S.A.)	AA-
389	$ 785,000	M	83	87	Pacific Life Insurance Company	AA-
390	$ 3,000,000	F	83	43	AXA Equitable Life Insurance Company	A+
391	$ 3,000,000	F	83	43	AXA Equitable Life Insurance Company	A+
392	$ 1,000,000	F	83	64	Lincoln Benefit Life Company	BBB+
393	$ 1,000,000	M	83	67	Penn Mutual Life Insurance Company	A+
394	$ 6,000,000	M	83	96	AXA Equitable Life Insurance Company	A+
395	$ 320,987	F	83	80	John Hancock Life Insurance Company (U.S.A.)	AA-
396	$ 130,000	M	83	33	Genworth Life Insurance Company	B+
397	$ 700,000	M	83	74	Banner Life Insurance Company	AA-
398	$ 1,000,000	M	83	73	John Hancock Life Insurance Company (U.S.A.)	AA-
399	$ 1,040,235	M	83	112	Protective Life Insurance Company	AA-
400	$ 2,000,000	F	83	65	Pacific Life Insurance Company	AA-
401	$ 2,000,000	M	83	57	Metropolitan Life Insurance Company	AA-
402	$ 2,000,000	M	83	57	Metropolitan Life Insurance Company	AA-
403	$ 218,362	M	83	102	Lincoln National Life Insurance Company	AA-
404	$ 300,000	M	83	76	John Hancock Life Insurance Company (U.S.A.)	AA-
405	$ 300,000	M	83	76	John Hancock Life Insurance Company (U.S.A.)	AA-
406	$ 100,000	M	83	60	Pruco Life Insurance Company	AA-
407	$ 100,000	M	83	77	Voya Retirement Insurance and Annuity Company	NR
408	$ 1,029,871	M	83	112	Principal Life Insurance Company	A+
409	$ 2,000,000	F	83	51	Transamerica Life Insurance Company	AA-
410	$ 1,500,000	F	83	53	Protective Life Insurance Company	AA-
411	$ 3,500,000	M	83	59	Metropolitan Life Insurance Company	AA-
412	$ 6,000,000	M	83	61	Hartford Life and Annuity Insurance Company	BBB
413	$ 687,006	M	83	56	The State Life Insurance Company	AA-
414	$ 250,000	F	83	77	Accordia Life and Annuity Company	A-
415	$ 750,000	M	83	43	Security Life of Denver Insurance Company	A
416	$ 2,500,000	M	83	93	AXA Equitable Life Insurance Company	A+
417	$ 2,500,000	M	83	93	AXA Equitable Life Insurance Company	A+
418	$ 3,000,000	M	83	96	Principal Life Insurance Company	A+
419	$ 200,000	M	83	30	Pruco Life Insurance Company	AA-
420	$ 1,700,000	M	83	39	Voya Retirement Insurance and Annuity Company	NR
421	$ 180,000	F	83	68	Midland National Life Insurance Company	A+
422	$ 500,000	M	83	29	Transamerica Life Insurance Company	AA-
423	$ 500,000	M	83	32	Pan-American Assurance Company	NR
424	$ 3,000,000	M	82	45	Pacific Life Insurance Company	AA-
425	$ 3,000,000	M	82	45	Minnesota Life Insurance Company	AA-
426	$ 3,000,000	M	82	45	Pruco Life Insurance Company	AA-
427	$ 3,000,000	M	82	74	Reliastar Life Insurance Company	A
428	$ 5,000,000	M	82	72	Pacific Life Insurance Company	AA-
429	$ 5,000,000	M	82	72	Pacific Life Insurance Company	AA-
430	$ 4,000,000	M	82	58	Lincoln National Life Insurance Company	AA-
431	$ 1,500,000	M	82	73	Hartford Life and Annuity Insurance Company	BBB
432	$ 250,000	M	82	51	United of Omaha Life Insurance Company	AA-
433	$ 3,601,500	M	82	77	Transamerica Life Insurance Company	AA-
434	$ 1,000,000	M	82	72	Sun Life Assurance Company of Canada (U.S.)	AA-
435	$ 200,000	M	82	50	Protective Life Insurance Company	AA-
436	$ 150,000	M	82	50	Protective Life Insurance Company	AA-
437	$ 150,000	M	82	50	Protective Life Insurance Company	AA-
438	$ 350,000	M	82	50	Lincoln National Life Insurance Company	AA-
439	$ 1,187,327	M	82	71	Transamerica Life Insurance Company	AA-
440	$ 5,000,000	M	82	102	Principal Life Insurance Company	A+
441	$ 150,000	M	82	67	Massachusetts Mutual Life Insurance Company	AA+
442	$ 500,000	M	82	57	American General Life Insurance Company	A+
443	$ 5,000,000	M	82	81	John Hancock Life Insurance Company (U.S.A.)	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
444	$ 100,000	M	82	85	Protective Life Insurance Company	AA-
445	$ 7,000,000	M	82	63	Lincoln Benefit Life Company	BBB+
446	$ 100,000	M	82	46	North American Company for Life And Health Insurance	A+
447	$ 1,000,000	M	82	78	Lincoln National Life Insurance Company	AA-
448	$ 6,799,139	M	82	94	AXA Equitable Life Insurance Company	A+
449	$ 529,159	M	82	76	Protective Life Insurance Company	AA-
450	$ 476,574	M	82	50	Transamerica Life Insurance Company	AA-
451	$ 250,000	M	82	70	AXA Equitable Life Insurance Company	A+
452	$ 5,500,000	M	82	95	Metropolitan Life Insurance Company	AA-
453	$ 2,250,000	M	82	71	Massachusetts Mutual Life Insurance Company	AA+
454	$ 2,000,000	M	82	72	Transamerica Life Insurance Company	AA-
455	$ 2,000,000	M	82	118	AXA Equitable Life Insurance Company	A+
456	$ 4,000,000	M	82	69	Lincoln National Life Insurance Company	AA-
457	$ 750,000	M	82	110	John Hancock Life Insurance Company (U.S.A.)	AA-
458	$ 4,300,000	F	82	85	American National Insurance Company	A
459	$ 1,000,000	F	82	98	John Hancock Life Insurance Company (U.S.A.)	AA-
460	$ 6,000,000	M	82	92	AXA Equitable Life Insurance Company	A+
461	$ 200,000	M	82	44	Kansas City Life Insurance Company	NR
462	$ 500,000	M	82	117	Transamerica Life Insurance Company	AA-
463	$ 2,500,000	M	82	99	West Coast Life Insurance Company	AA-
464	$ 200,000	M	82	36	Lincoln National Life Insurance Company	AA-
465	$ 6,000,000	M	82	87	AXA Equitable Life Insurance Company	A+
466	$ 1,500,000	M	82	54	John Hancock Life Insurance Company (U.S.A.)	AA-
467	$ 5,000,000	F	82	91	Reliastar Life Insurance Company	A
468	$ 300,000	F	82	58	Columbus Life Insurance Company	AA
