

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, 2020

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: 001-36615

GWG HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

26-2222607

(I.R.S. Employer
Identification No.)

325 North St. Paul Street, Suite 2650

Dallas, TX 75201

(Address of principal executive offices, including zip code)

(612) 746-1944

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	GWGH	NASDAQ Capital Market

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 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 11, 2020, GWG Holdings, Inc. had 33,094,664 shares of common stock outstanding.

GWG HOLDINGS, INC.
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for the Quarter Ended June 30, 2020

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	<u>June 30, 2020 (Unaudited)</u>	<u>December 31, 2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 149,233	\$ 79,073
Restricted cash	19,059	20,258
Investment in life insurance policies, at fair value	794,706	796,039
Life insurance policy benefits receivable, net	19,789	23,031
Loans receivable, net of unearned income	218,448	232,344
Allowance for loan losses	(7,900)	—
Loans receivable, net	210,548	232,344
Fees receivable	31,611	29,168
Financing receivables from affiliates	69,428	67,153
Other assets	40,142	30,135
Goodwill	2,384,121	2,358,005
TOTAL ASSETS	\$ 3,718,637	\$ 3,635,206
<u>LIABILITIES & STOCKHOLDERS' EQUITY</u>		
<u>LIABILITIES</u>		
Senior credit facility with LNV Corporation	\$ 203,578	\$ 174,390
L Bonds	1,072,973	926,638
Seller Trust L Bonds	366,892	366,892
Other borrowings	152,118	153,086
Interest and dividends payable	23,284	16,516
Deferred revenue	37,858	41,444
Accounts payable and accrued expenses	23,457	27,836
Deferred tax liability, net	33,674	57,923
TOTAL LIABILITIES	1,913,834	1,764,725
Redeemable noncontrolling interests	1,264,031	1,269,654
STOCKHOLDERS' EQUITY		
REDEEMABLE PREFERRED STOCK		
(par value \$0.001; shares authorized 100,000; shares outstanding 62,986 and 84,636; liquidation preference of \$63,354 and \$85,130 as of June 30, 2020 and December 31, 2019, respectively)	52,373	74,023
SERIES 2 REDEEMABLE PREFERRED STOCK		
(par value \$0.001; shares authorized 150,000; shares outstanding 144,325 and 147,164; liquidation preference of \$145,167 and \$148,023 as of June 30, 2020 and December 31, 2019, respectively)	125,029	127,868
COMMON STOCK		
(par value \$0.001; shares authorized 210,000,000; shares issued and outstanding, net of common stock in treasury, 30,537,481 and 30,533,793 as of June 30, 2020 and December 31, 2019, respectively)	33	33
Common stock in treasury, at cost (2,500,000 shares as of both June 30, 2020 and December 31, 2019)	(24,550)	(24,550)
Additional paid-in capital	225,537	233,106
Accumulated deficit	(136,355)	(76,501)
TOTAL GWG HOLDINGS STOCKHOLDERS' EQUITY	242,067	333,979
Noncontrolling interests	298,705	266,848
TOTAL STOCKHOLDERS' EQUITY	540,772	600,827
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 3,718,637	\$ 3,635,206

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

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
REVENUE				
Gain on life insurance policies, net	\$ 14,788	\$ 19,930	\$ 29,233	\$ 41,426
Interest income	12,671	3,881	26,660	7,337
Trust services revenues	4,829	—	9,856	—
Other income	36,501	199	36,597	464
TOTAL REVENUE	68,789	24,010	102,346	49,227
EXPENSES				
Interest expense	37,142	28,487	73,013	55,462
Employee compensation and benefits	11,840	6,794	89,544	11,948
Legal and professional fees	7,643	4,722	13,806	7,669
Provision for loan losses	7,200	—	7,900	—
Other expenses	4,895	5,938	8,507	8,766
TOTAL EXPENSES	68,720	45,941	192,770	83,845
INCOME (LOSS) BEFORE INCOME TAXES	69	(21,931)	(90,424)	(34,618)
INCOME TAX BENEFIT	(8,550)	—	(23,057)	—
NET INCOME (LOSS) BEFORE INCOME (LOSS) FROM EQUITY METHOD INVESTMENT	8,619	(21,931)	(67,367)	(34,618)
Income (loss) from equity method investment	(1,318)	600	(2,848)	(1,327)
NET INCOME (LOSS)	7,301	(21,331)	(70,215)	(35,945)
Net loss (income) attributable to noncontrolling interests	(21,723)	—	10,361	—
Less: Preferred stock dividends	3,714	4,278	7,666	8,574
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (18,136)	\$ (25,609)	\$ (67,520)	\$ (44,519)
NET LOSS PER COMMON SHARE				
Basic	\$ (0.59)	\$ (0.78)	\$ (2.21)	\$ (1.35)
Diluted	\$ (0.59)	\$ (0.78)	\$ (2.21)	\$ (1.35)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	30,536,830	33,011,603	30,535,811	32,998,246
Diluted	30,536,830	33,011,603	30,535,811	32,998,246

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

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

	Six Months Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (70,215)	\$ (35,945)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Change in fair value of life insurance policies	(17,455)	(33,850)
Amortization of deferred financing and issuance costs	8,742	6,522
Amortization of upfront fees	(3,586)	—
Amortization of debt premiums	(887)	—
Amortization and depreciation on long-lived assets	492	—
Accretion of discount on financing receivable from affiliate	—	(864)
Non-cash interest income	(25,811)	—
Non-cash interest expense	1,238	—
Loss from equity method investment	2,848	1,327
Provision for loan losses	7,900	—
Deferred income tax	(24,250)	—
Equity-based compensation	73,060	665
Forfeiture of vested equity-based compensation	(36,267)	—
(Increase) decrease in operating assets:		
Life insurance policy benefits receivable	3,242	10,884
Fees receivable	(2,443)	—
Accrued interest on financing receivable	—	(3,046)
Other assets	(2,869)	(4,948)
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued expenses	2,592	(4,753)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(83,669)	(64,008)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in life insurance policies	—	(31,538)
Carrying value of matured life insurance policies	18,789	14,045
Purchases of fixed assets	(1,743)	—
Financing receivables from affiliates issued	—	(50,000)
Equity method investments	(9,166)	(10,000)
Net change in loans receivable	11,169	—
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	19,049	(77,493)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on senior debt	28,530	—
Repayments of senior debt	—	(19,569)
Purchase of noncontrolling interest	(261)	—
Proceeds from issuance of L Bonds	202,572	171,227
Payments for issuance and redemption of L Bonds	(65,129)	(46,977)
Issuance (repurchase) of common stock	24	57
Payments for redemption of preferred stock	(24,489)	(3,214)
Preferred stock dividends	(7,666)	(8,574)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	133,581	92,950
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	68,961	(48,551)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
BEGINNING OF PERIOD	99,331	125,436
END OF PERIOD	\$ 168,292	\$ 76,885

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

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

	Six Months Ended June 30,	
	2020	2019
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 59,615	\$ 49,434
Premiums paid, including prepaid	34,299	34,902
NON-CASH INVESTING AND FINANCING ACTIVITIES		
L Bonds:		
Conversion of accrued interest and commissions payable to principal	\$ 940	\$ 872
Investment in life insurance policies included in accounts payable	—	788
Business combination measurement period adjustments:		
Reduction in loans receivable (see Note 4)	\$ 26,116	\$ —

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

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

For the three and six months ended June 30, 2020:

	Preferred Stock Shares	Preferred Stock	Common Shares	Common Stock (par)	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total GWG Holdings Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity	Redeemable noncontrolling interests
Balance, March 31, 2020 (unaudited)	216,567	\$ 186,658	30,535,249	\$ 33	\$ 229,207	\$ (121,933)	\$ (24,550)	\$ 269,415	\$ 331,711	\$ 601,126	\$ 1,241,641
Net loss	—	—	—	—	—	(14,422)	—	(14,422)	(667)	(15,089)	22,390
Issuance of common stock	—	—	2,232	—	8	—	—	8	—	8	—
Redemption of redeemable preferred stock	(9,256)	(9,256)	—	—	—	—	—	(9,256)	—	(9,256)	—
Preferred stock dividends	—	—	—	—	(3,714)	—	—	(3,714)	—	(3,714)	—
Equity-based compensation	—	—	—	—	36	—	—	36	4,189	4,225	—
Forfeiture of vested equity-based compensation	—	—	—	—	—	—	—	—	(36,267)	(36,267)	—
Purchase of noncontrolling interest	—	—	—	—	—	—	—	—	(261)	(261)	—
Balance, June 30, 2020 (unaudited)	<u>207,311</u>	<u>\$ 177,402</u>	<u>30,537,481</u>	<u>\$ 33</u>	<u>\$ 225,537</u>	<u>\$ (136,355)</u>	<u>\$ (24,550)</u>	<u>\$ 242,067</u>	<u>\$ 298,705</u>	<u>\$ 540,772</u>	<u>\$ 1,264,031</u>

	Preferred Stock Shares	Preferred Stock	Common Shares	Common Stock (par)	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total GWG Holdings Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity	Redeemable noncontrolling interests
Balance, December 31, 2019 (audited)	231,800	\$ 201,891	30,533,793	\$ 33	\$ 233,106	\$ (76,501)	\$ (24,550)	\$ 333,979	\$ 266,848	\$ 600,827	\$ 1,269,654
Net loss	—	—	—	—	—	(59,854)	—	(59,854)	(4,738)	(64,592)	(5,623)
Issuance of common stock	—	—	3,688	—	26	—	—	26	—	26	—
Redemption of redeemable preferred stock	(24,489)	(24,489)	—	—	—	—	—	(24,489)	—	(24,489)	—
Preferred stock dividends	—	—	—	—	(7,666)	—	—	(7,666)	—	(7,666)	—
Equity-based compensation	—	—	—	—	71	—	—	71	73,123	73,194	—
Forfeiture of vested equity-based compensation	—	—	—	—	—	—	—	—	(36,267)	(36,267)	—
Purchase of noncontrolling interest	—	—	—	—	—	—	—	—	(261)	(261)	—
Balance, June 30, 2020 (unaudited)	<u>207,311</u>	<u>\$ 177,402</u>	<u>30,537,481</u>	<u>\$ 33</u>	<u>\$ 225,537</u>	<u>\$ (136,355)</u>	<u>\$ (24,550)</u>	<u>\$ 242,067</u>	<u>\$ 298,705</u>	<u>\$ 540,772</u>	<u>\$ 1,264,031</u>

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

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

For the three and six months ended June 30, 2019:

	Preferred Stock Shares	Preferred Stock	Common Shares	Common Stock (par)	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, March 31, 2019 (unaudited)	245,064	\$ 215,154	32,992,606	\$ 33	\$ 245,295	\$ (199,224)	\$ 261,258
Net loss	—	—	—	—	—	(21,331)	(21,331)
Issuance of common stock	—	—	40,874	—	326	—	326
Repurchase of common stock	—	—	(60)	—	—	—	—
Redemption of redeemable preferred stock	(2,416)	(2,416)	—	—	—	—	(2,416)
Preferred stock dividends	—	—	—	—	(4,278)	—	(4,278)
Equity-based compensation	—	—	—	—	(25)	—	(25)
Balance, June 30, 2019 (unaudited)	242,648	212,738	33,033,420	\$ 33	\$ 241,318	\$ (220,555)	\$ 233,534

	Preferred Stock Shares	Preferred Stock	Common Shares	Common Stock (par)	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2018 (audited)	245,883	\$ 215,973	33,018,161	\$ 33	\$ 249,662	\$ (184,610)	\$ 281,058
Net loss	—	—	—	—	—	(35,945)	(35,945)
Issuance of common stock	—	—	58,009	—	419	—	419
Repurchase of common stock	—	—	(42,750)	—	(361)	—	(361)
Redemption of redeemable preferred stock	(3,235)	(3,235)	—	—	—	—	(3,235)
Preferred stock dividends	—	—	—	—	(8,574)	—	(8,574)
Equity-based compensation	—	—	—	—	172	—	172
Balance, June 30, 2019 (unaudited)	242,648	\$ 212,738	33,033,420	\$ 33	\$ 241,318	\$ (220,555)	\$ 233,534

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

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(1) Nature of Business**Organizational Structure**

GWG Holdings, Inc. (“GWG Holdings”) conducts its life insurance secondary market business through a wholly-owned subsidiary, GWG Life, LLC (“GWG Life”), and GWG Life’s wholly-owned subsidiaries, GWG Life Trust and GWG DLP Funding IV, LLC (“DLP IV”).

GWG Holdings’ indirect interests in loans collateralized by cash flows from other alternative assets are held by The Beneficient Company Group, L.P. (“Ben LP,” including all of the subsidiaries it may have from time to time — “Beneficient”) and its general partner, Beneficient Management, L.L.C. (“Beneficient Management”). Prior to December 31, 2019, GWG Holdings’ investment in Beneficient was accounted for as an equity method investment. On December 31, 2019, as more fully described below, Beneficient became a consolidated subsidiary of GWG Holdings.

Ben LP is the general partner of Beneficient Company Holdings, L.P. (“BCH”) and owns 100% of the Class A Subclass A-1 and A-2 Units of BCH. BCH is the holding company that directly or indirectly receives all active and passive income of Beneficient and allocates that income among the units issued by BCH. As of June 30, 2020, BCH has issued general partnership Class A Units (Subclass A-1 and A-2), Class S Ordinary Units, Class S Preferred Units, FLP Units (Subclass 1 and Subclass 2), Preferred Series A Subclass 1 Unit Accounts, and Preferred Series A Subclass 2 Unit Accounts. BCH issued to Ben LP Preferred Series A Subclass 2 Unit Accounts as part of the transaction with GWG Holdings discussed below. Preferred Series A Subclass 2 Unit Accounts hold the same rights and privileges as the Preferred Series A Subclass 1 Unit Accounts.

GWG Holdings also has a financial interest in FOXO BioScience LLC (“FOXO”, formerly InsurTech Holdings, LLC), which, through its wholly-owned subsidiaries FOXO Labs Inc. (“FOXO Labs”, formerly, Life Epigenetics Inc.) and FOXO Life, LLC (“FOXO Life”, formerly, youSurance General Agency, LLC), seeks to commercialize epigenetic technology for the longevity industry and offer life insurance directly to customers utilizing epigenetic technology.

All of the aforementioned legal entities are organized in Delaware, other than GWG Life Trust, which is governed by the laws of the state of Utah. Unless the context otherwise requires or we specifically so indicate, all references in this report to “we,” “us,” “our,” “our Company,” “GWG,” or the “Company” refer to these entities collectively. Our headquarters are located in Dallas, Texas.

Nature of Business

GWG Holdings, through its wholly-owned subsidiary GWG Life, purchased life insurance policies in the secondary market and has built a large, actuarially diverse portfolio of life insurance policies backed by highly rated life insurance companies. These policies were purchased between April 2006 and November 2019 and were funded primarily through sales of L Bonds, as discussed in Note 10. Beginning in 2018, GWG Holdings made a strategic decision to reorient its business and increase capital allocated toward providing liquidity products to a broader range of alternative assets through investments in Beneficient. We believe that the investments in Beneficient will transform GWG Holdings from a niche provider of liquidity to owners of life insurance to a full-scale provider of trust and liquidity products and trust services to holders of a broad range of alternative assets.

As a result of such strategic decision, GWG Holdings’ business today is focused on raising capital from securities offerings and using the proceeds from such offerings to grow GWG Holdings’ alternative asset exposure through investments in Beneficient in the form of equity investments and/or loans to Beneficient or related entities. GWG Holdings believes funding Beneficient’s operations will generally produce higher actual and risk-adjusted returns than those we can generally achieve from life insurance policies acquired in the secondary market.

Furthermore, although we believe that our portfolio of life insurance policies is a meaningful component of a diversified alternative asset portfolio, we do not anticipate purchasing additional life insurance policies in the secondary market, and we continue to explore strategic alternatives for our life insurance portfolio aimed at maximizing its value, including a possible sale, refinancing or recapitalization of the portfolio.

Beneficient is a financial services firm based in Dallas, Texas that provides liquidity solutions for mid-to-high net worth (“MHNW”) individuals and small-to-mid- (“STM”) sized institutions, which previously had few options to obtain early

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

liquidity for their alternative asset holdings. On September 25, 2018, Beneficient’s capital companies applied for trust charters from the Texas Department of Banking to merge into to-be organized limited trust associations. Beneficient submitted revised charter applications on March 6, 2020. As of August 14, 2020, the trust charters had not been issued to Beneficient. As such, Beneficient has closed a limited number of transactions to date, but intends to significantly expand its operations if and when the trust charters are issued.

Beneficient was formed in 2003 but began its current operations in September 2017. Beneficient operates primarily through its subsidiaries, which provide Beneficient’s products and services. These subsidiaries include: (i) Beneficient Capital Company, L.L.C. (“BCC”), through which Beneficient offers loans and liquidity products; (ii) Beneficient Administrative and Clearing Company, L.L.C. (“BACC”), through which Beneficient provides services for fund and trust administration and plans to provide custody services; (iii) Pen Indemnity Insurance Company, LTD (“Pen”), through which Beneficient plans to offer insurance services; and (iv) Ben Markets Management Holdings, L.P., formerly called ACE Portal, L.L.C. (“Ben Markets”), through which Beneficient plans to provide an online portal for direct access to Beneficient’s financial services and products.

Beneficient’s primary operations pertain to its liquidity products whereby Beneficient extends loans collateralized by cash flows from illiquid alternative assets and provides services to the trustees who administer the collateral. Beneficient’s core business products are its Exchange Trust, LiquidTrust and the InterChange Trust (introduced in 2020). Beneficient’s clients select one of these products and place their alternative assets into the custody trust that is a constituent member of a trust structure called the “ExAlt Plan™” (comprised of the Exchange Trusts, LiquidTrusts, Custody Trusts, Collective Trusts, and Funding Trusts). The ExAlt Plan™ then delivers to Beneficient’s clients the consideration required by the specific product selected by those clients. At the same time, Beneficient, extends a loan to the ExAlt Plan™. The proceeds (cash, securities of Ben LP or its affiliates, or other forms of consideration, as applicable) of that loan to the ExAlt Plan™ are ultimately paid to the client. The cash flows from the client’s alternative asset support the repayment of the loans plus any related interest and fees.

In 2018 and 2019, GWG Holdings and GWG Life consummated a series of transactions (as more fully described below) with Beneficient that has resulted in a significant reorientation of the Company’s business and capital allocation strategy in addition to changes in the Company’s Board of Directors and executive management team.

The Exchange Transaction

On August 10, 2018 (the “Initial Transfer Date”), the first of two closings was completed (the “Initial Transfer”) as contemplated by a Master Exchange Agreement between GWG Holdings, GWG Life, Ben LP and certain other parties (the “Seller Trusts”), which governs the strategic exchange of assets among the parties (the “Exchange Transaction”). On the Initial Transfer Date:

- GWG Holdings issued to the Seller Trusts Seller Trust L Bonds due 2023 (the “Seller Trust L Bonds”) in an aggregate principal amount of \$403.2 million, as more fully described below;
- Beneficient purchased 5,000,000 shares of GWG Holdings’ Series B Convertible Preferred Stock, par value \$0.001 per share and having a stated value of \$10 per share (“Series B”), for cash consideration of \$50.0 million, which shares were subsequently transferred to the Seller Trusts;
- in consideration for GWG Holdings and GWG Life entering into the Master Exchange Agreement and consummating the transactions contemplated thereby, Ben LP, as borrower, entered into a commercial loan agreement (the “Commercial Loan Agreement”) with GWG Life, as lender, providing for a loan in a principal amount of \$200.0 million (the “Commercial Loan”);
- Ben LP delivered to GWG Life a promissory note (the “Exchangeable Note”) in the principal amount of \$162.9 million; and
- the Seller Trusts delivered to GWG Holdings 4,032,349 common units of Ben LP (“Common Units”) at an assumed value of \$10 per unit.

On December 28, 2018, the final closing of the above transaction occurred, and the following actions took place (the “Final Closing” and the date upon which the Final Closing occurred, the “Final Closing Date”):

- in accordance with the Master Exchange Agreement, and based on the net asset value of alternative asset financings as of the Final Closing Date, effective as of the Initial Transfer Date, (i) the principal amount of the

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Commercial Loan was reduced to \$182.0 million, (ii) the principal amount of the Exchangeable Note was reduced to \$148.2 million, and (iii) the principal amount of the Seller Trust L Bonds was reduced to \$366.9 million;

- the Seller Trusts refunded to GWG Holdings \$0.8 million in interest paid on the Seller Trust L Bonds related to the Seller Trust L Bonds that were issued as of the Initial Transfer Date but cancelled, effective as of the Initial Transfer Date, on the Final Closing Date;
- the accrued interest on the Commercial Loan and the Exchangeable Note was added to the principal amount of the Commercial Loan, as a result of which the principal amount of the Commercial Loan as of the Final Closing Date was \$192.5 million;
- the Seller Trusts transferred to GWG Holdings an aggregate of 21,650,087 Common Units and GWG Holdings received 14,822,843 Common Units in exchange for the Exchangeable Note, upon completion of which GWG Holdings owned (including the 4,032,349 Common Units received by GWG Holdings on the Initial Transfer Date) 40,505,279 Common Units;
- Ben LP issued to GWG Holdings an option (the “Option Agreement”) to acquire the number of Common Units, interests or other property that would be received by a holder of Preferred Series A Subclass 1 Unit Accounts of BCH; and
- GWG Holdings issued to the Seller Trusts 27,013,516 shares of GWG Holdings common stock (including 5,000,000 shares issued upon conversion of the Series B).

Description of the Assets Exchanged

Seller Trust L Bonds

On August 10, 2018, in connection with the Initial Transfer, GWG Holdings, GWG Life and Bank of Utah, as trustee, entered into a Supplemental Indenture (the “Supplemental Indenture”) to the Amended and Restated Indenture dated as of October 23, 2017 (the “Amended and Restated Indenture”). GWG Holdings entered into the Supplemental Indenture to add and modify certain provisions of the Amended and Restated Indenture necessary to provide for the issuance of the 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 7.5% per year. Interest is payable monthly in cash.

After the second anniversary of the Final Closing Date, the holders of the Seller Trust L Bonds will have the right to cause GWG Holdings to repurchase, in whole but not in part, the Seller Trust L Bonds held by such holder. The repurchase may be paid, at GWG Holdings’ option, in the form of cash, a pro rata portion of (i) the outstanding principal amount and accrued and unpaid interest under the Commercial Loan, and (ii) Common Units, or a combination of cash and such property.

The Seller Trust L Bonds are senior secured obligations of GWG Holdings, ranking junior only to all senior debt of GWG Holdings, pari passu in right of payment and in respect of collateral with all “L Bonds” of GWG Holdings (see Note 10), and senior in right of payment to all subordinated indebtedness of GWG Holdings. Payments under the Seller Trust L Bonds are guaranteed by GWG Life (see Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*).

Series B Convertible Preferred Stock

The Series B converted into 5,000,000 shares of GWG Holdings common stock at a conversion price of \$10 per share upon the Final Closing.

Commercial Loan

The \$192.5 million principal amount under the Commercial Loan is due on August 9, 2023; however, it is extendable for two five-year terms. Ben LP’s obligations under the Commercial Loan are unsecured.

The principal amount of the Commercial Loan bears interest at 5.0% per year. From and after the Final Closing Date, one-half of the interest, or 2.5% per year, is due and payable monthly in cash, and one-half of the interest, or 2.5% per year, accrues and

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compounds annually on each anniversary date of the Final Closing Date and becomes due and payable in full in cash on the maturity date.

In accordance with the Supplemental Indenture governing the issuance of the Seller Trust L Bonds, upon a redemption event or at the maturity date of the Seller Trust L Bonds, GWG Holdings, at its option, may use the outstanding principal amount of the Commercial Loan, and accrued and unpaid interest thereon, as repayment consideration of the Seller Trust L Bonds.

The Commercial Loan and its related interest are eliminated upon consolidation.

Exchangeable Note

At the Final Closing date, the principal amount of the Exchangeable Note was exchanged for 14,822,843 Common Units, and the accrued interest on the Exchangeable Note was added to the principal balance of the Commercial Loan.

Option Agreement

In connection with the Final Closing, GWG Holdings entered into the Option Agreement with Ben LP. The Option Agreement gives GWG Holdings the option to acquire the number of Common Units that would be received by the holder of Preferred Series A Subclass 1 Unit Accounts of BCH, if such holder were converting on that date. There is no exercise price and the Company may exercise the option at any time until December 27, 2028, at which time the option will automatically settle. The carrying value of the Option Agreement eliminates upon consolidation.

Common Units of Ben LP

In connection with the Initial Transfer and Final Closing, the Seller Trusts and Beneficient delivered to GWG Holdings 40,505,279 Common Units. These units represented an approximate 89.9% interest in the Common Units as of the Final Closing Date (although, on a fully diluted basis, GWG Holdings' ownership interest in Common Units would be reduced significantly below a majority of those issued and outstanding). These amounts eliminate upon consolidation.

Purchase and Contribution Agreement

On April 15, 2019, Jon R. Sabes, the former Chief Executive Officer and a former director of GWG Holdings, and Steven F. Sabes, the former Executive Vice President and a former director of GWG Holdings, entered into a Purchase and Contribution Agreement (the "Purchase and Contribution Agreement") with, among others, Ben LP. Under the Purchase and Contribution Agreement, Jon and Steven Sabes agreed to transfer all 3,952,155 of the shares of GWG Holdings' outstanding common stock held directly or indirectly by them to BCC (a subsidiary of Ben LP) and AltiVerse Capital Markets, L.L.C. ("AltiVerse"). AltiVerse is a limited liability company owned by an entity related to Beneficient's founders, including Brad K. Heppner (GWG Holdings' Chairman and Beneficient's Chief Executive Officer and Chairman) and an entity related to Thomas O. Hicks (one of Beneficient's current directors and a director of GWG Holdings). GWG Holdings was not a party to the Purchase Agreement; however, the closing of the transactions contemplated by the Purchase and Contribution Agreement (the "Purchase and Contribution Transaction") were subject to certain conditions that were dependent upon GWG Holdings taking, or refraining from taking, certain actions.

The closing of the Purchase and Contribution Transaction occurred on April 26, 2019. Prior to or in connection with such closing:

- GWG Holdings' bylaws were amended to increase the maximum number of directors of GWG Holdings from nine to thirteen, and the actual number of directors comprising the Board of Director was increased from seven to eleven. The size of the Board has since been reduced and currently consists of nine directors.
- All seven members of GWG Holdings' Board of Directors prior to the closing resigned as directors of GWG, and eleven individuals designated by Beneficient were appointed as directors of GWG Holdings, leaving two board seats vacant after the closing.

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- Jon R. Sabes resigned from all officer positions he held with GWG Holdings or any of its subsidiaries prior to the closing, other than his position as Chief Executive Officer of Life Epigenetics Inc. and youSurance General Agency, LLC.
- Steven F. Sabes resigned from all officer positions he held with GWG Holdings or any of its subsidiaries prior to the closing, except as Chief Operating Officer of Life Epigenetics Inc.
- The resignations of Messrs. Jon and Steven Sabes included a full waiver and forfeit of (i) any severance that may be payable by GWG Holdings or any of its subsidiaries in connection with such resignations or the Purchase and Contribution Transaction, and (ii) all equity awards of GWG Holdings held by either of them.
- Murray T. Holland was appointed as Chief Executive Officer of GWG Holdings.
- GWG Holdings entered into performance share unit agreements with certain of its employees pursuant to which such employees will collectively receive up to \$4.5 million in cash compensation under certain terms and conditions, including, among others, that such employees remain employed by GWG Holdings or one of its subsidiaries (or, if no longer employed, such employment was terminated by GWG Holdings other than for cause, as such term is defined in the performance share unit agreement) for a period of 120 days following the closing.
- The stockholders agreement that was entered into on the Final Closing Date was terminated by mutual consent of the parties thereto.
- BCC and AltiVerse executed and delivered a Consent and Joinder to the Amended and Restated Pledge and Security Agreement dated October 23, 2017 by and among GWG Holdings, GWG Life, Messrs. Jon and Steven Sabes and the Bank of Utah, which provides that the shares of GWG Holdings' common stock acquired by BCC and AltiVerse pursuant to the Purchase and Contribution Agreement will continue to be pledged as collateral security for GWG Holdings' obligations owing in respect of the L Bonds and Seller Trust L Bonds.

Indemnification Agreements

On April 26, 2019, GWG Holdings entered into Indemnification Agreements (the "Indemnification Agreements") with each of its executive officers and the directors appointed to the Board of Directors on such date. On May 13, 2019, GWG Holdings entered into Indemnification Agreement with the three additional directors appointed to the Board of Directors on such date (collectively with the executive officers and directors appointed on April 26, 2019, the "Indemnitees"). The Indemnification Agreements clarify and supplement indemnification provisions already contained in GWG Holdings' bylaws and generally provide that GWG Holdings shall indemnify the indemnitees to the fullest extent permitted by applicable law, subject to certain exceptions, against expenses, judgments, fines and other amounts actually and reasonably incurred in connection with their service as a director or officer and also provide for rights to advancement of expenses and contribution.

The Investment and Exchange Agreements

On December 31, 2019, GWG Holdings, Ben LP, BCH, and Beneficient Management entered into a Preferred Series A Unit Account and Common Unit Investment Agreement (the "Investment Agreement").

Pursuant to the Investment Agreement, GWG Holdings transferred \$79.0 million to Ben LP in return for 666,667 Common Units and a Preferred Series A Subclass 1 Unit Account of BCH.

In connection with the Investment Agreement, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management, the general partner of Ben LP. As a result, GWG Holdings obtained control of Ben LP and began reporting the results of Ben LP and its subsidiaries on a consolidated basis beginning on the transaction date of December 31, 2019. See Note 4 for more details on the accounting for the consolidation. GWG Holdings' right to appoint a majority of the board of directors of Beneficient Management will terminate in the event (i) GWG Holdings' ownership of the fully diluted equity of Ben LP (excluding equity issued upon the conversion or exchange of Preferred Series A Unit Accounts of BCH held as of December 31, 2019 by parties other than GWG Holdings) is less than 25%, (ii) the Continuing Directors of GWG Holdings cease to constitute a majority of the board of directors of GWG Holdings, or (iii) certain bankruptcy events occur with respect to GWG Holdings. The term "Continuing Directors" means, as of any date of determination, any member of the board

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of directors of GWG Holdings who: (1) was a member of the board of directors on December 31, 2019; or (2) was nominated for election or elected to the board of directors with the approval of a majority of the Continuing Directors who were members of the board of directors at the time of such nomination or election.

Following the transaction, and as agreed upon in the Investment Agreement, GWG Holdings was issued an initial capital account balance for the Preferred Series A Subclass 1 Unit Account of \$319.0 million. The other holders of the Preferred Series A Subclass 1 Unit Accounts are principally an entity related to the founders of Ben LP and an entity related to one of the directors of both GWG Holdings and Beneficient (the “Related Account Holders”), and the aggregate capital accounts of all holders of the Preferred Series A Subclass 1 Unit Accounts after giving effect to the investment by GWG Holdings was \$1.6 billion. GWG Holdings’ Preferred Series A Subclass 1 Unit Account is the same class of preferred security as held by the Related Account Holders. If the Related Account Holders exchange their Preferred Series A Subclass 1 Unit Accounts for securities of GWG Holdings, the Preferred Series A Subclass 1 Unit Account of GWG Holdings will also convert into Common Units (so neither GWG Holdings nor the founders would hold Preferred Series A Subclass 1 Unit Accounts).

Also, on December 31, 2019, in a transaction related to the Investment Agreement, GWG Holdings transferred its interest in the Preferred Series A Subclass 1 Unit Account to its wholly-owned subsidiary, GWG Life.

In addition, on December 31, 2019, GWG Holdings, Ben LP and the holders of Common Units entered into an Exchange Agreement (the “Exchange Agreement”) pursuant to which the holders of Common Units from time to time have the right, on a quarterly basis, to exchange their Common Units for common stock of GWG Holdings. The exchange ratio in the Exchange Agreement is based on the ratio of the capital account associated with the Common Units to be exchanged to the market price of GWG Holdings common stock based on the volume weighted average price of GWG Holdings common stock for the five consecutive trading days prior to the quarterly exchange date. The Exchange Agreement is intended to facilitate the marketing of Ben LP’s products to holders of alternative assets.

The Exchange Transaction, the Purchase and Contribution Transaction, and the Investment and Exchange Agreements are referred to collectively as the “Beneficient Transactions.”

(2) Summary of Significant Accounting Policies

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the U.S. Securities and Exchange Commission (“SEC”) requirements for interim reporting, which allows certain footnotes and other financial information normally required by Generally Accepted Accounting Principles in the United States of America (“GAAP”) to be condensed or omitted. In our opinion, the condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary for the fair presentation of the Company’s financial position and results of operations. These statements should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 27, 2020 (“2019 Form 10-K”). The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

Significant accounting policies are detailed in Note 2 to the consolidated financial statements included in the Company’s 2019 Form 10-K. Summarized below are those new or revised significant accounting policies, including those that resulted from the consolidation of Beneficient on December 31, 2019.

Use of Estimates — The preparation of the Company’s condensed consolidated financial statements in conformity with 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. Management regularly evaluates 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. Actual results may differ materially and adversely from our estimates. Material estimates that are particularly susceptible to change, in the near term, relate to: the determination of the fair values of assets acquired, liabilities assumed and noncontrolling interests under business combinations accounting guidance; the determination of the assumptions used in estimating the fair value of our investments in life insurance policies; determining the grant date fair value for equity-based compensation awards; determining our allowance for loan losses; evaluation of potential impairment of goodwill and other intangibles; and the value of our deferred tax assets and liabilities.

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Loans Receivable — Loans are recorded at their fair value at the acquisition date, change-of-control date, or other liquidation event. Credit discounts are included in the determination of fair value; therefore, an allowance for loan losses is not recorded as of the date of valuation. Purchased loans are evaluated upon acquisition and classified as either purchased credit impaired (“PCI”) or non-purchased credit impaired (“non-PCI”).

PCI loans reflect credit deterioration since origination such that it is probable as of the date of valuation that Beneficient will be unable to collect all contractually required payments. For PCI loans, expected cash flows as of the date of valuation in excess of the fair value of loans are recorded as interest income over the life of the loans using a level yield method if the timing and amount of the future cash flows is reasonably estimable. Subsequently, increases in cash flows over those expected at the acquisition date are recognized prospectively as interest income. Decreases in expected cash flows due to credit deterioration are recognized by recording an allowance for loan loss. Beneficient does not report PCI loans as nonperforming due to the accretion of interest income.

For non-PCI loans, the difference between the fair value and unpaid principal balance (“UPB”) of the loan as of the date of valuation, referred to as a purchase premium or discount, is amortized or accreted to interest income over the contractual life of the loans using the effective interest method. In the event of prepayment, the remaining unamortized amount is recognized in interest income.

Impaired loans include non-accrual loans, PCI loans and partially charged-off loans. The accrual of interest on impaired loans is discontinued when, in management’s opinion, doubt exists about the full collectability of principal and interest. When a loan is placed on non-accrual status, all previously accrued and unpaid interest is charged against income. If the ultimate collectability of principal, wholly or partially, is in doubt, any payment received on a loan on which the accrual of interest has been suspended is applied to reduce principal first. Once all principal has been received, additional interest payments are recognized on a cash basis as interest income. Loans are returned to accrual status once collection of contractually required principal and interest is reasonably assured. At such time, the accrual of interest and amortization of any remaining discount shall resume. Any interest income that was applied to the principal balance is not reversed and is subsequently recognized as an adjustment to yield over the remaining life of the loan.