469	$ 750,000	M	82	48	Lincoln National Life Insurance Company	AA-
470	$ 3,000,000	M	82	72	Principal Life Insurance Company	A+
471	$ 604,384	F	82	48	Beneficial Life Insurance Company	NR
472	$ 5,000,000	M	81	110	Lincoln National Life Insurance Company	AA-
473	$ 3,000,000	M	81	62	American General Life Insurance Company	A+
474	$ 70,000	M	81	30	Pioneer Mutual Life Insurance Company	NR
475	$ 800,000	F	81	76	John Alden Life Insurance Company	NR
476	$ 5,000,000	M	81	58	John Hancock Life Insurance Company (U.S.A.)	AA-
477	$ 500,000	M	81	47	John Hancock Life Insurance Company (U.S.A.)	AA-
478	$ 100,000	M	81	40	AXA Equitable Life Insurance Company	A+
479	$ 5,000,000	M	81	66	John Hancock Life Insurance Company (U.S.A.)	AA-
480	$ 200,000	M	81	74	Lincoln National Life Insurance Company	AA-
481	$ 1,250,000	M	81	74	AXA Equitable Life Insurance Company	A+
482	$ 1,000,000	M	81	95	Transamerica Life Insurance Company	AA-
483	$ 800,000	M	81	95	Columbus Life Insurance Company	AA
484	$ 3,000,000	F	81	65	New York Life Insurance Company	AA+
485	$ 1,009,467	M	81	38	John Hancock Life Insurance Company (U.S.A.)	AA-
486	$ 4,000,000	M	81	44	Metropolitan Life Insurance Company	AA-
487	$ 800,000	M	81	100	Lincoln National Life Insurance Company	AA-
488	$ 1,000,000	M	81	103	Pruco Life Insurance Company	AA-
489	$ 2,500,000	M	81	86	Massachusetts Mutual Life Insurance Company	AA+
490	$ 2,500,000	M	81	86	Massachusetts Mutual Life Insurance Company	AA+
491	$ 1,000,000	M	81	116	Metropolitan Life Insurance Company	AA-
492	$ 5,000,000	M	81	38	John Hancock Life Insurance Company (U.S.A.)	AA-
493	$ 1,000,000	M	81	61	Transamerica Life Insurance Company	AA-
494	$ 500,000	M	81	84	Transamerica Life Insurance Company	AA-
495	$ 500,000	F	81	106	Columbus Life Insurance Company	AA
496	$ 500,000	M	81	109	John Hancock Life Insurance Company (U.S.A.)	AA-
497	$ 6,500,000	M	81	105	Pacific Life Insurance Company	AA-
498	$ 2,000,000	M	81	98	Brighthouse Life Insurance Company	AA-
499	$ 775,000	M	81	98	Lincoln National Life Insurance Company	AA-
500	$ 929,975	M	81	53	Lincoln National Life Insurance Company	AA-
501	$ 1,445,000	F	81	79	AXA Equitable Life Insurance Company	A+
502	$ 1,500,000	F	81	79	AXA Equitable Life Insurance Company	A+
503	$ 1,000,000	M	81	63	Lincoln National Life Insurance Company	AA-
504	$ 325,000	M	81	24	American General Life Insurance Company	A+
505	$ 1,000,000	M	81	86	Metropolitan Life Insurance Company	AA-
506	$ 550,000	M	81	56	Pruco Life Insurance Company	AA-
507	$ 300,000	M	81	56	Pruco Life Insurance Company	AA-

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
508	$	800,000	M	81	74	Minnesota Life Insurance Company	AA-
509	$	1,000,000	M	81	77	Massachusetts Mutual Life Insurance Company	AA+
510	$	1,200,000	F	81	87	AXA Equitable Life Insurance Company	A+
511	$	300,000	M	81	53	Lincoln National Life Insurance Company	AA-
512	$	2,000,000	F	81	38	Transamerica Life Insurance Company	AA-
513	$	1,220,000	M	81	81	Reliastar Life Insurance Company of New York	A
514	$	1,000,000	M	81	56	Ameritas Life Insurance Corporation	A+
515	$	2,000,000	M	81	56	Metropolitan Life Insurance Company	AA-
516	$	1,358,500	M	81	56	Metropolitan Life Insurance Company	AA-
517	$	500,000	M	80	97	John Hancock Life Insurance Company (U.S.A.)	AA-
518	$	5,000,000	F	80	74	John Hancock Life Insurance Company (U.S.A.)	AA-
519	$	500,000	M	80	110	Pruco Life Insurance Company	AA-
520	$	1,000,000	M	80	90	Metropolitan Life Insurance Company	AA-
521	$	1,200,000	F	80	108	Athene Annuity & Life Assurance Company	A-
522	$	250,000	M	80	79	Brighthouse Life Insurance Company	AA-
523	$	500,000	M	80	57	Lincoln Benefit Life Company	BBB+
524	$	2,840,000	M	80	57	Transamerica Life Insurance Company	AA-
525	$	750,000	M	80	66	North American Company for Life and Health Insurance	A+
526	$	1,000,000	M	80	66	John Hancock Life Insurance Company (U.S.A.)	AA-
527	$	500,000	M	80	66	North American Company for Life and Health Insurance	A+
528	$	1,500,000	M	80	102	John Hancock Life Insurance Company (U.S.A.)	AA-
529	$	100,000	M	80	33	Time Insurance Company	NR
530	$	6,805,007	M	80	178	Metropolitan Life Insurance Company	AA-
531	$	450,000	F	80	75	Lincoln National Life Insurance Company	AA-
532	$	50,000	M	80	26	Lincoln National Life Insurance Company	AA-
533	$	1,000,000	M	80	141	Transamerica Life Insurance Company	AA-
534	$	4,000,000	F	80	69	Transamerica Life Insurance Company	AA-
535	$	1,000,000	F	80	54	John Hancock Life Insurance Company (U.S.A.)	AA-
536	$	2,000,000	M	80	78	Lincoln National Life Insurance Company	AA-
537	$	2,000,000	M	80	78	Lincoln National Life Insurance Company	AA-
538	$	5,000,000	M	80	95	Lincoln National Life Insurance Company	AA-
539	$	4,000,000	M	80	122	John Hancock Life Insurance Company (U.S.A.)	AA-
540	$	323,027	F	80	133	Lincoln National Life Insurance Company	AA-
541	$	306,854	M	80	58	Lincoln National Life Insurance Company	AA-
542	$	5,000,000	M	80	74	Transamerica Life Insurance Company	AA-
543	$	1,000,000	M	80	97	Principal Life Insurance Company	A+
544	$	500,000	F	80	115	Ohio National Life Assurance Corporation	A+
545	$	1,000,000	M	80	99	Lincoln National Life Insurance Company	AA-
546	$	6,641,634	M	80	164	John Hancock Life Insurance Company (U.S.A.)	AA-
547	$	750,000	M	80	91	Metropolitan Tower Life Insurance Company	AA-