Allowance for Loan Losses — The allowance for loan losses is a valuation allowance for probable incurred credit losses in the portfolio. Management’s determination of the allowance is based upon an evaluation of the loan portfolio, impaired loans, economic conditions, volume, growth and composition of the collateral to the loan portfolio, and other risks inherent in the portfolio. Management applies risk factors to categories of loans and individually reviews all impaired loans above a de minimis threshold. Management relies heavily on statistical analysis, current net asset value (“NAV”) and distribution performance of the underlying alternative asset collateral and industry trends related to alternative asset investments to estimate losses. Management evaluates the adequacy of the allowance by reviewing relevant internal and external factors that affect credit quality. As the collateral is the sole source of repayment of the loans and related interest, these loans are considered to be collateral dependent. Beneficient recognizes the charge-off in the period in which it is confirmed for its collateral dependent loans. Therefore, impaired collateral dependent loans are written down to their estimated net realizable value based on disposition value.

Equity-Based Compensation — The Company measures and recognizes compensation expense for all equity-based payments at fair value on the grant date over the requisite service period. GWG Holdings uses the Black-Scholes option pricing model to determine the fair value of stock options and stock appreciation rights. For restricted stock grants (including restricted stock units), fair value is determined as of the closing price of GWG Holdings’ common stock on the date of grant. As it is not publicly traded, Beneficient uses various methods to determine the grant date fair value of its equity-based compensation awards, as more fully described in Note 12.

Equity-based compensation expense is recorded in employee compensation and benefits in the condensed consolidated statements of operations. The determination of fair value of equity-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, the expected duration of the awards, the results of a probability-weighted discounted cash flow analysis and observable transactions. We account for the effects of forfeitures as they occur.

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 companies.

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Earnings (Loss) per Common 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 redeemable preferred stock (“RPS”), Series 2 redeemable preferred stock (“RPS 2”), restricted stock units, warrants (if applicable) and stock options.

Net earnings, less any preferred dividends accumulated for the period (whether or not declared), is allocated to common stock. Basic earnings per common share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares.

Diluted earnings per common share is computed in a similar manner, except that the denominator is increased to include the number of additional common shares that would have been outstanding if potentially dilutive common shares were issued using the treasury stock method in the case of restricted stock units, warrants and options, or the if-converted method in the case of RPS and RPS 2. Our dilution calculation also takes into account the weighted average number of shares of a subsidiary that are exchangeable for shares of GWG Holdings common stock.

Reclassification — Certain prior year amounts have been reclassified for consistency with the current year presentation. Specifically, our equity method investment in FOXO as of December 31, 2019, was reclassified to other assets in the condensed consolidated balance sheets to maintain consistency with the current year presentation. This reclassification had no effect on the reported results of operations.

Newly Adopted Accounting Pronouncements — In January 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2017-04, *Goodwill, (Topic 350)*. This standard simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount of that goodwill. Under the new guidance, goodwill impairment loss will be measured on the basis of the fair value of the reporting unit relative to the reporting unit’s carrying amount rather than on the basis of the implied amount of goodwill relative to the goodwill balance of the reporting unit. ASU 2017-04 is effective for annual periods beginning after December 15, 2019, including interim periods within those periods, for public business entities. The Company adopted this ASU on January 1, 2020, and it did not have a material impact on its condensed consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement*, which eliminates, adds and modifies certain disclosure requirements for fair value measurements. The guidance is effective for fiscal years and interim periods beginning after December 15, 2019. Certain of the amendments require prospective application, while the remainder require retrospective application. The Company adopted this ASU on January 1, 2020, and it did not have a material impact on its condensed consolidated financial statements and related disclosures.

In March 2020, the SEC amended Regulation S-X to create Rules 13-01 and 13-02. These new rules reduce and simplify financial disclosure requirements for issuers and guarantors of registered debt offerings. Previously, with limited exceptions, a parent entity was required to provide detailed disclosures with regard to guarantors of registered debt offerings within the footnotes to the consolidated financial statements. Under the new regulations, disclosure exceptions have been expanded and required disclosures may be provided within Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations* rather than in the notes to the financial statements. Further, summarized financial information covering guarantor balance sheets and income statements are permitted, replacing the previously required condensed consolidating financial statements. Summarized financial information only needs be disclosed for the current fiscal year rather than all years presented in the financial statements as was previously required. The guidance will become effective for filings on or after January 4, 2021, with early adoption permitted. The Company has elected to early adopt the new regulations as of and for the six months ended June 30, 2020. Our summarized guarantor financial information is now presented in Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*.

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Accounting Pronouncements Issued But Not Yet Adopted — In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, held-to-maturity debt securities and loans. There have been numerous codification improvements and technical corrections issued through subsequent ASUs since the issuance of ASU No. 2016-13. The standard requires entities to use a new, forward-looking “expected loss” model that is expected to generally result in the earlier recognition of allowances for losses. The guidance is effective for annual periods beginning after December 15, 2022, including interim periods within those years, for smaller reporting companies, as defined by the SEC, but early adoption is permitted. The Company is evaluating the potential impact of this guidance on our consolidated financial statements.

ASU 2019-12, *Income Taxes: Simplifying the Accounting for Income Taxes (Topic 740)*, was issued in December 2019. The amendments in ASU 2019-12 eliminate certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also clarifies and simplifies other aspects of the accounting for income taxes. ASU 2019-12 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, for public business entities. Early adoption is permitted, including adoption in any interim period. The Company is evaluating the impact of this ASU on the consolidated financial statements and disclosures.

ASU 2020-04, *Reference Rate Reform (Topic 848)* was issued in June 2020. The amendments in ASU 2020-04 provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. ASU 2020-04 can be applied by all entities as of the beginning of the interim period that includes March 12, 2020, or any date thereafter, and entities may elect to apply the amendments prospectively through December 31, 2022. The Company is evaluating the impact of this ASU on the consolidated financial statements and disclosures.

ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity* was issued in August 2020. The amendments in ASU 2020-06 simplify the accounting for convertible instruments by removing major separation models and removing certain settlement condition qualifiers for the derivatives scope exception for contracts in an entity’s own equity, and simplify the related diluted net income per share calculation for both Subtopics. ASU 2020-06 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023, for smaller reporting companies, as defined by the SEC. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is evaluating the impact of this ASU on the consolidated financial statements and disclosures.

(3) Restrictions on Cash

Under the terms of our second amended and restated senior credit facility with LNV Corporation (“LNV Credit Facility”, discussed further in Note 10), 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, distribute funds to pay down the facility, and distribute excess funds to the borrower (GWG DLP Funding IV, LLC).

The agents for the lender authorize the disbursements from these accounts. At June 30, 2020 and December 31, 2019, there was a balance of \$19.1 million and \$20.3 million, respectively, in these collection and payment accounts.

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(4) Business Combination

Prior to December 31, 2019, GWG Holdings owned 41,505,279 Common Units, for a total limited partnership interest in the Common Units of approximately 90.2%. This investment was historically accounted for using the equity method (see Note 8). On December 31, 2019, GWG Holdings entered into the Investment Agreement and Exchange Agreement as described in Note 1.

Pursuant to the Investment Agreement, GWG Holdings transferred \$79.0 million to Ben LP in return for 666,667 additional Common Units and a Preferred Series A Subclass 1 Unit Account of BCH, which increased GWG Holdings' ownership of Common Units to approximately 95.5%. Also, on December 31, 2019, in a transaction related to the Investment Agreement, GWG Holdings transferred its interest in the Preferred Series A Subclass 1 Unit Account to its wholly-owned subsidiary, GWG Life. In connection with the Investment Agreement, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management, the general partner of Ben LP. As a result, GWG Holdings obtained control of Ben LP, resulting in the consolidation of Ben LP as of December 31, 2019, in accordance with ASC 805, *Business Combinations*.

As a result of the change-of-control, GWG Holdings was required to remeasure its existing equity investment at fair value prior to consolidation. At December 31, 2019, GWG Holdings' equity investment in Common Units had a carrying value of \$368.6 million, prior to the additional investment noted above. GWG Holdings estimated the fair value of its preexisting investment in Ben LP to be approximately \$622.5 million, resulting in the recognition of a gain of \$253.9 million during the fourth quarter of 2019. This gain was included in gain on consolidation of equity method investment in the Company's consolidated statement of operations for the year ended December 31, 2019. This gain was partially offset by the remeasurement to fair value of the Commercial Loan Agreement between GWG Life and Ben LP and the Option Agreement between GWG Holdings and Ben LP, which resulted in a net loss of \$4.2 million. The net gain on consolidation of equity method investment after remeasurement of these preexisting balances was \$249.7 million. GWG Holdings' proportionate share of the earnings or losses from Ben LP was recognized in earnings (loss) from equity method investment in the consolidated statement of operations from August 10, 2018 until December 31, 2019 (see Note 8 for further information) and was previously recorded on a one-quarter lag basis. In connection with the consolidation of Beneficient, the one-quarter lag was discontinued.

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The following table summarizes the fair value measurement of the assets acquired and liabilities assumed (in thousands):

	Fair Value at Acquisition Date	Measurement Period Adjustments ⁽¹⁾	Adjusted Fair Value at Acquisition Date
ASSETS			
Loans receivable ⁽¹⁾	\$ 232,344	\$ (26,116)	\$ 206,228
Fees receivable	29,168	—	29,168
Investment in public equity securities	24,550	—	24,550
Other assets	14,053	—	14,053
Intangible assets ⁽²⁾	3,449	—	3,449
Total identifiable assets acquired	303,564	(26,116)	277,448
LIABILITIES			
Other borrowings	153,086	—	153,086
Commercial loan agreement from parent	168,420	—	168,420
Other liabilities and deferred revenue	105,866	—	105,866
Accounts payable and accrued expenses	13,713	—	13,713
Total liabilities assumed	441,085	—	441,085
Net liabilities assumed	(137,521)	(26,116)	(163,637)
NONCONTROLLING INTERESTS			
Common Units not owned by GWG Holdings ⁽³⁾	181,383	—	181,383
Class S Ordinary Units	85,448	—	85,448
Class S Preferred Units	17	—	17
Preferred Series A Subclass 1 Unit Accounts	1,269,654	—	1,269,654
Total noncontrolling interests	1,536,502	—	1,536,502
ACQUISITION CONSIDERATION			
Cash, less cash acquired	61,479	—	61,479
Fair value of preexisting investment in Common Units ⁽⁴⁾	622,503	—	622,503
Fair value of noncontrolling interest	1,536,502	—	1,536,502
Total estimated consideration	2,220,484	—	2,220,484
Less: Net liabilities assumed	(137,521)	(26,116)	(163,637)
Resulting preliminary goodwill	\$ 2,358,005	\$ 26,116	\$ 2,384,121

- (1) As a result of additional information obtained about the collateral value used in the valuation of the loan portfolio for certain collateral dependent loans, the Company recorded measurement period adjustments during the six months ended June 30, 2020, which resulted in a decrease to loans receivable of \$26.1 million with a corresponding adjustment to goodwill. The measurement period adjustments are comprised of \$14.6 million during the three months ended March 31, 2020, and \$11.5 million during the three months ended June 30, 2020.
- (2) Includes an insurance license valued at \$3.1 million and a non-compete agreement valued at \$0.3 million.
- (3) Calculated as 1,974,677 Common Units not owned by GWG Holdings at December 31, 2019, multiplied by the \$15 per unit derived from the enterprise valuation of Beneficient on that date. Also includes \$151.8 million of equity-based payment awards that were granted by Beneficient prior to the change in control but were not replaced by awards of GWG Holdings upon the change in control. These awards were treated as noncontrolling interests in accordance with ASC 805, *Business Combinations*.
- (4) Calculated as 41,505,279 Common Units owned by GWG Holdings prior to the change in control multiplied by the \$15 per unit derived from the enterprise valuation of Beneficient.

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Methods Used to Determine Equity Value and to Fair Value Assets and Liabilities

The following is a description of the valuation methodologies used to estimate the fair value of equity and the fair values of major categories of assets acquired and liabilities assumed. In many cases, determining the fair value of equity and the acquired assets and assumed liabilities required management to estimate cash flows expected from those assets and liabilities and to discount those cash flows at appropriate rates of interest. This determination required the utilization of significant estimates and management judgment in accounting for the change-of-control event.

Loans receivable — The loan portfolio was valued using current accounting guidance that defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Level 3 inputs were utilized to value the loan portfolio and included the use of present value techniques employing cash flow estimates and incorporated assumptions that marketplace participants would use in estimating fair values, specifically market interest rate and general credit fair value assumptions. In instances where reliable market information was not available, management used assumptions in an effort to determine reasonable fair value. There was no carryover related allowance for loan losses.

Cash and cash equivalents and fees receivable — Cash and cash equivalents and fees receivable were valued using their current carrying amounts, which approximate fair value.

Investment in public equity securities — The fair value of the investments in public equity securities was determined using quoted market prices. As these were investments by Beneficient in the common stock of GWG Holdings, these amounts were eliminated in consolidation and treated as treasury stock.

Other assets — Other assets include miscellaneous receivables that were valued using the current carrying amount as that amount approximates fair value due to the relatively short time between their origination date and the fair value date. Miscellaneous intercompany receivables were eliminated in consolidation.

Intangible assets — Intangible assets include an insurance license and a non-compete agreement. Both assets were valued using their current carrying amount, which approximates fair value.

Other borrowings and commercial loan agreement from parent — The measurement of the fair value of other borrowings and Commercial Loan Agreement from parent was based on market prices that generally are observable for similar liabilities at commonly quoted intervals and is considered a level 2 fair value measurement. The Commercial Loan Agreement between Beneficient and GWG Life was eliminated in consolidation.

Other liabilities and deferred revenue — The carrying amounts of other liabilities and deferred revenue approximate their fair value. The Option Agreement between Beneficient and GWG Holdings was eliminated in consolidation.

Accounts payable and accrued expenses — Due to their short-term nature, the carrying amounts of accounts payable and accrued expenses approximate the fair value. Miscellaneous intercompany payables were eliminated in consolidation.

Noncontrolling interests — The values for each noncontrolling interest component were calculated after determination of an overall enterprise value for the Company. The enterprise value of the Company was determined using the Option Pricing Model (“OPM”) Backsolve approach under the market method. The OPM Backsolve approach uses a Black-Scholes option pricing model to calculate the implied equity value of the firm. Once an overall equity value was determined, amounts were allocated to the various classes of equity based on the security class preferences. The inputs to the OPM Backsolve approach are the equity value for one component of the capital structure, expected time to exit, the risk-free interest rate and an assumed volatility based on the volatility of similar publicly traded companies. The OPM Backsolve estimates include Level 3 inputs.

Goodwill — The resulting excess of the overall enterprise value after deducting the fair values of assets acquired and liabilities assumed is recognized as goodwill. The goodwill recognized is the result of the inherent value associated with the assembled business after all separately identifiable assets acquired and liabilities assumed are deducted from the enterprise value. The excess estimated enterprise value of Beneficient over the fair value of its net assets is primarily attributable to the potentially large and underserved market that Beneficient is seeking to address, including the estimated demand from MHNW individuals and STM size institutions seeking liquidity for their professionally managed alternative assets. None of the goodwill is expected to be deductible for income tax purposes. The goodwill is allocated to our Beneficient reporting unit.

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The initial accounting for the estimates of equity values, which includes noncontrolling interests, the fair value of loans receivable, and any separately identifiable intangibles was based on the facts and circumstances that existed as of the acquisition date. Should management obtain new information during the measurement period, in addition to that discussed above, about facts and circumstances that existed at the acquisition date, further adjustments to the fair values assigned to these items could occur during the measurement period of one year from the acquisition date. Any such adjustment will result in corresponding adjustments to goodwill.

The following unaudited pro forma financial information presents the combined results of operations of GWG Holdings for the three and six months ended June 30, 2019, as if the acquisition of Ben LP had occurred as of January 1, 2019 (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30, 2019
	2019		
Total Revenue			
Pro forma	\$	42,774	\$ 86,711
As reported		24,010	49,227
Net Loss Attributable to Common Shareholders			
Pro forma	\$	(24,343)	\$ (39,804)
As reported		(25,609)	(44,519)
Net Loss per Diluted Common Share			
Pro forma	\$	(0.74)	\$ (1.21)
As reported		(0.78)	(1.35)

The unaudited pro forma financial information is presented for informational purposes only. It is not necessarily indicative of what our consolidated results of operations actually would have been had the acquisition occurred at the beginning of each year, nor does it attempt to project the future results of operations of the combined company.

The unaudited pro forma financial information above gives effect to the following:

- Deconsolidation of certain Beneficient trusts included in the ExAlt Plan™;
- Reduction of Beneficient interest expense related to acquisition-date debt principal payments; and
- Elimination of intercompany transactions, including the Commercial Loan Agreement and Option Agreement.

(5) Investment in Life Insurance Policies

The Company's investments in life insurance policies include 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 (loss) on life insurance policies, net in our 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 \$1.0 million in face value benefits or less — which utilize either a single fully underwritten, or simplified report based on self-reported medical interview), assumptions relating to cost-of-insurance (premium) rates and other assumptions. The discount rate we apply incorporates current information about the discount rates observed in the life insurance secondary market through competitive bidding observations (which have recently declined for us as a result of our decreased purchase activity) and other means, fixed income 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 yield premium a purchaser would require to receive the future cash flows derived from our portfolio as a whole. Management has significant 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 8.25% was applied to our portfolio as of both June 30, 2020 and December 31, 2019.

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Portfolio Information

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2020, is summarized below:

Life Insurance Portfolio Summary

Total life insurance portfolio face value of policy benefits (in thousands)	\$	1,960,826
Average face value per policy (in thousands)	\$	1,779
Average face value per insured life (in thousands)	\$	1,915
Weighted average age of insured (years)		82.7
Weighted average life expectancy estimate (years)		6.9
Total number of policies		1,102
Number of unique lives		1,024
Demographics		74% Male; 26% Female
Number of smokers		45
Largest policy as % of total portfolio face value		0.7 %
Average policy as % of total portfolio face value		0.1 %
Average annual premium as % of face value		3.6 %

A summary of our policies organized according to their estimated life expectancy dates, grouped by year, as of the reporting date, is as follows (dollars in thousands):

Years Ending December 31,	As of June 30, 2020			As of December 31, 2019		
	Number of Policies	Estimated Fair Value	Face Value	Number of Policies	Estimated Fair Value	Face Value
Six months ending December 31, 2020	4	\$ 3,810	\$ 3,875	8	\$ 5,869	\$ 6,342
2021	30	37,965	45,090	55	62,061	79,879
2022	88	92,509	133,994	90	89,074	138,723
2023	106	102,952	177,842	128	123,352	222,369
2024	120	125,323	234,937	109	103,111	217,053
2025	114	82,722	189,756	113	74,223	171,961
Thereafter	640	349,425	1,175,332	648	338,349	1,184,646
Totals	1,102	\$ 794,706	\$ 1,960,826	1,151	\$ 796,039	\$ 2,020,973

We recognized life insurance benefits of \$39.9 million and \$23.0 million during the three months ended June 30, 2020 and 2019, respectively, related to policies with a carrying value of \$12.8 million and \$5.3 million, respectively, and as a result recorded realized gains of \$27.1 million and \$17.7 million, respectively. We recognized life insurance benefits of \$65.4 million and \$53.5 million during the six months ended June 30, 2020 and 2019, respectively, related to policies with a carrying value of \$18.8 million and \$14.0 million, respectively, and as a result recorded realized gains of \$46.6 million and \$39.4 million, respectively.

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A reconciliation of gain (loss) on life insurance policies is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Change in estimated probabilistic cash flows ⁽¹⁾	\$ 15,349	\$ 17,122	\$ 33,200	\$ 34,253
Unrealized gain on acquisitions ⁽²⁾	—	1,844	—	6,303
Premiums and other annual fees	(17,626)	(16,004)	(34,825)	(31,836)
Face value of matured policies	39,889	22,998	65,391	53,457
Fair value of matured policies	(22,824)	(6,030)	(34,533)	(20,751)
Gain on life insurance policies, net	<u>\$ 14,788</u>	<u>\$ 19,930</u>	<u>\$ 29,233</u>	<u>\$ 41,426</u>

- (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 changes or policy maturity events.
- (2) Gain resulting from fair value in excess of the purchase price for life insurance policies acquired during the reporting period. There were no policy acquisitions during the three or six months ended June 30, 2020.

Estimated 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 (in thousands):

Years Ending December 31,	Premiums	Servicing	Total
Six months ending December 31, 2020	\$ 31,589	\$ 823	\$ 32,412
2021	82,102	1,647	83,749
2022	94,621	1,647	96,268
2023	106,489	1,647	108,136
2024	115,715	1,647	117,362
2025	128,495	1,647	130,142
	<u>\$ 559,011</u>	<u>\$ 9,058</u>	<u>\$ 568,069</u>

Management anticipates funding the majority of the premium payments and servicing fees 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 LNV Credit Facility and the net proceeds from our offering of L Bonds as described in Note 10. 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: additional allocations to Beneficient; policy premiums and servicing costs of additional life insurance policies; working capital; and financing expenditures including paying principal, interest and dividends.

(6) Loans Receivable

Beneficient Loans Receivable

Loans receivable held by the Company as of June 30, 2020 and December 31, 2019, were originated primarily through the initial capitalization transactions of Beneficient in 2017 and 2018. These loans are collateralized by the portfolio of alternative assets held in the custody of certain trusts of the ExAlt Plan™. The outstanding principal balance was \$444.9 million and \$425.9 million as of June 30, 2020 and December 31, 2019, respectively, which included \$185.0 million and \$154.7 million of inception-to-date interest income paid-in-kind, respectively.

Components of the carrying value of loans receivable were as follows for the periods presented below (in thousands):

	June 30, 2020	December 31, 2019
Loans receivable, net of unearned income	\$ 218,448	\$ 232,344
Allowance for loan losses	(7,900)	—
Loans receivable, net	<u>\$ 210,548</u>	<u>\$ 232,344</u>

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As described in Note 4, on December 31, 2019, a change-of-control event occurred that resulted in the application of push-down accounting, and all of Beneficient's assets and liabilities were recorded at fair value. Certain of the purchased loans were determined to be PCI loans under ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*, as defined in Note 2, with the remaining loans accounted for under ASC 310-20, *Nonrefundable Fees and Other Costs*. For loans accounted for under ASC 310-20, the discount arising due to the difference between each loan's carrying value and the estimated fair value at the time of acquisition will be accreted into interest income over its remaining contractual life. Should management obtain new information about facts and circumstances that existed at the acquisition date, additional adjustments to the fair values assigned to acquired loans could occur during the measurement period of one year from the acquisition date.

The following table reflects the fair value of non-PCI and PCI loans as of December 31, 2019, the date of the change-of control (in thousands):

Fair value of non-PCI loans	\$ 86,436
Fair value of PCI loans	\$ 145,908

The fair values above do not include the downward measurement period adjustments totaling \$26.1 million discussed in Note 4.

The following table reflects the outstanding principal balance and carrying amounts of the non-PCI loans (in thousands):

	June 30, 2020		December 31, 2019	
	Carrying Value	Unpaid Balance	Carrying Value	Unpaid Balance
Loans receivable	\$ 90,041	\$ 136,175	\$ 86,436	\$ 129,304

The following table reflects the outstanding principal balance and carrying amounts of the PCI loans (in thousands):

	June 30, 2020		December 31, 2019	
	Carrying Value	Unpaid Balance	Carrying Value	Unpaid Balance
Loans receivable	\$ 120,507	\$ 308,676	\$ 145,908	\$ 296,627

As of December 31, 2019, total contractually required payments receivable, including interest, on PCI loans over the remaining contract period was \$772.2 million. This assumes all loans accrue interest through maturity, with maturities on loans that existed at December 31, 2019 ranging from 2029 to 2030. Cash flows expected to be collected at the acquisition date totaled \$235.6 million. The difference between total cash flows expected to be collected and the fair value of the loans represents accretable yield.

The following table presents a rollforward of the accretable yield for the three and six months ended June 30, 2020 (in thousands):

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Balance, beginning of period	\$ 81,529	\$ 89,647
Accretion	(7,427)	(14,964)
Decrease in accretable yield ^(a)	(7,719)	(8,300)
Balance, end of period	\$ 66,383	\$ 66,383

(a) Includes changes in the accretable yield due to both transfers from the nonaccretable difference and the impact of changes in the expected timing of cash flows.

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The changes in the allowance for loan losses for the three and six months ended June 30, 2020 are as follows (in thousands):

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Beginning balance	\$ 700	\$ —
Provision	7,200	7,900
Charge-offs and other, net	—	—
Ending balance	\$ 7,900	\$ 7,900

As of June 30, 2020, the allowance for loan losses, all of which was related to PCI loans, was \$7.9 million. The loan loss provision expense, all of which was related to PCI loans, during the three and six months ended June 30, 2020, was \$7.2 million and \$7.9 million, respectively. The loan loss provision expense recorded during the three months ended June 30, 2020 was primarily due to expected losses associated with a single PCI loan.

There were no net charge-offs related to PCI loans during the three and six months ended June 30, 2020. As a result of the push-down accounting described in Note 4, the loans were recorded at fair value and there was no carryover allowance for loan losses recorded as of December 31, 2019.

Beneficiary recognizes charge-offs in the period in which they are confirmed for its collateral-dependent loans. Therefore, impaired collateral-dependent loans are written down to their estimated net realizable value, based on disposition value.

Promissory Note-LiquidTrusts

On May 31, 2019, GWG Life entered into a Promissory Note (the “Promissory Note”), made by Jeffrey S. Hinkle and Dr. John A. Stahl, not in their individual capacity but solely as trustees of The LT-1 LiquidTrust, The LT-2 LiquidTrust, The LT-5 LiquidTrust, The LT-7 LiquidTrust, The LT-8 LiquidTrust and The LT-9 LiquidTrust (collectively, the “LiquidTrust Borrowers”). Pursuant to the terms of the Promissory Note, GWG Life funded a term loan to the LiquidTrust Borrowers in an aggregate principal amount of \$65.0 million (the “Loan”), which Loan was funded in two installments as described below. The Loan was made pursuant to GWG Holdings’ strategy to further diversify into alternative assets (beyond life insurance) and ancillary businesses and was intended to better position Beneficiary’s balance sheet, working capital and liquidity profile to satisfy anticipated Texas Department of Banking regulatory requirements.

The LiquidTrust Borrowers are common law trusts established as part of alternative asset financings extended by a subsidiary of Ben LP, of which the GWG Holdings owns approximately 96% of the issued and outstanding Common Units (although, on a fully diluted basis, GWG Holdings’ ownership interest in Common Units would be reduced significantly below a majority of those issued and outstanding). Although each Borrower is allocated a portion of the Loan equal to approximately 16.7% of the aggregate outstanding principal of the Loan, the Loan constitutes the joint and several obligations of the LiquidTrust Borrowers.

An initial advance in the principal amount of \$50.0 million was funded on June 3, 2019 and, subsequent to satisfaction of certain customary conditions, the second advance in the principal amount of \$15.0 million was funded on November 22, 2019. The Loan bears interest at 7.0% per annum, with interest payable at maturity, and matures on June 30, 2023. The loan is reported in financing receivables from affiliates in the consolidated balance sheets and included accrued interest receivable of \$4.4 million and \$2.2 million as of June 30, 2020 and December 31, 2019, respectively. There was no allowance for loan losses related to the Promissory Note as of June 30, 2020 or December 31, 2019. Subject to the Intercreditor Agreements (as defined below), the Loan can be prepaid at the LiquidTrust Borrowers’ election without premium or penalty.

The Loan is unsecured and is subject to certain covenants (including a restriction on the incurrence of any indebtedness senior to the Loan other than existing senior loan obligations to HCLP Nominees, L.L.C. (“HCLP”), as Senior Lender) and events of default. HCLP is indirectly associated with one of Beneficiary’s founders, who is also Chairman of the Board of Directors of GWG Holdings.

On July 29, 2020, the Company, represented by its Special Committee, approved a transaction by which the Company agreed to convert the May 31, 2019 Promissory Note and any related accrued interest into a \$75.0 million Preferred Series C Unit Account (the “Preferred C”) in BCH. Refer to Note 18 for further details.

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Intercreditor Agreements

In connection with the Promissory Note, GWG Life also entered into two intercreditor and subordination agreements: (1) an Intercreditor Agreement between GWG Life and HCLP and (2) an Intercreditor Agreement between GWG Life and Beneficient Holdings, Inc. (“BHI”) (the “Intercreditor Agreements”). Under the Intercreditor Agreements, GWG Life agrees to subordinate the Loan to the secured obligations of Beneficient and its affiliates outstanding to the Senior Lender (the “Senior Loan Obligations”), agrees to not take any liens to secure the Loan (and to subordinate such liens, if any, to the liens of the Senior Lender), and agrees not to take enforcement actions under the Promissory Note until such Senior Loan Obligations are paid in full. The Intercreditor Agreements establish various other inter-lender and subordination terms, including, without limitation, with respect to permitted actions by each party, permitted payments, waivers, voting arrangements in bankruptcy, application of certain proceeds and limitations on amendments of the respective loan obligations of the parties. The Senior Lender has agreed not to extend the maturity of its loan obligations beyond June 30, 2023 or increase the outstanding principal of the loans made by the Senior Lender without the written consent of GWG Life. GWG Life has agreed not to transfer, assign, pledge, grant a security interest in or otherwise dispose of (including, without limitation, pursuant to a foreclosure) the Promissory Note except with the written consent of the Senior Lender (such consent not to be unreasonably withheld) or to the Company or direct or indirect wholly-owned subsidiaries thereof.

(7) Fair Value Definition and Hierarchy

ASC 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 third-party 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 (a non-distressed transaction in which neither seller nor buyer is compelled to engage in the transaction). A sale of the portfolio or a portion of the portfolio in an other than orderly transaction would likely occur at less than the fair value of the respective life insurance policies.

The fair value hierarchy prioritizes the inputs 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 as of the measurement date. Valuations are based on quoted prices that are readily and regularly available in an active market.
- Level 2 — Valuations based quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable market data.
- Level 3 — Valuations based on inputs that are unobservable, are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and are not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such instruments.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the 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

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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.

Financial instruments measured at fair value on a recurring basis

The Company's financial assets and liabilities carried at fair value on a recurring basis, including the level in the fair value hierarchy, on June 30, 2020 and December 31, 2019 are presented below (in thousands).

	As of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in life insurance policies	\$ —	\$ —	\$ 794,706	\$ 794,706

	As of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in life insurance policies	\$ —	\$ —	\$ 796,039	\$ 796,039

The following is a description of the valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Investments in life insurance policies

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 observed in the life insurance secondary market through competitive bidding observations (which have declined recently as a result of our decreased purchase activity) and other means, fixed income 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 yield premium a purchaser would require to receive the future cash flows derived from our portfolio as a whole. Management has significant discretion regarding the combination of these and other factors when determining the discount rate.

Under our Longest Life Expectancy portfolio valuation methodology, we: i) utilize life expectancy reports from third-party life expectancy providers for the pricing of all life insurance policies; ii) apply a stable valuation methodology driven by the experience of our life insurance portfolio, which is re-evaluated if experience deviates by a specified margin; and iii) use relevant market observations that can be validated and mapped to the discount rate used to value the life insurance portfolio.

These inputs are then used to estimate the discounted cash flows from the portfolio using the ClariNet LS probabilistic and stochastic portfolio pricing model from ClearLife Limited, 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 ClearLife Limited to prepare a net present value calculation of our life insurance portfolio using the inputs we provide on a quarterly basis.

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The following table reconciles the beginning and ending fair value of our Level 3 investments in our portfolio of life insurance policies (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Beginning balance	\$ 802,181	\$ 782,185	\$ 796,039	\$ 747,922
Total gain in earnings ⁽¹⁾	5,278	18,279	17,456	33,850
Purchases	—	4,146	—	31,539
Settlements ⁽²⁾	(12,753)	(5,344)	(18,789)	(14,045)
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Ending balance	<u>\$ 794,706</u>	<u>\$ 799,266</u>	<u>\$ 794,706</u>	<u>\$ 799,266</u>

(1) Net change in fair value

(2) Policy maturities at initial cost basis

The net activity in the table above is reported in gain on life insurance policies, net, in the condensed consolidated statements of operations. There were no net unrealized gains/losses for Level 3 assets included in other comprehensive income as of June 30, 2020 and 2019.

There have been no transfers between levels for any assets or liabilities recorded at fair value on a recurring basis or any changes in the valuation techniques used for measuring the fair value as of June 30, 2020 and December 31, 2019. The following table provides quantitative information about the significant unobservable inputs used in the fair value measurement of the Company's Level 3 fair value assets:

	As of June 30, 2020	As of December 31, 2019
Weighted-average age of insured, years*	82.7	82.4
Age of insured range, years	63-101	62-101
Weighted-average life expectancy, months*	82.7	86.2
Life expectancy range, months	0-240	0-240
Average face amount per policy (in thousands)	\$ 1,779	\$ 1,756
Discount rate	8.25 %	8.25 %

(*) 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 (in thousands):

	Change in Life Expectancy Estimates			
	Minus 8 months	Minus 4 months	Plus 4 months	Plus 8 months
June 30, 2020	\$ 110,109	\$ 55,847	\$ (55,008)	\$ (109,155)
December 31, 2019	\$ 113,812	\$ 57,753	\$ (55,905)	\$ (111,340)

	Change in Discount Rate			
	Minus 2%	Minus 1%	Plus 1%	Plus 2%
June 30, 2020	\$ 86,748	\$ 41,315	\$ (37,689)	\$ (72,172)
December 31, 2019	\$ 91,890	\$ 43,713	\$ (39,790)	\$ (76,118)

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Financial instruments measured at fair value on a non-recurring basis

There were no assets or liabilities measured at fair value on a non-recurring basis as of June 30, 2020. As of December 31, 2019, Beneficient's assets and liabilities were recorded at fair value in the consolidated balance sheet due to the application of purchase accounting in accordance with ASC 805 as described in Note 4.

Carrying amounts and estimated fair values

The Company is required to disclose the estimated fair value of financial instruments, whether or not recognized in the consolidated balance sheets, for which it is practicable to estimate those values. These fair value estimates are determined based on relevant market information and information about the financial instruments. Fair value estimates are intended to represent the price at which an asset could be sold or the price at which a liability could be settled. However, given there is no active market or observable market transactions for many of the Company's financial instruments, estimates of fair values are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimated values. Nonfinancial instruments are excluded from disclosure requirements.

The carrying amounts and estimated fair values of the Company's financial instruments not recorded at fair value, were as noted in the tables below (in thousands).

As of June 30, 2020			
	Level in Fair Value Hierarchy	Carrying Amount	Estimated Fair Value
Financial assets:			
Cash, cash equivalents and restricted cash	1	\$ 168,292	\$ 168,292
Life insurance policy benefits receivable, net	1	19,789	19,789
Loans receivable, net of allowance for loan losses and unearned income	3	210,548	221,507
Fees receivable	1	31,611	31,611
Financing receivables from affiliates	2	69,428	62,510
Financial liabilities:			
Senior credit facility	2	\$ 203,578	\$ 213,117
L Bonds and Seller Trust L bonds	2	1,439,865	1,421,907
Other borrowings	2	152,118	152,118
As of December 31, 2019			
	Level in Fair Value Hierarchy	Carrying Amount	Estimated Fair Value
Financial assets:			
Cash, cash equivalents and restricted cash	1	\$ 99,331	\$ 99,331
Life insurance policy benefits receivable, net	1	23,031	23,031
Loans receivable, net of allowance for loan losses and unearned income	3	232,344	232,344
Fees receivable	1	29,168	29,168
Financing receivables from affiliates	2	67,153	59,608
Financial liabilities:			
Senior credit facility with LNV Corporation	2	\$ 174,390	\$ 184,587
L Bonds and Seller Trust L Bonds	2	1,293,530	1,390,288
Other borrowings	2	153,086	153,086

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(8) Equity Method Investments

FOXO BioScience LLC (formerly, InsurTech Holdings, LLC)

On November 11, 2019, GWG contributed the common stock and membership interests of its wholly-owned subsidiaries, FOXO Labs and FOXO Life (“Insurtech Subsidiaries”), to a legal entity, FOXO, in exchange for a membership interest in FOXO. Although GWG Holdings currently owns 100% of FOXO’s equity, we do not have a controlling financial interest in FOXO because the managing member has substantive participating rights. Therefore, we account for our ownership interest in FOXO as an equity method investment.