548	$	600,000	M	80	64	Protective Life Insurance Company	AA-
549	$	400,000	M	80	95	John Hancock Life Insurance Company (U.S.A.)	AA-
550	$	300,000	M	79	56	Penn Mutual Life Insurance Company	A+
551	$	5,600,000	M	79	114	Voya Retirement Insurance and Annuity Company	NR
552	$	500,000	F	79	130	Accordia Life and Annuity Company	A-
553	$	1,697,278	M	79	102	John Hancock Life Insurance Company (U.S.A.)	AA-
554	$	5,000,000	M	79	112	AXA Equitable Life Insurance Company	A+
555	$	1,000,000	M	79	81	Accordia Life and Annuity Company	A-
556	$	3,000,000	M	79	75	Pruco Life Insurance Company	AA-
557	$	2,000,000	M	79	129	Lincoln National Life Insurance Company	AA-
558	$	3,000,000	F	79	84	John Hancock Life Insurance Company (U.S.A.)	AA-
559	$	200,000	F	79	120	West Coast Life Insurance Company	AA-
560	$	250,000	M	79	110	Accordia Life and Annuity Company	A-
561	$	1,100,000	M	79	115	Accordia Life and Annuity Company	A-
562	$	3,000,000	M	79	82	Protective Life Insurance Company	AA-
563	$	2,000,000	F	79	96	Accordia Life and Annuity Company	A-
564	$	6,000,000	M	79	196	Principal Life Insurance Company	A+
565	$	12,000,000	M	79	101	Brighthouse Life Insurance Company	AA-
566	$	2,200,000	F	79	116	Reliastar Life Insurance Company	A
567	$	4,000,000	M	79	49	Massachusetts Mutual Life Insurance Company	AA+
568	$	10,000,000	M	79	109	AXA Equitable Life Insurance Company	A+
569	$	2,500,000	M	79	117	John Hancock Life Insurance Company (U.S.A.)	AA-
570	$	2,500,000	M	79	117	John Hancock Life Insurance Company (U.S.A.)	AA-
571	$	350,000	M	79	96	Hartford Life and Annuity Insurance Company	BBB

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
572	$	100,000	M	79	49	William Penn Life Insurance Company of New York	AA-
573	$	100,000	M	79	49	William Penn Life Insurance Company of New York	AA-
574	$	100,000	M	79	49	William Penn Life Insurance Company of New York	AA-
575	$	50,000	M	79	49	William Penn Life Insurance Company of New York	AA-
576	$	100,000	M	79	49	Genworth Life and Annuity Insurance Company	B+
577	$	1,000,000	F	79	105	John Hancock Life Insurance Company (U.S.A.)	AA-
578	$	1,000,000	F	79	108	American General Life Insurance Company	A+
579	$	7,000,000	F	79	99	Pacific Life Insurance Company	AA-
580	$	854,980	M	79	85	John Hancock Life Insurance Company (U.S.A.)	AA-
581	$	100,946	F	79	136	Genworth Life and Annuity Insurance Company	B+
582	$	4,000,000	F	79	172	John Hancock Life Insurance Company (U.S.A.)	AA-
583	$	2,000,000	M	79	83	Genworth Life Insurance Company	B+
584	$	350,000	M	79	88	AXA Equitable Life Insurance Company	A+
585	$	600,000	M	79	88	AXA Equitable Life Insurance Company	A+
586	$	1,000,000	M	79	63	Pacific Life Insurance Company	AA-
587	$	2,000,000	M	79	96	Transamerica Life Insurance Company	AA-
588	$	200,000	M	79	109	Pruco Life Insurance Company	AA-
589	$	2,000,000	F	79	142	Lincoln National Life Insurance Company	AA-
590	$	150,000	M	79	84	Genworth Life Insurance Company	B+
591	$	260,000	M	79	89	Lincoln National Life Insurance Company	AA-
592	$	300,000	M	79	89	Lincoln National Life Insurance Company	AA-
593	$	1,400,000	F	79	118	John Hancock Life Insurance Company (U.S.A.)	AA-
594	$	500,000	M	79	88	Voya Retirement Insurance and Annuity Company	NR
595	$	250,000	M	79	88	Voya Retirement Insurance and Annuity Company	NR
596	$	490,620	M	79	66	Ameritas Life Insurance Corporation	A+
597	$	2,000,000	M	79	45	Athene Annuity & Life Assurance Company	A-
598	$	7,097,434	M	79	133	Lincoln National Life Insurance Company	AA-
599	$	5,000,000	M	79	43	West Coast Life Insurance Company	AA-
600	$	1,000,000	M	79	95	North American Company for Life And Health Insurance	A+
601	$	100,000	F	78	111	Genworth Life Insurance Company	B+
602	$	1,000,000	M	78	62	Metropolitan Life Insurance Company	AA-
603	$	730,000	M	78	79	Transamerica Life Insurance Company	AA-
604	$	5,000,000	M	78	125	Pruco Life Insurance Company	AA-
605	$	1,000,000	M	78	104	Transamerica Life Insurance Company	AA-
606	$	750,000	M	78	92	Protective Life Insurance Company	AA-
607	$	250,000	M	78	82	Midland National Life Insurance Company	A+
608	$	3,000,000	M	78	40	Accordia Life and Annuity Company	A-
609	$	1,000,000	M	78	124	AXA Equitable Life Insurance Company	A+
610	$	1,000,000	M	78	124	AXA Equitable Life Insurance Company	A+
611	$	200,000	M	78	63	Reliastar Life Insurance Company	A
612	$	500,000	M	78	80	AXA Equitable Life Insurance Company	A+
613	$	3,000,000	M	78	91	John Hancock Life Insurance Company (U.S.A.)	AA-
614	$	5,000,000	M	78	91	John Hancock Life Insurance Company (U.S.A.)	AA-
615	$	1,000,000	M	78	104	Security Life of Denver Insurance Company	A
616	$	5,000,000	M	78	118	Massachusetts Mutual Life Insurance Company	AA+
617	$	5,000,000	M	78	118	Massachusetts Mutual Life Insurance Company	AA+
618	$	8,000,000	M	78	77	Metropolitan Life Insurance Company	AA-
619	$	1,000,000	M	78	72	Transamerica Life Insurance Company	AA-
620	$	475,000	F	78	120	American General Life Insurance Company	A+
621	$	1,000,000	M	78	136	Security Mutual Life Insurance Company of NY	NR
622	$	1,000,000	M	78	82	Athene Annuity & Life Assurance Company of New York	A-
623	$	355,700	M	78	87	Security Life of Denver Insurance Company	A
624	$	6,500,000	F	78	55	Metropolitan Tower Life Insurance Company	AA-