The transaction resulted in a loss of control of the Insurtech Subsidiaries and, as a result, we deconsolidated the subsidiaries and recorded an equity method investment balance during the fourth quarter of 2019. The loss of control required us to measure the equity investment at fair value. We determined the fair value of our investment in FOXO approximated the carrying value of \$3.4 million, which was primarily comprised of cash and fixed assets contributed to the entity during the fourth quarter of 2019. We recognized a loss on equity method investment of \$1.6 million during the fourth quarter of 2019, resulting in a balance of \$1.8 million as of December 31, 2019.

The following table includes a rollforward of the equity method investment in FOXO (in thousands):

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Beginning balance	\$ 5,648	\$ 1,761
Contributions	3,750	9,167
Loss on equity method investment	(1,318)	(2,848)
Other	(307)	(307)
Ending balance	<u>\$ 7,773</u>	<u>\$ 7,773</u>

In accordance with the operating agreement of FOXO, GWG Holdings is committed to contribute an additional \$8.8 million to the entity through October 2021. Our investment in the membership interest of FOXO is presented in other assets in our consolidated balance sheets. Our proportionate share of earnings or losses from our investee is recognized in earnings (loss) from equity method investments in our consolidated statements of operations.

The Beneficient Company Group, L.P.

During 2018, we acquired 40,505,279 million Common Units for a total limited partnership interest in the Common Units of approximately 89.9% as of December 31, 2018. On June 12, 2019, we acquired an additional 1,000,000 Common Units from a third party for a cash investment of \$10.0 million. On December 31, 2019, we acquired an additional 666,667 newly-issued Common Units for a cash investment of \$10.0 million. On May 26, 2020, we acquired an additional 26,009 Common Units from a third party for a cash investment of \$260,090. The Common Units are not publicly traded on a stock exchange.

Prior to December 31, 2019, our investment in Common Units was presented in equity method investment on our consolidated balance sheets. Our proportionate share of earnings or losses from our investee was recognized in earnings (loss) from equity method investments in our consolidated statements of operations. We recorded our share of the earnings or loss of Beneficient through September 30, 2019, on a one-quarter lag.

On December 31, 2019, we obtained control of Beneficient and consolidated Beneficient as of that date in accordance with ASC 805, *Business Combinations*. See Note 4 for further information on the business combination. In connection with the consolidation, we discontinued the one-quarter reporting lag.

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Pre-consolidation financial information pertaining to Beneficient is summarized in the table below (in thousands):

	Three Months Ended March 31, 2019	Six Months Ended March 31, 2019
Total revenues	\$ 15,805	\$ 41,111
Net loss	(4,397)	(46,041)
Net gain (loss) attributable to Ben LP common unitholders	673	(12,519)
GWG portion of net earnings (loss)	600 ⁽¹⁾	(1,327) ⁽²⁾

1. Our portion of Beneficient's net earnings (loss) from January 1, 2019 to March 31, 2019. This amount was recognized during the three months ended June 30, 2019.

2. Our portion of Beneficient's net earnings (loss) from October 1, 2018 to March 31, 2019. This amount was recognized during the six months ended June 30, 2019.

We eliminated the effects of any intercompany transactions in the summarized information presented above. Our historical ownership percentage of our investment in Common Units is as follows:

Date	Percentage of Outstanding Common Units	Reason
August 10, 2018	13.9%	Purchase of units
December 28, 2018	89.9%	Purchase of units
March 31, 2019	88.1%	Change in investee outstanding units
June 12, 2019	90.2%	Purchase of units
December 31, 2019	95.5%	Purchase of units
May 26, 2020	95.6%	Purchase of units

(9) Variable Interest Entities

In accordance with ASC 810, *Consolidation*, the Company assesses whether it has a variable interest in legal entities in which it has a financial relationship and, if so, whether or not those entities are variable interest entities ("VIEs"). For those entities that qualify as VIEs, ASC 810 requires the Company to determine if the Company is the primary beneficiary of the VIE, and if so, to consolidate the VIE.

Prior to December 31, 2019, we determined that Beneficient was a VIE, but that we were not the primary beneficiary of the VIE. GWG Holdings did not have the power to direct any activities of Beneficient, or any of its related parties, that most significantly impacted Beneficient's economic performance. GWG Holdings had no board representation at Ben LP or at its general partner. The general partner was exclusively assigned all management powers over the business and affairs of Beneficient, and the limited partners did not have the ability to remove the general partner. Therefore, GWG Holdings did not consolidate the results of Beneficient in our condensed consolidated financial statements until the change-of-control occurred on December 31, 2019. Prior to the change-of-control, GWG Holdings' exposure to risk of loss in Beneficient was generally limited to its investment in Common Units, its financing receivable from Beneficient and its equity security investment in the Option Agreement to purchase additional Common Units. Effective December 31, 2019, GWG Holdings obtained the ability to appoint a majority of the board of directors of the general partner of Ben LP. As a result, GWG Holdings became the primary beneficiary of Ben LP on December 31, 2019, and consolidated Beneficient on that date.

We determined that the LiquidTrust Borrowers are VIEs, but that we are not the primary beneficiary of these VIEs. We do not have the power to direct any activities of the LiquidTrust Borrowers that most significantly impact the Borrower's economic performance. The Company's exposure to risk of loss in the LiquidTrust Borrowers is limited to its financing receivable from the LiquidTrust Borrowers.

The Company also determined that certain other trusts included within the ExAlt Plan™ used in connection with Beneficient's operations are VIEs but that we are not the primary beneficiary of these VIEs. The Company does not have both the power to direct the most significant activities of the trusts and the obligation to absorb losses or right to receive benefits that could potentially be significant to the trusts. The Company's investments in the trusts are carried in loans receivable in the consolidated balance sheets. The Company's exposure to risk of loss was determined as the amortized cost of the loans to the

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trusts, any earned but unpaid fees or expenses plus any remaining potential contributions for unfunded capital commitments and cash reserve commitments.

We determined that FOXO is a VIE, but that we are not the primary beneficiary of the VIE. We do not have the power to direct any activities of FOXO that most significantly impact its economic performance. The Company's exposure to risk of loss in FOXO is limited to its equity method investment in the membership interests of FOXO and its remaining unfunded capital commitments.

The following table shows the classification, carrying value and maximum exposure to loss with respect to the Company's unconsolidated VIEs (in thousands):

	June 30, 2020		December 31, 2019	
	Carrying Value	Maximum Exposure to Loss	Carrying Value	Maximum Exposure to Loss
Loans receivable	\$ 210,548	\$ 315,750	\$ 232,344	\$ 335,255
Financing receivables from affiliates	69,428	69,428	67,153	67,153
Equity method investment	7,773	16,524	1,761	19,661
Accounts payable and accrued expenses	(2,560)	—	(2,515)	—
Total	\$ 285,189	\$ 401,702	\$ 298,743	\$ 422,069

(10) Debt

Senior Credit Facility with LNV Corporation

On November 1, 2019, DLP IV entered into a second amended and restated senior credit facility with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement, which replaced the amended and restated senior credit facility dated September 27, 2017 that previously governed DLP IV's senior credit facility. The LNV Credit Facility makes available a total of up to \$300.0 million in credit to DLP IV with a maturity date of September 27, 2029. Subject to available borrowing base capacity, additional advances are available under the LNV Credit Facility at the LIBOR rate described below. Such advances are available to pay the premiums and servicing costs of pledged life insurance policies as such amounts become due. Interest will accrue on amounts borrowed under the LNV Credit Facility 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 1.50% or 12-month LIBOR, plus (b) 7.50% per annum. The effective rate at June 30, 2020 was 9.00%. Interest payments are made on a quarterly basis.

Under the LNV Credit Facility, 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.

In conjunction with entering into the LNV Credit Facility, DLP IV pledged life insurance policies having an aggregate face value of approximately \$298.3 million as additional collateral and received an advance of approximately \$37.1 million (inclusive of certain fees and expenses incurred in connection with the negotiation and entry into the LNV Credit Facility). The LNV Credit Facility has certain financial and nonfinancial covenants, and we were in compliance with these covenants at June 30, 2020 and continue to be as of the date of this filing.

As of June 30, 2020, approximately 77.2% of the total face value of our life insurance policies portfolio is pledged to LNV Corporation. The principal amount outstanding under this facility was \$213.1 million and \$184.6 million at June 30, 2020 and December 31, 2019, respectively. Obligations under the LNV Credit Facility are secured by a security interest in DLP IV's assets, for the benefit of the lenders, through an arrangement under which Wells Fargo Bank, N.A. 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 and Seller Trust L Bonds. The difference between the amount outstanding and the carrying amount on our consolidated balance sheets is due to netting of unamortized debt issuance costs.

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L Bonds

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 were 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, a registration statement relating to an additional public offering was declared effective permitting us to sell up to an additional \$1.0 billion in principal amount of L Bonds on a continuous basis through December 2020. We had less than \$0.5 million in remaining capacity under this offering as of July 31, 2020.

On June 3, 2020, a registration statement relating to an additional public offering was declared effective permitting us to sell up to \$2.0 billion in principal amount of L Bonds on a continuous basis through June 2023. These bonds contain the same terms and features as our previous offerings.

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. Effective December 31, 2019, we entered into Amendment No. 2 to the indenture, which primarily modified the calculation of the debt coverage ratio to allow the Company greater flexibility to finance and to anticipate the potential impacts of GWG Holdings’ expanding relationship with Beneficient. The collateral and guarantee provisions of the L Bonds and Seller Trust L Bonds are described in Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*, as permitted by SEC rules 13-01 and 13-02 described in Note 2.

We were in compliance with the covenants of the indenture at June 30, 2020, and as of the date of this filing.

We publicly offer and sell L Bonds under a registration statement declared effective by the SEC and have issued Seller Trust L Bonds under a Supplemental Indenture, as described below. We temporarily suspended the offering of our L Bonds on May 1, 2019 as a result of our delay in filing certain periodic reports with the SEC. We recommenced our L Bond offering on August 8, 2019.

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, 2020 and December 31, 2019, the weighted-average interest rate of our outstanding L Bonds was 7.21% and 7.15%, respectively. The principal amount of L Bonds outstanding was \$1.1 billion and \$0.9 billion at June 30, 2020 and December 31, 2019, respectively. The difference between the amount of outstanding L Bonds and the carrying amount on our 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 \$4.2 million and \$3.2 million for the three months ended June 30, 2020 and 2019, respectively. Amortization of deferred issuance costs was \$8.1 million and \$6.0 million for the six months ended June 30, 2020 and 2019, respectively. Future expected amortization of deferred financing costs as of June 30, 2020 is \$43.1 million in total over the next seven years.

Seller Trust L Bonds

On August 10, 2018, in connection with the Initial Transfer of the Exchange Transaction described in Note 1, GWG Holdings issued Seller Trust L Bonds in the amount of \$366.9 million to the Seller Trusts. 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. Interest is payable monthly in cash.

After December 28, 2020, the holders of the Seller Trust L Bonds will have the right to cause GWG Holdings to repurchase, in whole but not in part, the Seller Trust L Bonds held by such holder. The repurchase may be paid, at the option of GWG Holdings, in the form of cash, and/or a pro rata portion of (i) the outstanding principal amount and accrued and unpaid interest under the commercial loan between GWG Life and Ben LP entered into on August 10, 2018 and (ii) Common Units, or a combination of cash and such property.

The principal amount of Seller Trust L Bonds outstanding was \$366.9 million at both June 30, 2020 and December 31, 2019.

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Other Borrowings

Beneficient had borrowings with an aggregate carrying value of \$152.1 million and \$153.1 million as of June 30, 2020 and December 31, 2019, respectively. This aggregate outstanding balance includes a senior credit agreement and a subordinate credit agreement with respective balances, including accrued interest, of \$77.4 million and \$72.1 million at June 30, 2020 and \$77.5 million and \$72.2 million at December 31, 2019. The December 31, 2019 amounts exclude an aggregate unamortized premium of \$0.9 million, which was fully amortized as of June 30, 2020. Both loans accrue interest at a rate of 1-month LIBOR plus 3.95%, compounded daily, with interest due by the 15th of each month. The senior credit agreement and the subordinate credit agreement originally were to mature on June 30, 2020. Both agreements were amended to extend the maturity dates to August 13, 2020. On August 13, 2020, amended and restated agreements for both loans were executed, which extended the maturity for both to August 10, 2021, as discussed in more detail in Note 18. Additional agreements were entered into on June 10, 2020 and on June 19, 2020, whereby Beneficient agreed to repay \$25.0 million of the then outstanding principal balance and pay an extension fee of 2.5% of the outstanding aggregate principal balance of the loans after the \$25.0 million repayment on July 15, 2020. A total of \$28.6 million was paid on July 15, 2020, which included the \$25.0 million principal payment, related accrued interest and the extension fee.

These loans are not currently guaranteed by GWG. The loans contain customary covenants and events of default and termination, including cross-default provisions. As of June 30, 2020, Beneficient was in compliance with all covenants.

Beneficient has additional borrowings maturing in 2023 and 2024 with an aggregate carrying value of \$2.6 million and \$2.5 million as of June 30, 2020 and December 31, 2019, respectively.

(11) Stockholders' Equity***Common Stock***

In September 2014, GWG Holdings consummated an initial public offering of its 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, the common stock of GWG Holdings was listed on the Nasdaq Capital Market under the ticker symbol "GWGH."

The 2018 transactions between GWG Holdings, GWG Life, Beneficient and the Seller Trusts described in Note 1 ultimately resulted in the issuance of 27,013,516 shares of GWG Holdings common stock to the Seller Trust in exchange for Common Units. The shares were offered and sold in reliance upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended. Also, the Purchase and Contribution Agreement described in Note 1 ultimately resulted in the sale of 2,500,000 shares of GWG Holdings common stock to BCC, and the contribution of 1,452,155 shares of GWG Holdings common stock to AltiVerse.

Pursuant to the Exchange Agreement described in Note 1, on December 31, 2019, holders of Ben LP Common Units have the right to exchange their Common Units for common stock of GWG Holdings. The exchange ratio in the Exchange Agreement is based on the ratio of the capital account associated with the Common Units to be exchanged to the market price of the common stock of GWG Holdings based on the volume weighted average price of GWG Holdings' common stock for the five consecutive trading days prior to the quarterly exchange date. No Ben LP Common Units have been exchanged for common stock of GWG Holdings through June 30, 2020.

On November 15, 2018, the Board of Directors of GWG Holdings approved a stock repurchase program pursuant to which the Company was permitted, from time to time, to purchase shares of its common stock for an aggregate purchase price not to exceed \$1.5 million. Stock repurchases were able to be executed through various means, including, without limitation, open market transactions, privately negotiated transactions or otherwise. The stock repurchase program did not obligate the Company to purchase any shares, and expired on April 30, 2019.

The following table includes information about the stock repurchase program for the six months ended June 30, 2019 (dollar amounts in thousands, except per share data):

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2019 Monthly Period	Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of the Program	Maximum Dollar Value of Shares that Remained Under the Program
January 2019	42,488	\$ 8.47	52,523	\$ 1,072
February 2019	202	8.88	52,725	1,070

(1) No stock was repurchased after February 2019, and the stock repurchase program expired on April 30, 2019.

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 (see further details in the section below) 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 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 from us and still held by such purchaser.

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, as specified in the Certificate of Designation. 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 \$99.1 million and incurred approximately \$7.0 million 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; however, based on our assessment under ASC 470, *Debt*, ("ASC 470") and ASC 815, *Derivatives and Hedging*, ("ASC 815"), we do not believe bifurcation of either the holder's redemption or conversion feature is appropriate.

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. The terms of the RPS 2 are largely consistent with those of the RPS, other than the conversion and redemption features discussed below.

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 from us and still held by such purchaser. 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 \$150.0 million and incurred approximately \$10.3 million of related selling costs.

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The RPS 2 was determined to have the same two embedded features discussed in the RPS section above (optional redemption and optional conversion by the holder). We do not believe bifurcation of either the holder's redemption or conversion feature is appropriate.

Preferred Series A Subclass 1 (Redeemable Noncontrolling Interest)

BCH, a consolidated subsidiary of Ben LP, has non-unitized equity outstanding. The Preferred Series A Subclass 1 Unit Accounts are non-participating and convertible on a dollar basis. The 4th Amended and Restated Limited Partnership Agreement ("LPA") of BCH governs the terms of BCH's equity securities.

Beginning June 1, 2018, the Preferred Series A Subclass 1 Unit Account holders agreed to temporarily reduce the preferred return rate. In 2019, Preferred Series A Subclass 1 Unit Account holders signed an agreement to forbear the right to receive an annualized preferred return in excess of a rate determined materially consistent with the methodology below until, initially, the earlier of December 31, 2019 or three months following the issuance of the limited trust association charters by the Texas Department of Banking. The charters from the Texas Department of Banking were not issued as of December 31, 2019. In 2020, this forbearance agreement was extended through June 30, 2020. The income allocation methodology under this forbearance agreement was as follows:

- First, Ben, as the sole holder of Class A Units issued by BCH is allocated income from BCH to cover the expenses incurred solely by Ben;
- Second, the remaining income at BCH is allocated 50% to the aggregate of Class A Units and Class S Ordinary Units and 50% to Preferred Series A Subclass 1 Unit Accounts, until the Common Units issued by Ben receive a 1% annualized return on the Common Unit account balance;
- Third, after the 1% annualized return to the Common Unit issued by Ben is achieved, additional income is allocated to the Preferred Series A until the Preferred Series A is allocated the amount required under the LPA, (as amended); and
- Finally, any remaining income is allocated under the terms of the current LPA (pro-rata between the Class A Units and Class S Ordinary Units).