625	$	450,000	M	78	159	Genworth Life and Annuity Insurance Company	B+
626	$	5,000,000	M	78	66	Lincoln Benefit Life Company	BBB+
627	$	250,000	M	78	117	West Coast Life Insurance Company	AA-
628	$	750,000	F	78	63	Delaware Life Insurance Company	BBB+
629	$	1,500,000	M	78	51	Security Life of Denver Insurance Company	A
630	$	1,000,000	M	78	82	Metropolitan Tower Life Insurance Company	AA-
631	$	1,945,741	M	78	78	Voya Retirement Insurance and Annuity Company	NR
632	$	1,000,000	M	78	94	Transamerica Life Insurance Company	AA-
633	$	2,000,000	M	78	128	John Hancock Life Insurance Company (U.S.A.)	AA-
634	$	1,000,000	M	78	69	Lincoln National Life Insurance Company	AA-
635	$	1,000,000	M	78	93	Pacific Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
636	$ 250,000	M	77	77	Lincoln Benefit Life Company	BBB+
637	$ 600,000	M	77	53	United of Omaha Life Insurance Company	AA-
638	$ 3,000,000	M	77	135	Massachusetts Mutual Life Insurance Company	AA+
639	$ 1,000,000	M	77	144	North American Company for Life And Health Insurance	A+
640	$ 100,000	M	77	97	Transamerica Life Insurance Company	AA-
641	$ 3,000,000	F	77	132	Security Life of Denver Insurance Company	A
642	$ 200,000	M	77	51	Metropolitan Life Insurance Company	AA-
643	$ 100,000	M	77	51	Metropolitan Life Insurance Company	AA-
644	$ 1,060,000	M	77	92	Metropolitan Life Insurance Company	AA-
645	$ 700,000	M	77	136	Brighthouse Life Insurance Company	AA-
646	$ 2,000,000	M	77	88	Protective Life Insurance Company	AA-
647	$ 1,500,000	M	77	88	Protective Life Insurance Company	AA-
648	$ 100,000	M	77	40	AXA Equitable Life Insurance Company	A+
649	$ 500,000	M	77	73	AXA Equitable Life Insurance Company	A+
650	$ 500,000	M	77	87	United of Omaha Life Insurance Company	AA-
651	$ 752,988	M	77	17	North American Company for Life And Health Insurance	A+
652	$ 4,000,000	F	77	120	American General Life Insurance Company	A+
653	$ 300,000	M	77	62	American General Life Insurance Company	A+
654	$ 500,000	M	77	71	American General Life Insurance Company	A+
655	$ 1,000,000	M	77	109	Genworth Life and Annuity Insurance Company	B+
656	$ 300,000	M	77	24	Lincoln National Life Insurance Company	AA-
657	$ 172,245	F	77	40	Symetra Life Insurance Company	A
658	$ 5,014,318	M	77	115	American General Life Insurance Company	A+
659	$ 2,000,000	M	77	102	Pruco Life Insurance Company	AA-
660	$ 415,000	M	77	97	American General Life Insurance Company	A+
661	$ 4,000,000	M	77	90	Security Mutual Life Insurance Company of NY	NR
662	$ 2,000,000	M	77	166	American General Life Insurance Company	A+
663	$ 10,000,000	F	77	116	Reliastar Life Insurance Company	A
664	$ 1,000,000	F	77	131	John Hancock Life Insurance Company (U.S.A.)	AA-
665	$ 7,500,000	F	77	154	Security Life of Denver Insurance Company	A
666	$ 500,000	M	77	57	American General Life Insurance Company	A+
667	$ 250,000	M	77	57	Genworth Life and Annuity Insurance Company	B+
668	$ 3,000,000	F	77	90	Metropolitan Tower Life Insurance Company	AA-
669	$ 300,000	F	77	114	Minnesota Life Insurance Company	AA-
670	$ 667,738	M	77	67	MONY Life Insurance Company of America	A+
671	$ 800,000	M	77	96	Lincoln National Life Insurance Company	AA-
672	$ 370,000	F	77	107	Minnesota Life Insurance Company	AA-
673	$ 4,547,770	F	76	156	Principal Life Insurance Company	A+
674	$ 500,000	M	76	71	Protective Life Insurance Company	AA-
675	$ 2,200,000	M	76	91	Phoenix Life Insurance Company	BB
676	$ 1,000,000	M	76	76	Security Life of Denver Insurance Company	A
677	$ 1,000,000	M	76	132	John Hancock Life Insurance Company (U.S.A.)	AA-
678	$ 750,000	M	76	131	Lincoln Benefit Life Company	BBB+
679	$ 150,000	M	76	86	Genworth Life Insurance Company	B+
680	$ 1,000,000	M	76	83	Transamerica Life Insurance Company	AA-
681	$ 3,000,000	M	76	58	AXA Equitable Life Insurance Company	A+
682	$ 350,000	M	76	104	Protective Life Insurance Company	AA-
683	$ 1,000,000	F	76	124	Companion Life Insurance Company	AA-
684	$ 1,000,000	M	76	120	John Hancock Life Insurance Company (U.S.A.)	AA-
685	$ 500,000	M	76	46	William Penn Life Insurance Company of New York	AA-
686	$ 1,000,000	M	76	111	Genworth Life and Annuity Insurance Company	B+
687	$ 8,000,000	F	76	112	West Coast Life Insurance Company	AA-
688	$ 300,000	M	76	74	First Allmerica Life Insurance Company	A-
689	$ 265,000	M	76	115	Voya Retirement Insurance and Annuity Company	NR
690	$ 500,000	M	76	81	Lincoln National Life Insurance Company	AA-
691	$ 250,000	F	76	136	AXA Equitable Life Insurance Company	A+
692	$ 3,000,000	M	76	94	Transamerica Life Insurance Company	AA-
693	$ 500,000	M	76	94	New York Life Insurance Company	AA+
694	$ 500,000	M	76	94	New York Life Insurance Company	AA+
695	$ 100,000	M	76	82	AXA Equitable Life Insurance Company	A+
696	$ 800,000	M	76	104	John Hancock Life Insurance Company (U.S.A.)	AA-
697	$ 1,000,000	M	76	103	John Hancock Life Insurance Company (U.S.A.)	AA-
698	$ 1,500,000	M	76	103	John Hancock Life Insurance Company (U.S.A.)	AA-
699	$ 190,000	M	76	86	Protective Life Insurance Company	AA-

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
700	$	100,000	M	76	132	Protective Life Insurance Company	AA-
701	$	2,000,072	M	76	147	American General Life Insurance Company	A+
702	$	5,000,000	M	76	111	American General Life Insurance Company	A+
703	$	89,626	F	76	99	Ameritas Life Insurance Corporation	A+
704	$	400,000	M	76	65	Protective Life Insurance Company	AA-
705	$	500,000	M	76	78	Delaware Life Insurance Company	BBB+
706	$	1,784,686	M	76	135	Transamerica Life Insurance Company	AA-
707	$	100,000	M	76	124	Genworth Life Insurance Company	B+
708	$	3,750,000	M	76	62	Brighthouse Life Insurance Company	AA-
709	$	250,000	F	76	152	Protective Life Insurance Company	AA-
710	$	250,000	M	75	74	Protective Life Insurance Company	AA-
711	$	8,000,000	M	75	149	Metropolitan Life Insurance Company	AA-
712	$	2,000,000	M	75	122	Brighthouse Life Insurance Company	AA-
713	$	800,000	M	75	64	Protective Life Insurance Company	AA-
714	$	500,000	M	75	105	Ameritas Life Insurance Corporation	A+
715	$	370,000	M	75	105	Ameritas Life Insurance Corporation	A+
716	$	1,150,000	M	75	49	Penn Mutual Life Insurance Company	A+
717	$	1,000,000	F	75	102	United of Omaha Life Insurance Company	AA-
718	$	500,000	M	75	80	Lincoln National Life Insurance Company	AA-
719	$	750,000	M	75	159	Lincoln National Life Insurance Company	AA-
720	$	1,841,877	M	75	102	Metropolitan Life Insurance Company	AA-
721	$	500,000	M	75	89	William Penn Life Insurance Company of New York	AA-
722	$	500,000	M	75	135	Protective Life Insurance Company	AA-
723	$	184,000	M	75	96	Protective Life Insurance Company	AA-
724	$	100,000	M	75	93	Protective Life Insurance Company	AA-
725	$	500,000	M	75	111	Metropolitan Life Insurance Company	AA-
726	$	2,500,000	M	75	87	John Hancock Life Insurance Company (U.S.A.)	AA-
727	$	750,000	M	75	107	Midland National Life Insurance Company	A+
728	$	500,000	M	75	117	Pruco Life Insurance Company	AA-
729	$	1,000,000	M	75	89	John Hancock Life Insurance Company (U.S.A.)	AA-
730	$	500,000	M	75	64	Phoenix Life Insurance Company	BB
731	$	500,000	M	75	102	Protective Life Insurance Company	AA-
732	$	1,000,000	M	75	142	John Hancock Life Insurance Company (U.S.A.)	AA-
733	$	1,000,000	F	75	131	Voya Retirement Insurance and Annuity Company	NR
734	$	8,600,000	M	75	133	AXA Equitable Life Insurance Company	A+
735	$	485,000	M	75	134	Metropolitan Life Insurance Company	AA-
736	$	2,500,000	M	75	88	American General Life Insurance Company	A+
737	$	100,000	M	75	86	Transamerica Life Insurance Company	AA-
738	$	6,000,000	M	75	169	United of Omaha Life Insurance Company	AA-
739	$	1,500,000	M	75	108	Lincoln National Life Insurance Company	AA-
740	$	1,500,000	M	75	108	Lincoln National Life Insurance Company	AA-
741	$	1,500,000	M	75	108	Lincoln National Life Insurance Company	AA-
742	$	1,500,000	M	75	109	American General Life Insurance Company	A+
743	$	1,500,000	M	75	109	American General Life Insurance Company	A+
744	$	2,000,000	M	75	114	John Hancock Life Insurance Company (U.S.A.)	AA-
745	$	2,500,000	M	75	119	Banner Life Insurance Company	AA-
746	$	800,000	M	75	69	Commonwealth Annuity and Life Insurance Company	A-
747	$	500,000	M	75	108	Protective Life Insurance Company	AA-
748	$	300,000	M	75	94	New England Life Insurance Company	A+
749	$	1,167,000	M	75	37	Transamerica Life Insurance Company	AA-
750	$	3,042,627	M	75	92	Massachusetts Mutual Life Insurance Company	AA+
751	$	450,000	M	75	100	Jackson National Life Insurance Company	AA-
752	$	10,000,000	M	75	125	John Hancock Life Insurance Company (U.S.A.)	AA-
753	$	1,000,000	M	75	127	Protective Life Insurance Company	AA-
754	$	10,000,000	M	75	101	AXA Equitable Life Insurance Company	A+
755	$	2,500,000	M	74	38	Transamerica Life Insurance Company	AA-
756	$	10,000,000	F	74	188	John Hancock Life Insurance Company (U.S.A.)	AA-
757	$	750,000	M	74	112	Security Life of Denver Insurance Company	A
758	$	1,000,000	M	74	86	Accordia Life and Annuity Company	A-
759	$	3,000,000	M	74	141	John Hancock Life Insurance Company (U.S.A.)	AA-
760	$	2,141,356	M	74	85	New York Life Insurance Company	AA+
761	$	2,204,843	M	74	85	New York Life Insurance Company	AA+
762	$	5,000,000	M	74	113	John Hancock Life Insurance Company (U.S.A.)	AA-
763	$	250,000	F	74	91	Protective Life Insurance Company	AA-

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
764	$	2,500,000	M	74	98	Lincoln National Life Insurance Company	AA-
765	$	2,500,000	M	74	98	John Hancock Life Insurance Company (U.S.A.)	AA-
766	$	2,000,000	M	74	103	Voya Retirement Insurance and Annuity Company	NR
767	$	1,500,000	M	74	103	Voya Retirement Insurance and Annuity Company	NR
768	$	390,025	M	74	127	Genworth Life and Annuity Insurance Company	B+
769	$	230,000	M	74	101	Transamerica Life Insurance Company	AA-
770	$	139,398	F	74	12	Lincoln National Life Insurance Company	AA-
771	$	500,000	M	74	22	North American Company for Life and Health Insurance	A+
772	$	600,000	M	74	22	West Coast Life Insurance Company	AA-
773	$	300,000	M	74	98	Protective Life Insurance Company	AA-
774	$	190,000	F	74	172	Protective Life Insurance Company	AA-
775	$	250,000	M	74	54	American General Life Insurance Company	A+
776	$	200,000	M	74	30	First Penn-Pacific Life Insurance Company	A-
777	$	160,000	M	74	77	RiverSource Life Insurance Company	AA-
778	$	100,000	F	74	111	State Farm Life Insurance Company	AA
779	$	1,000,000	M	74	156	Banner Life Insurance Company	AA-
780	$	267,988	M	74	39	Minnesota Life Insurance Company	AA-
781	$	75,000	F	74	86	American General Life Insurance Company	A+