If and when the forbearance agreement expires, account holders will be entitled to a compounded quarterly preferred return. The preferred return to be paid to Preferred Series A Unitholders is limited by a quarterly preferred return rate cap that is based on the annualized revenues of BCH. Annualized revenues are defined as four times the sum of total quarterly interest, fee and dividend income plus total noninterest revenues. This quarterly rate cap is defined as follows:

- 0.25% if annualized revenues are \$80 million or less;
- 0.50% if annualized revenues are greater than \$80 million but equal to or less than \$105 million;
- 0.75% if annualized revenues are greater than \$105 million but equal to or less than \$125 million;
- 1.00% if annualized revenues are greater than \$125 million but equal to or less than \$135 million;
- 1.25% if annualized revenues are greater than \$135 million but equal to or less than \$140 million; and
- If over \$140 million, the preferred return calculation is based on a fraction (i) the numerator of which is (A) the positive percentage rate change, if any, to the seasonally adjusted CPI-U covering the period from the date of the last allocation of profits to such holders, plus (B) (x) 2% prior to an Initial Public Offering (as defined in the BCH LPA) by Ben and (y) 3% thereafter, and (ii) the denominator of which is one minus the highest effective marginal combined U.S. federal, state and local income tax rate in effect as of the beginning of the fiscal quarter for which such determination is being made for an individual resident in New York City, New York, assuming (1) that the aggregate gross income allocable with respect to the quarterly preferred return for such fiscal year will consist of the same relative proportion of each type or character (e.g., long term or short term capital gain or ordinary or exempt income) of gross income item included in the aggregate gross income actually allocated in respect of the

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quarterly preferred return for the fiscal year reflected in the BCH's most recently filed Internal Revenue Service Form 1065 and (2) any state and local income taxes are not deductible against U.S. federal income tax.

The definition of Initial Public Offering includes an event, transaction or agreement pursuant to which the Common Units are convertible or exchangeable into equity securities listed on a national securities exchange or quotation in an automated quotation system.

No amounts have been paid to the Preferred Series A Subclass 1 Unit Account holders related to the preferred return from inception through June 30, 2020. In connection with the issuance of Preferred Series A Subclass 2 Units as part of the Option Agreement, the preferred return of Preferred Series A Subclass 1 Unit Account holders is reduced by the preferred return allocated to the Preferred Series A Subclass 2 Units during the period the Option Agreement remains outstanding.

Upon election by a holder, the Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts) are, at any time on or after January 1, 2021, convertible in an amount of Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts), equal to 20% of their Sub-Capital Accounts into Class S Ordinary Units (with the right to convert any unconverted amount from previous years in any subsequent years). Upon an election, a holder of Preferred Series A Subclass 1 Unit Accounts will be issued Class S Ordinary Units necessary to provide the holder with a number of Class S Ordinary Units that, in the aggregate, equal (a) the balance of the holder's capital account associated with the Preferred Series A Subclass 1 Unit Accounts being converted divided by (b) either (x) prior to an initial public offering, the appraised per Class A Unit fair market value as determined by Beneficient or (y) following an initial public offering, the average price of a Common Unit for the thirty (30) day period ended immediately prior to the applicable conversion date. The holder of such newly issued Class S Ordinary Units may immediately convert them into Common Units. Additionally, effective December 31, 2030, if the Preferred Series A Subclass 1 Unit Accounts have not been converted, they will redeem for cash in an amount equal to the then outstanding capital account balance of the accounts. If available redeeming cash (as defined in the LPA) is insufficient to satisfy any such redemption requirements, BCH, on a quarterly basis, will redeem additional Preferred Series A Units until all such Preferred Series A Units have been redeemed. The Preferred Series A Subclass 1 Unit Accounts are subject to certain other conversion and redemption provisions.

The current LPA of BCH also includes certain limitations of BCH, without the consent of a majority-in-interest of the Preferred Series A Unit Account holders, to (i) issue any new equity securities and (ii) except as otherwise provided, incur indebtedness that is senior to or pari passu with any right of distribution, redemption, repayment, repurchase or other payments relating to the Preferred Series A Unit accounts. Further, BCH cannot, prior to the conversion of all the Preferred Series A Unit accounts, incur any additional long-term debt unless (i) after giving effect to the incurrence of the new long-term debt on a pro forma basis, the sum of certain preferred stock, existing debt and any new long-term indebtedness would not exceed 55% of BCH's net asset value ("NAV") plus cash on hand, and (ii) at the time of incurrence of any new long-term indebtedness, the aggregate balance of BCH's (including controlled subsidiaries) debt plus such new long-term debt does not exceed 40% of the sum of the NAV of the collateral underlying the loan portfolio of BCH and its subsidiaries plus cash on hand at Ben LP, BCH and its subsidiaries.

The Preferred Series A Subclass 1 Unit Accounts are recorded in the consolidated balance sheet in the redeemable noncontrolling interest line item.

On July 15, 2020, BCH amended its limited partnership agreement in a 5th Amended and Restated Limited Partnership Agreement effective as of July 15, 2020, which created a new subclass of Preferred Series A Unit Accounts named the Preferred Series A Subclass 0 Unit Account (the "Preferred A.0"). Refer to Note 18 for further details.

Class S Ordinary Units

As of both June 30, 2020 and December 31, 2019, BCH had issued and outstanding 5.7 million Class S Ordinary Units. The Class S Ordinary Units participate on an as-converted basis pro-rata in the share of the profits or losses of BCH and subsidiaries following all other allocations made by BCH and its subsidiaries. As limited partner interests, these units have limited voting rights and do not entitle participation in the management of BCH's business and affairs. The Class S Ordinary Units are exchangeable for Common Units on a one-for-one basis, subject to customary conversion rate adjustments for splits, distributions and reclassifications, as well as compliance with any applicable vesting and transfer restrictions. Each conversion also results in the issuance to Ben LP of a Class A Unit of BCH for each common unit issued.

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The Class S Ordinary Units are recorded in the consolidated balance sheet in the noncontrolling interests line item.

Class S Preferred Units

The limited partnership agreement of BCH allows it to issue Class S Preferred Units. The Class S Preferred Units are entitled to a quarterly preferred return that is limited by the quarterly preferred return rate cap described above for Preferred Series A Subclass 1 except for when annualized revenues exceed \$140 million, the Class S Preferred return is based on a fraction (i) the numerator of which is (A) the positive percentage rate change, if any, to the seasonally adjusted CPI-U covering the period from the date of the last allocation of profits to such holders, plus (B) 0.75 percent, and (ii) the denominator of which is one minus the highest effective marginal combined U.S. federal, state and local income tax rate in effect as of the beginning of the fiscal quarter for which such determination is being made for an individual resident in New York City, New York, assuming (1) that the aggregate gross income allocable with respect to the quarterly preferred return for such fiscal year will consist of the same relative proportion of each type or character (e.g., long term or short term capital gain or ordinary or exempt income) of gross income item included in the aggregate gross income actually allocated in respect of the quarterly preferred return for the fiscal year reflected in the Ben Group Partnership's most recently filed IRS Form 1065 and (2) any state and local income taxes are not deductible against U.S. federal income tax. The Class S Preferred Units also participate on an as-converted basis pro-rata in the share of the profits or losses of BCH and subsidiaries following all other allocations made by BCH and its subsidiaries. As limited partner interests, these units are generally non-voting and do not entitle participation in the management of BCH's business and affairs. Generally, the Class S Preferred Units are exchangeable for Common Units in Ben LP on a 1.2-for-1 basis, subject to customary conversion rate adjustments for splits, distributions and reclassifications, as well as compliance with any applicable vesting and transfer restrictions. Each conversion also results in the issuance to Ben LP of a Class A Unit for each Common Unit issued. Holders of Class S Preferred Units may elect to convert into Class S Ordinary Units in connection with a sale or dissolution of BCH.

No amounts have been paid to the Class S Preferred Unit holders related to the preferred return from inception through June 30, 2020. The Class S Preferred Units are recorded in the consolidated balance sheet in the noncontrolling interests line item.

(12) Equity-Based Compensation

As of June 30, 2020, the Company has outstanding equity-based awards under the GWG Holdings 2013 Stock Incentive Plan, the Beneficient Management Partners, L.P. ("BMP") Equity Incentive Plan, and the Ben Equity Incentive Plan, as more fully described in the sections below.

2013 Stock Incentive Plan

GWG Holdings adopted the 2013 Stock Incentive Plan in March 2013, as amended on June 1, 2015, May 5, 2017 and May 8, 2018. 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. Option awards generally expire 10 years from the date of grant. As of June 30, 2020, the Company has granted stock options, stock appreciation rights ("SAR"), and restricted stock units ("RSU") under this plan.

During the six months ended June 30, 2020, a total of 33,018 stock options held by employees vested. Additionally, as a result of stock option exercises, 3,688 shares of common stock were issued to employees, net of shares forfeited to satisfy tax withholding obligations.

Upon the exercise of SARs, the Company is obligated to make cash payments equal to the positive difference between the market value of the Company's common stock on the date of exercise less the market value of the common stock on the date of grant. The liability for the SARs as of June 30, 2020 and December 31, 2019 was \$0.5 million and \$0.6 million, respectively, and was recorded within accounts payable and accrued expenses in the condensed consolidated balance sheets.

During the six months ended June 30, 2020, 57,183 of the RSUs held by employees and directors vested.

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BMP Equity Incentive Plan

The Board of Directors of Beneficient Management, Ben LP's general partner, adopted the BMP Equity Incentive Plan in 2019. Under the BMP Equity Incentive Plan, certain directors and employees of Ben are eligible to receive equity units in BMP, an entity affiliated with the board of directors of Beneficient Management, in return for their services to Ben. The BMP equity units eligible to be awarded to employees are comprised of BMP's Class A Units and/or BMP's Class B Units (collectively, the "BMP Equity Units"). The BMP Equity Units awarded in 2019 and during the three and six months ended June 30, 2020, included some awards that were fully vested upon grant date, and some awards that are subject to service-based vesting over a four-year period from the date of hire.

As BMP's equity is not publicly traded, the fair value of the BMP Equity Units is determined on each grant date using a probability-weighted discounted cash flow analysis. This fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The resultant probability-weighted cash flows are then discounted using a rate that reflects the uncertainty surrounding the expected outcomes, which the Company believes is appropriate and representative of a market participant assumption.

During the three months ended June 30, 2020, 1,963,969 vested units were forfeited and returned as a result of an agreement allowing Beneficient to recover the aforementioned units held by one former director of Beneficient (see further discussion below).

Ben Equity Incentive Plan

The Board of Directors of Beneficient Management adopted the Ben Equity Incentive Plan in September 2018. Under the Ben Equity Incentive Plan, Ben is permitted to grant equity awards, in the form of restricted equity units ("REUs") representing ownership interests in Common Units. Settled awards under the Ben Equity Incentive Plan dilute Ben's Common Unitholders. The total number of Common Units that may be issued under the Ben Equity Incentive Plan is equivalent to 15% of the number of fully diluted Common Units outstanding, subject to annual adjustment.

All REUs are subject to two performance conditions, both of which were met during 2019. Additionally, if a change-of-control event occurs prior to July 1, 2021, then all units, vested and unvested, will settle within 60 days. Any transaction where GWG Holdings obtains the right to appoint a majority of the members of Beneficient Management's Board of Directors is expressly excluded from the definition of change-of-control for the REUs. Awards will generally be subject to service-based vesting over a multi-year period from the recipient's date of hire, though some awards fully vest upon grant date. While providing services to Ben, if applicable, certain of these awards are subject to minimum retained ownership rules requiring the award recipient to continuously hold Common Unit equivalents equal to at least 15% of their cumulatively granted awards that have the minimum retained ownership requirement.

As Ben LP's equity is not publicly traded, the fair value of the REUs is estimated on the grant date using recent equity transactions involving third parties, which provides the Company with observable fair value information sufficient for estimating the grant date fair value.

During the three months ended June 30, 2020, 507,500 vested units were forfeited as a result of an agreement allowing Beneficient to recover the aforementioned units held by one former director of Beneficient. Beneficient recognized \$36.3 million of other income as a result of this recovery of equity-based compensation, including both BMP Equity Units and REUs. A substantial majority of the former director's equity-based compensation units were fully vested, and the related expense was allocated to certain holders of noncontrolling interests and recorded in prior periods. The provisions of the award agreements related to the forfeiture of vested units resulted in the previous expense being recorded to other income in the current period and allocated to certain holders of noncontrolling interests, accordingly.

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The following table summarizes the award activity, in number of units, for each plan during the six months ended June 30, 2020:

	Balance at December 31, 2019	Granted	Vested	Exercised	Forfeited	Recovery of Vested Awards	Balance at June 30, 2020
Vested							
Stock Options	673,341	—	33,018	(20,136)	(109,701)	—	576,522
SAR	200,745	1,575	24,604	(1,284)	(6,117)	—	219,523
RSU	—	—	57,183	—	—	—	57,183
BMP Equity Units	7,980,037	3,412,415	283,984	—	—	(1,963,969)	9,712,467
REUs	2,164,742	2,256,681	171,323	—	—	(507,500)	4,085,246
Unvested							
Stock Options	232,040	—	(33,018)	—	(66,595)	—	132,427
SAR	174,880	26,475	(24,604)	—	(23,742)	—	153,009
RSU	244,083	—	(57,183)	—	(57,183)	—	129,717
BMP Equity Units	180,000	2,819,927	(283,984)	—	(157,749)	—	2,558,194
REUs	246,500	2,009,597	(171,323)	—	(147,400)	—	1,937,374
Total							
Stock Options	905,381	—	—	(20,136)	(176,296)	—	708,949
SAR	375,625	28,050	—	(1,284)	(29,859)	—	372,532
RSU	244,083	—	—	—	(57,183)	—	186,900
BMP Equity Units	8,160,037	6,232,342	—	—	(157,749)	(1,963,969)	12,270,661
REUs	2,411,242	4,266,278	—	—	(147,400)	(507,500)	6,022,620

The holders of certain of the units issued under the BMP Equity Incentive Plan and the Ben Equity Incentive Plan, upon vesting, have the right to convert the units to shares of GWG Holdings common stock per the Exchange Agreement discussed in Note 1. As such, units vested and issued under Beneficient's equity incentive plans may result in dilution of the common stock of GWG Holdings.

The following table presents the components of equity-based compensation expense recognized in the consolidated statement of operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Stock options	\$ 38	\$ (17)	\$ 86	\$ 245
Stock appreciation rights	(316)	(417)	(111)	(4)
Restricted stock units	(299)	265	(38)	424
BMP equity units	2,172	—	39,124	—
REUs	2,017	—	33,999	—
Total equity-based compensation	\$ 3,612	\$ (169)	\$ 73,060	\$ 665

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Unrecognized equity-based compensation expense totaled approximately \$41.1 million as of June 30, 2020. We currently expect to recognize equity-based compensation expense of \$8.4 million during the remainder of 2020, and the remainder thereafter based on scheduled vesting of awards outstanding as of June 30, 2020. The following table presents the equity-based compensation expense expected to be recognized over the next five years based on scheduled vesting of awards outstanding as of June 30, 2020 (in thousands):

	Stock Options	SAR	REUs	BMP Equity Units	Total
Six months ending 2020	\$ 180	\$ 11	\$ 4,028	\$ 4,176	\$ 8,395
2021	109	154	7,897	8,283	16,443
2022	19	107	5,441	5,811	11,378
2023	—	22	2,353	2,096	4,471
2024	—	—	249	191	440
Total	\$ 308	\$ 294	\$ 19,968	\$ 20,557	\$ 41,127

(13) Income Taxes

The Company applies an estimated annual effective rate to interim period pre-tax income to calculate the income tax provision for the quarter in accordance with the principal method prescribed by the accounting guidance established for computing income taxes in interim periods. Prior to 2020, the Company determined the quarterly income tax provision using a discrete year-to-date calculation.

Income tax benefit was \$8.6 million and \$23.1 million for the three and six months ended June 30, 2020, respectively. The Company's effective tax rate was 24.7% for the six months ended June 30, 2020. The income tax benefit for the three months ended June 30, 2020 primarily reflects the effect of the reduction of a naked credit (described below). The income tax benefit for the six months ended June 30, 2020 primarily reflects the effects of a change in state taxing jurisdictions and the reduction of a naked credit (described below).

In late 2019, the Company moved its headquarters from Minnesota to Texas. This move resulted in a change in the state deferred tax rate from 9.8% to 0%. The tax effect of this move has been recorded as a discrete item during the period.

The Company currently records a valuation allowance against its deferred tax assets to the extent there are indefinite lived intangibles related to investments, business interest expense and net operating losses. Due to the uncertain timing of the reversal of these temporary differences, they cannot be considered as a source of future taxable income for purposes of determining a valuation allowance; therefore, the deferred tax liability cannot offset deferred tax assets. This is often referred to as a "naked credit." Due to a prior deemed ownership change, net operating loss carryforwards are subject to Section 382 of the Internal Revenue Code.

We continue to monitor and evaluate the rationale for recording a full valuation allowance for the net amount of the deferred tax assets which are in excess of the indefinite-lived deferred tax assets and liabilities. We intend to continue maintaining a full valuation allowance on these net deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. Release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that we are able to actually achieve.

On March 27, 2020, Congress passed and the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which included significant changes to U.S. Federal income tax law. However, the only change that is expected to affect the Company is the modification to Section 163(j), which increased the allowable business interest deduction from 30% of adjusted taxable income to 50% of adjusted taxable income.

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(14) Loss per Common Share

The computations of basic and diluted income (loss) attributable to common shareholders per share for the three and six months ended June 30, 2020 and 2019 are as follows (in thousands, except share data and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Numerator:				
Net loss attributable to common shareholders	\$ (18,136)	\$ (25,609)	\$ (67,520)	\$ (44,519)
Denominator:				
Basic – weighted average common shares outstanding	30,536,830	33,011,603	30,535,811	32,998,246
Effect of dilutive securities	—	—	—	—
Diluted – weighted average common shares outstanding	30,536,830	33,011,603	30,535,811	32,998,246
Basic loss per common share	\$ (0.59)	\$ (0.78)	\$ (2.21)	\$ (1.35)
Diluted loss per common share	\$ (0.59)	\$ (0.78)	\$ (2.21)	\$ (1.35)

For the three months ended June 30, 2020 and 2019, RPS, RPS 2, restricted stock units, and stock options for a potential 2,368,178 and 2,524,833 shares, respectively, were not included in the calculation of diluted earnings per share because we recorded a net loss during these periods and the effects were anti-dilutive. For the six months ended June 30, 2020 and 2019, RPS, RPS 2, restricted stock units, and stock options for a potential 2,455,922 and 2,669,698 shares, respectively, were not included in the calculation of diluted earnings per share because we recorded a net loss during these periods and the effects were anti-dilutive. Potentially dilutive instruments issued by Ben LP that are ultimately exchangeable into GWG common stock were also excluded from the calculation of diluted earnings per share for the three and six months ended June 30, 2020 because we recorded a net loss during this period and the effects were anti-dilutive.