782	$	600,000	M	74	70	AXA Equitable Life Insurance Company	A+
783	$	500,000	M	74	107	Pruco Life Insurance Company	AA-
784	$	4,000,000	M	74	124	MONY Life Insurance Company of America	A+
785	$	1,000,000	F	74	140	American General Life Insurance Company	A+
786	$	3,500,000	M	74	140	Ameritas Life Insurance Corporation	A+
787	$	1,500,000	M	74	140	Ameritas Life Insurance Corporation	A+
788	$	1,000,000	F	74	125	Reliastar Life Insurance Company	A
789	$	420,000	M	74	105	RiverSource Life Insurance Company	AA-
790	$	5,000,000	F	74	140	West Coast Life Insurance Company	AA-
791	$	4,000,000	M	74	128	AXA Equitable Life Insurance Company	A+
792	$	250,000	M	73	38	Protective Life Insurance Company	AA-
793	$	650,000	F	73	57	Security Life of Denver Insurance Company	A
794	$	1,000,000	M	73	112	American General Life Insurance Company	A+
795	$	500,000	M	73	103	Ohio National Life Assurance Corporation	A+
796	$	400,000	M	73	176	Protective Life Insurance Company	AA-
797	$	232,000	M	73	160	Protective Life Insurance Company	AA-
798	$	185,000	M	73	114	Genworth Life and Annuity Insurance Company	B+
799	$	4,000,000	M	73	91	Lincoln National Life Insurance Company	AA-
800	$	12,000,000	M	73	151	American General Life Insurance Company	A+
801	$	315,577	F	73	125	Lincoln National Life Insurance Company	AA-
802	$	750,000	M	73	108	Transamerica Life Insurance Company	AA-
803	$	1,000,000	M	73	142	John Hancock Life Insurance Company (U.S.A.)	AA-
804	$	1,350,000	M	73	83	Lincoln National Life Insurance Company	AA-
805	$	1,250,000	M	73	84	West Coast Life Insurance Company	AA-
806	$	5,000,000	M	73	161	John Hancock Life Insurance Company (U.S.A.)	AA-
807	$	3,000,000	F	73	199	John Hancock Life Insurance Company (U.S.A.)	AA-
808	$	1,500,000	F	73	134	Pruco Life Insurance Company	AA-
809	$	1,000,000	M	73	139	Nationwide Life and Annuity Insurance Company	A+
810	$	1,000,000	M	73	85	Transamerica Life Insurance Company	AA-
811	$	5,000,000	M	73	75	Transamerica Life Insurance Company	AA-
812	$	2,400,000	M	73	75	Transamerica Life Insurance Company	AA-
813	$	500,000	M	73	78	Transamerica Life Insurance Company	AA-
814	$	500,000	M	73	78	North American Company for Life And Health Insurance	A+
815	$	10,000,000	M	73	149	Principal Life Insurance Company	A+
816	$	420,000	M	73	113	Protective Life Insurance Company	AA-
817	$	250,000	M	73	66	U.S. Financial Life Insurance Company	NR
818	$	314,000	M	73	120	Genworth Life Insurance Company	B+
819	$	250,000	M	73	120	Genworth Life Insurance Company	B+
820	$	150,000	M	73	23	Protective Life Insurance Company	AA-
821	$	150,000	M	73	23	AXA Equitable Life Insurance Company	A+
822	$	1,000,000	M	73	41	John Hancock Life Insurance Company (U.S.A.)	AA-
823	$	5,000,000	M	73	97	John Hancock Life Insurance Company (U.S.A.)	AA-
824	$	5,000,000	M	73	97	John Hancock Life Insurance Company (U.S.A.)	AA-
825	$	425,000	M	73	16	Guardian Life Insurance Company of America	AA+
826	$	100,000	M	73	119	Protective Life Insurance Company	AA-
827	$	5,000,000	M	73	133	Metropolitan Life Insurance Company	AA-

		Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
828	$	250,000	F	72	105	Ohio National Life Assurance Corporation	A+
829	$	57,500	M	72	78	Lincoln National Life Insurance Company	AA-
830	$	650,000	M	72	117	Protective Life Insurance Company	AA-
831	$	1,000,000	M	72	150	Protective Life Insurance Company	AA-
832	$	6,000,000	M	72	175	AXA Equitable Life Insurance Company	A+
833	$	1,251,474	M	72	126	AXA Equitable Life Insurance Company	A+
834	$	1,000,000	M	72	138	Transamerica Life Insurance Company	AA-
835	$	400,000	M	72	143	Lincoln National Life Insurance Company	AA-
836	$	100,000	M	72	85	Massachusetts Mutual Life Insurance Company	AA+
837	$	92,000	F	72	180	Protective Life Insurance Company	AA-
838	$	300,000	M	72	176	John Hancock Life Insurance Company (U.S.A.)	AA-
839	$	2,000,000	M	72	141	Hartford Life and Annuity Insurance Company	BBB
840	$	1,000,000	M	72	95	Protective Life Insurance Company	AA-
841	$	1,000,000	M	72	95	Protective Life Insurance Company	AA-
842	$	1,000,000	M	72	95	Protective Life Insurance Company	AA-
843	$	1,500,000	M	72	57	Lincoln National Life Insurance Company	AA-
844	$	250,000	M	72	83	Massachusetts Mutual Life Insurance Company	AA+
845	$	1,000,000	M	72	114	Protective Life Insurance Company	AA-
846	$	1,650,000	M	72	114	Protective Life Insurance Company	AA-
847	$	500,000	M	72	143	Protective Life Insurance Company	AA-
848	$	250,000	M	72	165	Lincoln National Life Insurance Company	AA-
849	$	1,500,000	M	72	89	Midland National Life Insurance Company	A+
850	$	202,700	M	72	99	Farmers New World Life Insurance Company	NR
851	$	500,000	M	72	94	Lincoln Benefit Life Company	BBB+
852	$	700,000	M	72	101	Massachusetts Mutual Life Insurance Company	AA+
853	$	750,000	M	72	132	USAA Life Insurance Company	AA+
854	$	3,000,000	M	71	137	Guardian Life Insurance Company of America	AA+
855	$	385,741	M	71	83	Security Life of Denver Insurance Company	A
856	$	750,000	M	71	117	North American Company for Life And Health Insurance	A+
857	$	100,000	F	71	146	North American Company for Life and Health Insurance	A+
858	$	300,000	M	71	91	Farmers New World Life Insurance Company	NR
859	$	1,532,043	M	71	134	John Hancock Life Insurance Company (U.S.A.)	AA-
860	$	400,000	M	71	72	Protective Life Insurance Company	AA-
861	$	182,134	M	71	72	Genworth Life and Annuity Insurance Company	B+
862	$	1,000,000	M	71	175	Transamerica Life Insurance Company	AA-
863	$	1,000,000	M	71	168	AXA Equitable Life Insurance Company	A+
864	$	200,000	M	71	108	Genworth Life and Annuity Insurance Company	B+
865	$	1,000,000	M	71	71	AXA Equitable Life Insurance Company	A+
866	$	4,000,000	M	71	116	MetLife Insurance Company USA	AA-
867	$	1,470,000	M	71	120	Brighthouse Life Insurance Company	AA-
868	$	200,000	M	71	161	Protective Life Insurance Company	AA-
869	$	2,000,000	M	71	154	John Hancock Life Insurance Company (U.S.A.)	AA-
870	$	2,000,000	M	71	98	Transamerica Life Insurance Company	AA-
871	$	1,000,000	M	71	98	Genworth Life Insurance Company	B+
872	$	750,000	F	71	156	John Hancock Life Insurance Company (U.S.A.)	AA-
873	$	500,000	M	71	59	Banner Life Insurance Company	AA-
874	$	5,000,000	M	71	115	John Hancock Life Insurance Company (U.S.A.)	AA-
875	$	4,000,000	M	71	115	AXA Equitable Life Insurance Company	A+
876	$	175,000	F	71	94	Lincoln National Life Insurance Company	AA-
877	$	534,703	M	71	111	Pacific Life Insurance Company	AA-
878	$	1,000,000	M	71	91	AXA Equitable Life Insurance Company	A+
879	$	1,000,000	M	71	144	Accordia Life and Annuity Company	A-
880	$	1,000,000	M	71	50	Protective Life Insurance Company	AA-
881	$	1,000,000	M	71	113	Transamerica Life Insurance Company	AA-
882	$	1,000,000	M	71	113	Protective Life Insurance Company	AA-
883	$	2,000,000	M	71	104	Metropolitan Life Insurance Company	AA-
884	$	2,000,000	M	71	104	Metropolitan Life Insurance Company	AA-
885	$	3,000,000	M	71	104	Lincoln National Life Insurance Company	AA-
886	$	3,000,000	M	71	104	Lincoln National Life Insurance Company	AA-
887	$	1,000,000	M	71	182	Ameritas Life Insurance Corporation	A+
888	$	1,000,000	M	71	135	John Hancock Life Insurance Company (U.S.A.)	AA-
889	$	5,000,000	M	71	160	Lincoln National Life Insurance Company	AA-
890	$	400,000	F	71	123	AXA Equitable Life Insurance Company	A+
891	$	500,000	M	71	131	United of Omaha Life Insurance Company	AA-

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
892	$	1,000,000	M	71	131	Lincoln Benefit Life Company	BBB+
893	$	500,000	M	71	142	Lincoln National Life Insurance Company	AA-
894	$	1,000,000	M	70	32	AXA Equitable Life Insurance Company	A+
895	$	1,500,000	M	70	128	AXA Equitable Life Insurance Company	A+
896	$	250,995	M	70	131	State Farm Life Insurance Company	AA
897	$	200,000	M	70	131	State Farm Life Insurance Company	AA
898	$	1,200,000	M	70	109	Metropolitan Life Insurance Company	AA-
899	$	1,000,000	M	70	121	Transamerica Life Insurance Company	AA-
900	$	1,000,000	M	70	142	Lincoln National Life Insurance Company	AA-
901	$	250,000	F	70	59	Transamerica Life Insurance Company	AA-
902	$	2,500,000	M	70	143	Pruco Life Insurance Company	AA-
903	$	2,500,000	M	70	143	Pruco Life Insurance Company	AA-
904	$	3,000,000	M	70	131	Genworth Life Insurance Company	B+
905	$	1,200,000	M	70	131	Genworth Life Insurance Company	B+
906	$	500,000	M	70	32	Voya Retirement Insurance and Annuity Company	NR
907	$	750,000	M	70	152	Pekin Life Insurance Company	NR
908	$	750,000	M	70	143	Northwestern Mutual Life Insurance Company	AA+
909	$	1,000,000	M	70	111	Brighthouse Life Insurance Company	AA-
910	$	1,000,000	M	70	111	Brighthouse Life Insurance Company	AA-
911	$	850,000	M	70	111	Brighthouse Life Insurance Company	AA-
912	$	1,000,000	M	70	111	Brighthouse Life Insurance Company	AA-
913	$	500,000	M	70	150	Lincoln Benefit Life Company	BBB+
914	$	2,000,000	M	70	154	John Hancock Life Insurance Company (U.S.A.)	AA-
915	$	300,000	M	70	165	Protective Life Insurance Company	AA-
916	$	250,000	F	70	139	Protective Life Insurance Company	AA-
917	$	200,000	M	70	78	Metropolitan Life Insurance Company	AA-
918	$	150,000	M	70	102	Protective Life Insurance Company	AA-
919	$	3,000,000	M	70	128	Transamerica Life Insurance Company	AA-
920	$	250,000	M	70	49	Brighthouse Life Insurance Company	AA-
921	$	500,000	M	70	157	Hartford Life and Annuity Insurance Company	BBB
922	$	500,000	M	70	157	Hartford Life and Annuity Insurance Company	BBB
923	$	216,623	M	70	79	Sunset Life Insurance Company of America	NR
924	$	200,000	M	70	138	Allstate Life Insurance Company of New York	A+
925	$	570,000	M	70	125	Nationwide Life Insurance Company	A+
926	$	100,000	M	70	106	Phoenix Life Insurance Company	BB
927	$	13,250,000	M	70	188	TIAA-CREF Life Insurance Company	AA+
928	$	500,000	M	70	103	Lincoln National Life Insurance Company	AA-
929	$	250,000	M	70	128	Genworth Life and Annuity Insurance Company	B+
930	$	156,538	F	70	92	New York Life Insurance Company	AA+
931	$	560,000	M	70	99	AXA Equitable Life Insurance Company	A+
932	$	1,100,000	M	70	136	John Hancock Life Insurance Company (U.S.A.)	AA-
933	$	3,000,000	M	70	175	John Hancock Life Insurance Company (U.S.A.)	AA-
934	$	300,000	M	70	80	Protective Life Insurance Company	AA-
935	$	400,000	M	69	172	Lincoln National Life Insurance Company	AA-
936	$	273,621	F	69	43	Transamerica Life Insurance Company	AA-
937	$	3,000,000	M	69	85	Reliastar Life Insurance Company	A
938	$	2,000,000	M	69	85	AXA Equitable Life Insurance Company	A+
939	$	2,000,000	M	69	85	AXA Equitable Life Insurance Company	A+