(15) Segment Reporting

The Company has two reportable segments consisting of Secondary Life Insurance and Beneficient. Corporate & Other includes certain activities not allocated to specific business segments. These activities include holding company financing and investing activities, and management and administrative services to support the overall operations of the Company and from November 1, 2019, include our equity method investment in FOXO.

The Secondary Life Insurance segment seeks to earn non-correlated yield from our portfolio of life insurance policies. Our Beneficient segment consists of the assets and operations of Ben LP and its subsidiaries. Beneficient became a consolidated subsidiary of GWG Holdings as of December 31, 2019, as described in Note 4. Ben LP provides a variety of trust services, liquidity products and loans for alternative assets and illiquid investment funds, and other financial services to mid-to-high net worth individuals. Prior to December 31, 2019, we accounted for our investment in the Common Units under the equity method.

These segments are differentiated by the products and services they offer as well as by the information used by the Company's chief operating decision maker to determine allocation of resources and assess performance.

Earnings before taxes ("EBT") is the measure of profitability used by management to assess performance of its segments and allocate resources. Segment EBT represents net income (loss) excluding income taxes and includes earnings (loss) from equity method investments and gain on consolidation of equity method investment.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue:				
Secondary Life Insurance	\$ 15,230	\$ 20,778	\$ 30,378	\$ 42,961
Beneficient	53,543	3,144	71,952	6,014
Corporate & Other	16	88	16	252
Total	<u>\$ 68,789</u>	<u>\$ 24,010</u>	<u>\$ 102,346</u>	<u>\$ 49,227</u>
	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest Expense:				
Secondary Life Insurance	\$ 24,346	\$ 21,608	\$ 47,039	\$ 41,704
Beneficient	12,796	6,879	25,974	13,758
Corporate & Other	—	—	—	—
Total	<u>\$ 37,142</u>	<u>\$ 28,487</u>	<u>\$ 73,013</u>	<u>\$ 55,462</u>
	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest Income:				
Secondary Life Insurance	\$ 232	\$ 737	\$ 847	\$ 1,368
Beneficient	12,439	3,144	25,813	5,969
Corporate & Other	—	—	—	4
Total	<u>\$ 12,671</u>	<u>\$ 3,881</u>	<u>\$ 26,660</u>	<u>\$ 7,341</u>
	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Segment EBT:				
Secondary Life Insurance	\$ (12,446)	\$ (9,000)	\$ (27,167)	\$ (10,623)
Beneficient	17,621	(3,136)	(52,528)	(9,072)
Corporate & Other	(6,424)	(9,195)	(13,577)	(16,250)
Total	(1,249)	(21,331)	(93,272)	(35,945)
Income tax benefit	(8,550)	—	(23,057)	—
Net income (loss)	<u>\$ 7,301</u>	<u>\$ (21,331)</u>	<u>\$ (70,215)</u>	<u>\$ (35,945)</u>
		June 30, 2020		December 31, 2019
Total Assets:				
Secondary Life Insurance		\$ 955,032	\$ 904,363	
Beneficient		2,718,544	2,721,546	
Corporate & Other		45,061	9,297	
Total		<u>\$ 3,718,637</u>	<u>\$ 3,635,206</u>	

The total assets of the Beneficient segment at both June 30, 2020 and December 31, 2019 includes goodwill of \$2.4 billion, which represents all of the goodwill on the Company's consolidated balance sheet as of the end of each reporting period.

(16) Commitments and 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.

Commitments — GWG Holdings is committed to contribute an additional \$8.8 million to FOXO through 2021, with an additional \$4.7 million in the six months ending December 31, 2020 and \$4.1 million in 2021. Beneficient had \$73.6 million and \$73.8 million of gross potential capital commitments as of June 30, 2020 and December 31, 2019, respectively, representing potential limited partner capital funding commitments on the alternative asset fund collateral to its loans above any cash reserves. The trust holding the interest in the limited partnership for the alternative asset fund is required to fund these limited partner capital commitments per the terms of the limited partnership agreement. To the extent that the associated trust cannot pay the capital funding commitment, Beneficient is obligated to lend sufficient funds to meet the commitment. Capital commitments generally originate from limited partner agreements having fixed or expiring expiration dates. The total limited partner capital funding commitment amounts may not necessarily represent future cash requirements.

(17) Concentration

Life Insurance Carriers

We primarily purchase life insurance policies written by life insurance companies rated investment-grade by third-party rating agencies, including A.M. Best Company, Standard & Poor's and Moody's. As a result, there may be concentrations of policies with certain 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, 2020	December 31, 2019
John Hancock Life Insurance Company	14.53 %	14.23 %
The Lincoln National Life Insurance Company	11.06 %	11.55 %
AXA Equitable Life Insurance Company	10.50 %	10.63 %

The following summarizes the number of insureds' state of residence exceeding 10% of the total face value held by us:

State of Residence	June 30, 2020	December 31, 2019
California	17.88 %	17.46 %
Florida	14.88 %	14.86 %

Beneficient's underlying portfolio companies primarily operate in the United States, with the largest percentage, based on NAV, operating in healthcare technology, bio-technology, and semiconductor and equipment industries.

(18) Subsequent Events and Other Matters

Proposed Amended and Restated Certificate of Incorporation

On July 6, 2020, GWG Holdings filed documents with the SEC seeking authority to potentially effect an exchange of its equity securities for securities issued by GWG Holdings or one or more of its subsidiaries ("subsidiary securities") by adopting an Amended and Restated Certificate of Incorporation of GWG Holdings (the "Amended Charter").

The proposed Amended Charter has been adopted by the Board of Directors of GWG Holdings, which declared its advisability, based upon a recommendation from a Special Committee of independent and disinterested directors. It has also been approved through a written consent from the holders of a majority of the outstanding shares of GWG Holdings' common stock. To become effective, the Amended Charter must also be approved by the holders of a majority of the outstanding shares of RPS and RPS 2, each series voting separately as a class. We plan to solicit the consent of the holders of our RPS and RPS 2 to the Amended Charter. While we believe such an exchange of equity securities may be a potential avenue to create efficiencies, no plans have been approved to exchange either the common stock, RPS or RPS 2 of GWG Holdings or the specific terms or issuer of any such securities that may be issued in connection therewith.

The proposed Amended Charter provides that the value for which each share of common stock to be exchanged may not be less than the greater of (i) \$10 (subject to certain adjustments), or (ii) the volume weighted average price ("VWAP") of the common stock for the twenty (20) trading days immediately prior to the date of any notice of exchange. The Amended Charter also requires that at least one class of the subsidiary securities to be listed on a national securities exchange prior to, or at the time of, the exchange.

In addition, the Amended Charter would permit GWG Holdings to exchange all of the RPS and RPS 2 for preferred equity securities of GWG Holdings or one or more of its subsidiaries (the "subsidiary preferred interest") with substantially similar terms to that of the RPS and RPS 2, provided that, the Amended Charter requires the subsidiary preferred interest to have the following preferential terms:

- accrue monthly cumulative dividends of not less than 7.5% per annum, subject to increase in the Board's discretion, on the stated value of such subsidiary preferred interest; and
- be subject to conversion into common equity securities of the issuer of the subsidiary preferred interest or a subsidiary thereof on terms substantially similar to those governing the conversion of the current RPS and RPS 2; provided, that the conversion price shall not be greater than \$12 per common equity securities.

The Amended Charter would also provide for an exclusive forum in the state of Delaware for certain potential claims by stockholders, as specified in the Amended Charter.

There can be no assurance that GWG Holdings will receive the required consents of the holders of the RPS and RPS 2, and the Company has not approved any plans to exchange either the common stock or the RPS or RPS 2 or the terms or issuer or issuers of any securities issued in connection therewith, and there can be no assurance that any such exchange will occur or what the terms of the securities to be issued in connection with such exchange will be, other than as provided for in the Amended Charter. Any such exchange would be subject to approval of the terms of any such exchange by the Board of Directors of GWG Holdings and conditions precedent, some of which are outside of the Company's control, including the issuance of trust company charters from the Texas Department of Banking.

5th Amended and Restated Limited Partnership Agreement, BCH

On July 15, 2020, BCH amended its limited partnership agreement in a 5th Amended and Restated Limited Partnership Agreement. The amendment created the Preferred A.0 subclass of Preferred Series A Unit Accounts. As a subclass of the Preferred Series A Unit Accounts, the Preferred A.0 receives the same preferred return on a quarterly basis as the other Preferred Series A subclasses. However, the Preferred A.0 is senior to all other classes of preferred equity, including the other subclasses of Preferred Series A in terms of allocations of profits, distributions, and liquidation. The Preferred A.0 can be converted into Class S Units at the election of the holder, at a price equal to (x) prior to the initial public listing, the per Common Unit fair market value as determined by the general Partner and (y) following the initial public listing, the lesser of (i) \$10 and (ii) if the Common Units are listed on a national securities exchange, the volume-weighted average closing price of a Common Unit as reported on the exchange on which the Common Units are traded for the twenty (20) days immediately prior to the applicable exchange date, or if the Common Units are not listed on a national securities exchange, then the volume-weighted average closing price of a security traded on a national securities exchange or quoted in an automated quotation system into which the Common Units are convertible or exchangeable for the twenty (20) days immediately prior to the applicable exchange date.

The amendment also created a new class of preferred equity, the Preferred C. The Preferred C are non-participating and convertible on a basis consistent with the Preferred Series C Unit Purchase Agreement (the "Purchase Agreement") discussed below. Account holders are entitled to a compounded quarterly preferred return based on a fraction, the numerator of which is (a) the sum of an inflation adjustment amount, plus (1) 0.5% prior to the initial public listing and (2) 0.75% following the initial public listing, and the denominator of which is (b) 1 minus the means of the highest effective marginal combined U.S. federal, state and local income tax rate (including the rate of taxes under Section 1411 of the Code) for a Fiscal Year prescribed for an individual resident in New York, New York (taking into account (a) the nondeductibility of expenses subject to the limitations described in Sections 67 and 68 of the Code and (b) the character (e.g., long-term or short-term capital gain or ordinary or exempt income) of the applicable income, but not taking into account the deductibility of state and local income taxes for U.S. federal income tax purposes), based on the Partnership's most recently filed IRS form 1065.

BCH calculates two Preferred C capital accounts: the Liquidation Capital Account and the Conversion Capital Account. In calculating the Conversion Capital Account, the Preferred C is allocated profits and losses junior to the Preferred Series A Unit Accounts. In calculating the Liquidation Capital Account, the Preferred C is allocated profits and losses pari passu with the Preferred Series A Unit Accounts.

Following the exchange of any Preferred C into Common Units under the Purchase Agreement described below, the excess of the profits and losses allocated to the Preferred C under the Liquidation Capital Account will be deemed the “Excess Amount.” This Excess Amount will be specially allocated at each tax period in accordance with the principals of Treasury Regulation Section 1.704-1(b)(4)(x), to the Preferred Series A Subclass 1 Units Accounts, prior to any amount of profit, income or gain being allocated to any other class of units (other than the Preferred A.0) or limited partners until such special allocations equal, in the aggregate, such Excess Amount.

The only conversion, redemption, or exchange rights available to the Preferred C are those rights afforded in accordance with the Preferred Series C Unit Purchase Agreement, described below, or such similar agreement.

While any amount of Preferred C is outstanding, BCH cannot make any distributions, other than tax distributions and redemptions, distributions upon a liquidation of BCH, and distributions of net consideration received from a sale of BCH, without the prior consent of a majority in interest of the holders of the Preferred C.

Preferred Series C Unit Purchase Agreement

On July 15, 2020, the GWG Holdings entered into the Purchase Agreement with Ben LP and BCH. The Purchase Agreement was reviewed and approved by the Special Committee of the Company’s Board of Directors.

Pursuant to the Purchase Agreement, and provided it has adequate liquidity, GWG Holdings has agreed to make capital contributions from time to time to BCH in exchange for Preferred Series C Unit accounts (the “BCH Purchased Units”) of BCH during a purchasing period commencing on the Effective Date and continuing until the earlier of (i) the occurrence of a Change of Control Event (as defined below) and (ii) the mutual agreement of the parties (the “Purchasing Period”). A “Change of Control Event” shall mean (A) the occurrence of an event that results in GWG Holdings’ ownership of the fully diluted equity of Beneficient is less than 25%, the Continuing Directors (as defined below) of GWG Holdings cease to constitute a majority of the board of directors of GWG Holdings, or certain bankruptcy events occur with respect to GWG Holdings, and (B) the listing of Common Units on a national securities exchange (a “Public Listing”). The term “Continuing Directors” means, as of any date of determination, any member of the board of directors of GWG Holdings who: (1) was a member of the board of directors on December 31, 2019; or (2) was nominated for election or elected to the board of directors with the approval of a majority of the Continuing Directors who were members of the board of directors at the time of such nomination or election.

If, on or prior to the end of the Purchasing Period, a Public Listing occurs, the BCH Purchased Units shall be automatically exchanged for Common Units, or another unit of Beneficient, as the parties may mutually agree (the “Beneficient Units”), at the lower of (i) the volume-weighted average of the Beneficient Units for the 20 trading days following the Public Listing, and (ii) \$12.75.

In addition, at any time following the Effective Date, all or some of the BCH Purchased Units may be exchanged for Beneficient Units at the option of the Company (exercised by its Special Committee of the Board of Directors or, if such committee is no longer in place, the appropriate governing body of the Company); provided that, if Company exchanges less than all of the BCH Purchased Units, then, immediately after giving effect to such exchange, the Company shall be required to continue to hold BCH Purchased Units with a capital account that is at least \$10 million. The exchange price for such Beneficient Units shall be determined by third-party valuation agents selected by GWG Holdings and Beneficient.

LiquidTrust Promissory Note Conversion

On July 29, 2020, GWG Holdings, represented by its Special Committee, approved a transaction by which GWG Holdings agreed to convert the May 31, 2019 Promissory Note discussed in Note 6, and any related accrued interest, into a \$75.0 million capital account of Preferred C interests in BCH. The outstanding balance of the Promissory Note on June 30, 2020, with accrued and unpaid interest thereon, was \$69.4 million. As part of the agreement in principle, if Beneficient has not received its trust charters as of the one-year anniversary of the definitive agreement, or if no trust charter filing is still pending or in the process of being refiled, GWG Holdings would receive an additional \$5.0 million of Preferred C interests in BCH. The release of the LiquidTrust Borrowers from the Promissory Note is subject to the final negotiation and execution of definitive agreements governing the release and the satisfaction of any closing conditions to be set forth therein, some of which may be outside of the parties' control. The parties have agreed to use their reasonable best efforts to enter into a definitive agreement as soon as possible.

Amendment of Beneficient Credit Agreements

On May 15, 2020, Beneficient executed a Term Sheet with its lender to amend its senior credit agreement and subordinated credit agreement (described in Note 10). The resulting Second Amended and Restated Credit Agreement and Second Amended and Restated Subordinate Credit Agreement was executed on August 13, 2020, with terms and conditions substantially consistent with the Term Sheet, as further described below. Prior to the execution of the Second Amended and Restated Credit Agreement and the Second Amended and Restated Subordinate Credit Agreement, other amendments extended the June 30, 2020 maturity dates of both loans to August 13, 2020, while Beneficient and the lender finalized the amended and restated credit agreements. Additional agreements were entered into on June 10, 2020, and on June 19, 2020, consistent with the Term Sheet, whereby Beneficient agreed to repay \$25.0 million of the then outstanding principal balance and pay an extension fee of 2.5% of the outstanding aggregate principal balance of the loans, calculated after the \$25.0 million repayment, on July 15, 2020. A total of \$28.6 million was paid on July 15, 2020, which included the \$25.0 million principal payment, related accrued interest thereon, and the extension fee described above.

On August 13, 2020, Beneficient executed the Second Amended and Restated Credit Agreement and the Second Amended and Restated Subordinate Credit Agreement with its lender. GWG Holdings, GWG Life, and a newly formed entity, GWG DLP Funding V, L.L.C. ("DLP V"), have also entered into the credit agreements with respect to provisions related to the potential future assumption of the loans by DLP V as described below. The amendments extend the maturity date of both loans to April 10, 2021, and increase the interest rate on each loan to 1-month LIBOR plus 8.0%, with a maximum interest rate of 9.5%. The loans are payable in three installments of \$25.0 million on each of September 10, 2020, December 10, 2020, and March 10, 2021, with the remaining balance payable on April 10, 2021.

The amendments provide for the assumption of the loans by DLP V, a wholly owned subsidiary of GWG Life, pursuant to a Third Amended and Restated First Lien Credit Agreement, upon satisfaction of certain conditions precedent, including the issuance of Beneficient's trust company charters by the Texas Department of Banking. The amendments provide that DLP V will receive Preferred C interests in exchange for assuming Beneficient's amended loans in an amount equal to 110% of the then outstanding loan balance. Upon assumption of the loans, the lender will receive a fee of 2.0% of the then outstanding balance of the loans. Furthermore, upon assumption of the loans, the Commercial Loan Agreement between GWG Life and Beneficient will be assumed by GWG Life USA, LLC, a wholly owned subsidiary of GWG Holdings, in exchange for Class A Subclass A-2 Units of BCH equivalent to the outstanding principal balance of the debt evidenced by the Commercial Loan Agreement. In connection with the assumption of the loans by DLP V, the lender will be granted a security interest in the Preferred Series A Subclass 1 Unit Accounts of BCH held by GWG Life and the life insurance policies held by DLP V, which are to be contributed to DLP V from GWG Life Trust.