940	$	1,000,000	M	69	38	Lincoln National Life Insurance Company	AA-
941	$	1,000,000	M	69	80	Transamerica Life Insurance Company	AA-
942	$	5,000,000	M	69	89	Athene Annuity & Life Assurance Company	A-
943	$	1,000,000	M	69	131	Sun Life Assurance Company of Canada (U.S.)	AA-
944	$	900,000	M	69	162	American General Life Insurance Company	A+
945	$	846,510	M	69	112	Lincoln National Life Insurance Company	AA-
946	$	846,210	M	69	112	Lincoln National Life Insurance Company	AA-
947	$	5,000,000	M	69	104	Lincoln National Life Insurance Company	AA-
948	$	600,000	M	69	72	William Penn Life Insurance Company of New York	AA-
949	$	229,725	F	69	90	Hartford Life and Annuity Insurance Company	BBB
950	$	400,000	M	69	109	Metropolitan Life Insurance Company	AA-
951	$	105,333	F	69	117	Lincoln Benefit Life Company	BBB+
952	$	67,602	F	69	117	Allstate Life Insurance Company of New York	A+
953	$	1,000,000	M	69	73	The Savings Bank Life Insurance Company of Massachusetts	NR
954	$	5,616,468	M	69	163	John Hancock Life Insurance Company (U.S.A.)	AA-
955	$	4,383,532	M	69	163	John Hancock Life Insurance Company (U.S.A.)	AA-

	Face Amount		Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
956	$	320,000	M	69	144	Transamerica Life Insurance Company	AA-
957	$	350,000	M	69	37	Lincoln National Life Insurance Company	AA-
958	$	250,000	M	69	145	Pruco Life Insurance Company	AA-
959	$	250,000	M	69	180	Protective Life Insurance Company	AA-
960	$	1,000,000	M	69	125	USAA Life Insurance Company	AA+
961	$	240,000	M	69	94	New York Life Insurance Company	AA+
962	$	350,000	M	68	139	Transamerica Life Insurance Company	AA-
963	$	750,000	M	68	70	Massachusetts Mutual Life Insurance Company	AA+
964	$	100,000	M	68	131	Shenandoah Life Insurance Company	NR
965	$	1,000,000	M	68	99	Pruco Life Insurance Company	AA-
966	$	492,547	M	68	82	AXA Equitable Life Insurance Company	A+
967	$	300,000	M	68	137	First Allmerica Life Insurance Company	A-
968	$	400,000	M	68	115	Jackson National Life Insurance Company	AA-
969	$	3,500,000	M	68	146	AXA Equitable Life Insurance Company	A+
970	$	500,000	F	68	153	Banner Life Insurance Company	AA-
971	$	350,000	M	68	83	RiverSource Life Insurance Company	AA-
972	$	989,361	M	68	132	Metropolitan Tower Life Insurance Company	AA-
973	$	200,000	M	68	145	Pruco Life Insurance Company	AA-
974	$	200,000	M	68	145	Pruco Life Insurance Company	AA-
975	$	750,000	M	68	112	Pacific Life Insurance Company	AA-
976	$	500,000	F	68	115	American General Life Insurance Company	A+
977	$	650,000	M	68	167	Lincoln National Life Insurance Company	AA-
978	$	200,000	M	67	194	North American Company for Life And Health Insurance	A+
979	$	500,000	M	67	132	Protective Life Insurance Company	AA-
980	$	100,000	M	67	59	State Farm Life Insurance Company	AA
981	$	250,000	M	67	130	Wilco Life Insurance Company	NR
982	$	2,000,000	F	67	157	Metropolitan Life Insurance Company	AA-
983	$	250,000	F	67	180	Transamerica Life Insurance Company	AA-
984	$	1,000,000	M	67	96	Metropolitan Tower Life Insurance Company	AA-
985	$	250,000	F	67	160	Principal Life Insurance Company	A+
986	$	500,000	M	67	62	Transamerica Life Insurance Company	AA-
987	$	265,000	M	67	141	Protective Life Insurance Company	AA-
988	$	250,000	M	67	103	Transamerica Life Insurance Company	AA-
989	$	500,000	F	67	107	MONY Life Insurance Company of America	A+
990	$	10,000,000	M	67	50	Lincoln National Life Insurance Company	AA-
991	$	250,000	F	67	184	West Coast Life Insurance Company	AA-
992	$	850,000	M	67	189	Principal Life Insurance Company	A+
993	$	1,500,000	M	67	137	John Hancock Life Insurance Company (U.S.A.)	AA-
994	$	540,000	M	67	154	West Coast Life Insurance Company	AA-
995	$	250,000	M	67	144	American General Life Insurance Company	A+
996	$	250,000	M	66	106	Pacific Life Insurance Company	AA-
997	$	1,000,000	M	66	167	Banner Life Insurance Company	AA-
998	$	150,000	M	66	71	John Hancock Life Insurance Company (U.S.A.)	AA-
999	$	4,000,000	M	66	89	William Penn Life Insurance Company of New York	AA-
1000	$	350,000	M	66	106	Hartford Life and Annuity Insurance Company	BBB
1001	$	3,500,000	M	66	181	Pruco Life Insurance Company	AA-
1002	$	500,000	M	66	136	United of Omaha Life Insurance Company	AA-
1003	$	2,000,000	M	66	196	Accordia Life and Annuity Company	A-
1004	$	1,000,000	M	66	164	John Hancock Life Insurance Company (U.S.A.)	AA-
1005	$	3,000,000	M	65	129	U.S. Financial Life Insurance Company	NR
1006	$	1,500,000	M	65	162	Metropolitan Life Insurance Company	AA-
1007	$	3,000,000	M	65	227	AXA Equitable Life Insurance Company	A+
1008	$	1,000,000	M	65	167	John Hancock Life Insurance Company (U.S.A.)	AA-
1009	$	250,000	M	63	149	American General Life Insurance Company	A+
1010	$	150,000	M	61	81	Jackson National Life Insurance Company	AA-
	$	**1,849,078,651**					

(1) Age Last Birthday (“ALB”) – the insured’s age is current as of the measurement date.

(2) The insured’s life expectancy estimate, other than for a small face value insurance policy (i.e., a policy with $1 million in face value benefits or less), is the average of two life expectancy estimates provided by independent third-party medical-actuarial underwriting firms at the time of purchase, actuarially adjusted through the measurement date.