In connection with the agreement by DLP V to assume the loans upon the issuance of Beneficient's trust company charters, (i) the lender will be permitted to make capital contributions of up to \$152.0 million in exchange for a Preferred Series A Subclass 1 Unit Account of BCH for an equal amount of cash for two years after the assumption of the loans; should the lender elect to make such a capital contribution, GWG Holdings or one of its subsidiaries will be allowed to exchange an amount of Preferred C into Preferred Series A Subclass 1 Unit Accounts or contribute cash for Preferred Series A Subclass 1 Unit Accounts, in certain circumstances, in order to maintain its relative ownership percentage of the Preferred Series A Subclass 1 Unit Accounts; (ii) BHI, which owns a majority of the Class S Ordinary Units, Preferred Series A Subclass 1 Unit Accounts, and FLP Subclass 1 Unit Accounts issued by BCH, will grant certain tax-related concessions related to the transaction to the lender as may be mutually agreed upon between the parties, and (iii) in exchange for the tax-related concessions to be agreed between the parties, (a) 5% of BHI's Preferred Series A Sub Class 1 Unit Account, which will be held by the lender, may convert, upon

delivery of notice by BHI or its designee, to a Preferred A.0 Unit Account of BCH, and (b) recipients of a grant of Preferred Series A Subclass 1 Unit Accounts from BHI will have the right to put an amount of Preferred Series A Subclass 1 Unit Accounts to Beneficient equal to any associated tax liability stemming from any such grant; provided that the aggregated associated tax liability shall not relate to more than \$30 million of grants of Preferred Series A Subclass 1 Unit Accounts from BHI; and provided, further, that such a put cannot be exercised prior to July 1, 2021.

The amended loan terms and ancillary documents contain covenants that (i) prevent Beneficient from issuing any securities senior to the Preferred Series A Subclass 1 or Preferred A.0 Unit Accounts; (ii) prevent Beneficient from incurring additional debt or borrowings greater than \$10.0 million, other than trade payables, while the loans are outstanding. (iii) prevent, without the written consent of the lender, GWG Life Trust or DLP V from selling, transferring or otherwise disposing any of the life insurance policies held by GWG Life Trust as of May 15, 2020, except that life insurance policies may be sold, transferred, or otherwise disposed of, provided that concurrent with the assumption of the loans by DLP V, a prepayment of the loans would be required, if necessary, to maintain certain loan-to-value percentages, after giving effect to such sale, transfer or disposal; and (iv) prevent, without the written consent of the lender, GWG Holdings from selling, transferring, or otherwise disposing of any Preferred Series A Subclass 1 Unit Accounts held as of May 15, 2020, other than to DLP V. These covenants are materially similar to the terms under the Third Amended and Restated First Lien Credit Agreement once assumed by DLP V.

The assumption set forth in the amendments are subject to, among other things, the satisfaction of certain closing conditions, some of which may be outside of the parties' control.

Beneficient Put Options

On July 17, 2020, Beneficient, through its subsidiary CT Risk Management, L.L.C., made aggregate payments of \$14.8 million to purchase put options against a decrease in the S&P 500 Index. The options have an aggregate notional amount of \$300.0 million and are designed to protect the net asset value of the interests in alternative assets that collateralize Beneficient's loan portfolio against market risk. One-half of the put options expire in July 2022 with the remaining put options expiring in July 2023. The Company does not anticipate these options will qualify for hedge accounting, and instead expects to recognize changes in fair value directly in earnings, accordingly.

Option Agreement Conversion

Effective August 11, 2020, as a result of the Exchange Agreement entered into by the parties on December 31, 2019, and the mutual agreement of the parties, the Option Agreement between Ben LP and GWG Holdings (see Note 1) was automatically exercised under the provisions of the Option Agreement. As such, GWG Holdings will receive approximately \$57.5 million of Common Units at a price per unit equal to the average closing price of GWG Holdings' common stock for the thirty trading days prior to the exercise, or approximately \$7.10 per unit. The exercise of the Option Agreement has no impact on the Company's consolidated financial statements as it is eliminated in consolidation.

COVID-19

In December, 2019, a novel strain of coronavirus and the associated respiratory disease ("COVID-19") was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of COVID-19's effect on the Company's operational and financial performance will depend on continuing developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Company's business. Although a substantial majority of our employees continue to work remotely, we have maintained our operations at or near normal levels. We have not experienced any significant disruptions due to operational issues, loss of communication capabilities, technology failure or cyber-attacks. The Company continues to raise capital, receive interest income and insurance policy benefits, pay interest and dividends and otherwise meet its ongoing obligations. However, depending on the extent of the ongoing economic crisis resulting from the pandemic and its impact on the Company's business, the disease could have a material adverse effect on our results of operations, financial condition and cash flows.

As discussed in our 2019 Form 10-K, management performs goodwill and intangible asset impairment testing annually, during the fourth quarter, or when events occur, or circumstances change that would more likely than not indicate impairment has occurred. The Company recorded goodwill on December 31, 2019, as a result of the transactions with Beneficient discussed in Note 4 to the condensed consolidated financial statements. Due to the significance of the COVID-19 pandemic, management performed a qualitative assessment of the goodwill of the Beneficient reporting unit as of June 30, 2020. Management

concluded that the potentially large and underserved market that Beneficient is seeking to address, including the estimated demand from MHNW individuals and STM size institutions seeking liquidity for their professionally managed alternative assets, has not been negatively affected by the COVID-19 pandemic such that it is more likely than not that the fair value of the Beneficient reporting unit would exceed its carrying value as of June 30, 2020. Therefore, the impact of the COVID-19 pandemic through June 30, 2020 was not a triggering event to perform a quantitative test. We will continue to monitor the impact of COVID-19 on the economy and our business and will perform an interim quantitative goodwill impairment test if necessary.

Liquidity and Capital Resources

As of June 30, 2020, we had cash, cash equivalents and restricted cash of \$168.3 million. We generated net losses attributable to common shareholders of \$67.5 million and \$44.5 million for the six months ended June 30, 2020 and 2019, respectively. As of August 10, 2020, we had cash, cash equivalents and restricted cash of approximately \$123.5 million. Besides funding operating expenditures and having sufficient cash to fund anticipated additional investments in Beneficient primarily for its lending products and working capital needs, we are obligated to pay other items such as interest payments and debt redemptions, and preferred stock dividends and redemptions. We expect to satisfy these obligations and fund our operations through anticipated operating cash flows, receipt of proceeds from our insurance policies, sales of additional L Bonds, and, potentially, additional borrowings under existing debt facilities or new borrowings with other third-party lenders or asset sales.

GWG Holdings has a history of selling L Bonds dating back to January 2012. GWG Holdings may not be able sell additional L Bonds on terms as favorable to the Company as past transactions or in quantities sufficient to fund all of the Company's operating requirements. Additionally, the Company may not be able to obtain additional borrowing under existing debt facilities or new borrowings with other third-party lenders. To the extent that GWG Holdings or its subsidiaries raise additional capital through the future issuance of debt, the terms of those debt securities may include terms that adversely affect the rights of our existing debt and/or equity holders or involve negative covenants that restrict GWG Holdings' ability to take specific actions, such as incurring additional debt or making additional investments in growing the operations of the Company. If GWG Holdings is unable to fund its operations and other obligations, or defaults on its debt, then the Company will be required to either i) sell assets to provide sufficient funding or ii) to raise additional capital through the sale of equity and the ownership interest of our equity holders may be diluted.

Based on projections of anticipated operating cash flows, receipt of proceeds from our insurance policies, sales of additional L-Bonds, and, potentially, additional borrowings under existing debt facilities or new borrowings with other third-party lenders, we believe that we will have sufficient cash resources to finance our operations, satisfy our other obligations, and to fund anticipated additional investments in Beneficient through August 14, 2021.

Policy Benefits and L Bonds

Subsequent to June 30, 2020 through August 10, 2020, policy benefits on nine policies covering nine individuals have been realized. The face value of insurance benefits of these policies was \$19.1 million.

Subsequent to June 30, 2020 through August 10, 2020, we have issued approximately \$56.9 million of L Bonds.

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

The following discussion should be read 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.

Unless the context otherwise indicates, all references in this Management’s Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, to the “Company,” “we,” “us,” “our” or “ours” or similar words are to GWG Holdings Inc. and its direct and indirect wholly-owned and consolidated subsidiaries, references to “GWG Holdings” refer to GWG Holdings Inc., references to “GWG Life” refer to GWG Life, LLC (a wholly-owned subsidiary of GWG Holdings), references to “Ben LP” refer to The Beneficient Company Group, L.P. (a consolidated subsidiary of GWG Holdings), references to “Beneficient” refer to Ben LP and all of its consolidated subsidiaries, references to “BCH” refer to Beneficient Company Holdings, L.P. (of which Ben LP is the general partner), references to “Beneficient Management” refer to Beneficient Management, L.L.C. (the general partner of Ben LP), references to “BCC” refer to Beneficient Capital Company, L.L.C. (a subsidiary of Ben LP), references to “BACC” refer to Beneficient Administrative and Clearing Company, L.L.C. (a subsidiary of Ben LP), references to “Pen” refer to Pen Indemnity Insurance Company, LTD (a subsidiary of Ben LP), references to “Ben Markets” refer to Ben Markets Management Holdings, L.P. (a subsidiary of Ben LP), references to “FOXO” refer to FOXO BioScience LLC (formerly, InsurTech Holdings, LLC, an equity investee of GWG Holdings), references to “FOXO Labs” refer to FOXO Labs Inc. (formerly, Life Epigenetics Inc., a wholly-owned subsidiary of FOXO) and references to “FOXO Life” refer to FOXO Life, LLC (formerly, youSurance General Agency, LLC, a wholly-owned subsidiary of FOXO).

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 the following discussion and analysis.

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

- the valuation of assets reflected on our financial statements;
- the illiquidity of our life insurance investments and receivables from affiliates;
- the continued success of the alternative assets industry;
- our ability to realize the anticipated benefits from our consolidation of Beneficient;
- Beneficient’s financial performance and ability to execute on its business plan;
- Beneficient’s ability to obtain the trust charters from the Texas Department of Banking necessary to implement its business plan;
- changes resulting from the evolution of our business model and strategy with respect to Beneficient and the life insurance secondary market;
- our reliance on debt financing and continued access to the capital markets;
- our significant and ongoing financing requirements;
- our predominant use of short-term debt to fund a portfolio of long-term assets could result in a liquidity shortage;
- our ability to make cash distributions in satisfaction of dividend obligations and redemption requests;
- our ability to satisfy our debt obligations if we were to sell our assets;

- general economic outlook, including prevailing interest rates;
- the novel coronavirus pandemic, the ongoing economic downturn and its impact on our business;
- federal, state, FINRA and other regulatory matters;
- litigation risks;
- our ability to comply with financial and non-financial covenants contained in borrowing agreements;
- the reliability of assumptions underlying our actuarial models, including life expectancy (“LE”) estimates and our projections of mortality events and the realization of policy benefits;
- risks relating to the validity and enforceability of the life insurance policies we purchase;
- our reliance on information provided and obtained by third parties, including changes in underwriting tables and underwriting methodology;
- life insurance company credit exposure;
- cost-of-insurance (premium) increases on our life insurance policies;
- performance of our investments in life insurance policies; and
- risks associated with our investment in FOXO BioScience LLC (formerly InsurTech Holdings, LLC).

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.

Overview

In 2018 and 2019, GWG Holdings and GWG Life consummated a series of transactions with Beneficient, as more fully described in Note 1 to our condensed consolidated financial statements in this Form 10-Q. On December 31, 2019, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management. As a result of this change-of-control event, GWG Holdings reported the results of Beneficient on a consolidated basis beginning on the transaction date of December 31, 2019.

Beneficient is a financial services firm, based in Dallas, Texas, that provides liquidity solutions for professionally managed alternative assets for mid-to-high net worth (“MHNW”) individuals and small-to-mid (“STM”) size institutions, which previously had few options to obtain early liquidity for their alternative asset holdings. Beneficient has closed a limited number of these transactions to date, but intends to significantly expand its operations going forward. As part of the Company’s reorientation, we also changed our Board of Directors and executive management team. Beneficient plans to operate three potentially high value, high margin lines of business:

- **Private Trust Lending & Liquidity Products.** Through BCC, Beneficient provides a unique suite of private trust, lending and liquidity products focused on bringing liquidity to owners of professionally managed alternative assets. Beneficient’s innovative liquidity solutions are designed to serve MHNW individuals, STM institutions, and asset managers who have historically possessed few attractive options to access early liquidity from their alternative assets. Beneficient targets MHNW clients with \$5 million to \$30 million in net worth and STM institutional clients typically holding less than \$1 billion in assets.
- **Trust and Custody Services.** Through BACC, and (subject to capitalization) through Pen, Beneficient plans, in the future, to market retirement funds, custody and clearing of alternative assets, and trustee and insurance services for covering risks attendant to owning or managing alternative assets.
- **Financial Technology.** Through Ben Markets, Beneficient plans to provide online portals and financial technologies for the trading and financing of alternative assets. Beneficient’s existing and planned products and services are designed to support the tax and estate planning objectives of its MHNW clients, facilitate a diversification of assets or simply provide administrative management and reporting solutions tailored to the goals of the investor who owns alternative investments.

While we are continuing our work to maximize the value of our secondary life insurance business, we do not anticipate purchasing additional life insurance policies in the secondary market and have increased capital allocated toward providing liquidity to holders of a broader range of alternative assets through Beneficient. We believe Beneficient's operations will generally produce higher actual and risk-adjusted returns than those we can generally achieve from life insurance policies acquired in the secondary market. Furthermore, although we believe that our portfolio of life insurance policies is a meaningful component of a diversified alternative asset portfolio, we will continue to explore strategic alternatives for our life insurance portfolio aimed at maximizing its value, including a possible sale, refinancing or recapitalization of our life insurance portfolio.

GWG Holdings completed the transactions with Beneficient to provide the Company with a significant increase in assets and common shareholders' equity. In addition, the transactions with Beneficient may provide the Company with the opportunity for a diversified source of future earnings within the alternative asset industry. As the combined organization expands, we believe the Beneficient transactions will transform GWG Holdings from a niche provider of liquidity to owners of life insurance to a full-scale provider of trust and liquidity products and trust services to owners of a broad range of alternative assets.

Critical Accounting Policies and Estimates

The preparation of our condensed consolidated financial statements in accordance with accounting principles generally accepted 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.

Material estimates that are particularly susceptible to change, in the near term, relate to: the determination of the fair values of assets acquired, liabilities assumed and noncontrolling interests under business combinations accounting guidance; the determination of the assumptions used in estimating the fair value of our investments in life insurance policies; determining the grant date fair value for equity-based compensation awards; determining our allowance for loan losses; evaluation of potential impairment of goodwill and other intangibles; and the value of our deferred tax assets and liabilities. We believe these estimates are likely to have the greatest potential impact on our condensed consolidated financial statements and accordingly believe these to be our critical accounting estimates.

Refer to our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 27, 2020 ("2019 Form 10-K") for a discussion of our critical accounting policies and estimates. As discussed in Note 2 to our condensed consolidated financial statements in this Form 10-Q, we have revised and added accounting policies as necessary to incorporate those accounting policies of Beneficient. There have been no significant changes to our critical accounting policies during the six months ended June 30, 2020, other than the additional policies noted below.

Loans Receivable and Allowance for Loan Losses

Loans receivable are carried at the principal amount outstanding, plus interest paid-in-kind. The loans do not have scheduled principal or interest payments due prior to their maturity date, which is generally 12 years from the date of origination. Prepayment of the loans, in whole or in part, is permitted without premium or penalty. Loans bear contractual interest at the greater of 14% plus or minus 95% of certain income or losses of the associated Funding Trust or 1-month LIBOR plus 10% compounded monthly. The primary source of repayment for the loans and related fees is cash flows from the alternative assets collateralizing the loans. Interest income on loans is accrued on the principal amount outstanding.

Impaired loans include non-accrual loans, purchased credit impaired ("PCI") loans and partially charged-off loans. The accrual of interest on impaired loans is discontinued when, in management's opinion, doubt exists about the full collectability of principal and interest. When a loan is placed on non-accrual status, all previously accrued and unpaid interest is charged against income. If the ultimate collectability of principal, wholly or partially, is in doubt, any payment received on a loan on which the accrual of interest has been suspended is applied to reduce principal first. Once all principal has been received, additional interest payments are recognized on a cash basis as interest income. Loans are returned to accrual status once collection of contractually required principal and interest is reasonably assured. At such time, the accrual of interest and amortization of any remaining discount shall resume. Any interest income that was applied to the principal balance is not reversed and is subsequently recognized as an adjustment to yield over the remaining life of the loan.

The allowance for loan losses is a valuation allowance for probable incurred credit losses in the portfolio. Management’s determination of the allowance is based upon an evaluation of the loan portfolio, impaired loans, economic conditions, volume, growth and composition of the collateral to the loan portfolio, and other risks inherent in the portfolio. Management applies risk factors to categories of loans and individually reviews all impaired loans above a de minimis threshold. Management relies heavily on statistical analysis, current net asset value (“NAV”) and distribution performance of the underlying alternative asset collateral and industry trends related to alternative asset investments to estimate losses. Management evaluates the adequacy of the allowance by reviewing relevant internal and external factors that affect credit quality. As the collateral is the sole source of repayment of the loans and related interest, these loans are considered to be collateral dependent. Beneficient recognizes the charge-off in the period in which it is confirmed for its collateral dependent loans. Therefore, impaired collateral dependent loans are written down to their estimated net realizable value based on disposition value.

Purchased Loans

Purchased loans are recorded at their fair value at the acquisition date. Credit discounts are included in the determination of fair value; therefore, an allowance for loan losses is not recorded at the acquisition date. Purchased loans are evaluated upon acquisition and classified as either purchased credit impaired (“PCI”) or non-purchased credit impaired (“non-PCI”).

PCI loans reflect credit deterioration since origination such that it is probable at acquisition that Beneficient will be unable to collect all contractually required payments. For PCI loans, expected cash flows at the acquisition date in excess of the fair value of loans are recorded as interest income over the life of the loans using a level yield method if the timing and amount of the future cash flows is reasonably estimable. Subsequent to the acquisition date, increases in cash flows over those expected at the acquisition date are recognized prospectively as interest income. Decreases in expected cash flows due to credit deterioration are recognized by recording an allowance for loan loss. Beneficient does not report PCI loans as nonperforming due to the accretion of interest income.

For non-PCI loans, the difference between the fair value and unpaid principal balance (“UPB”) of the loan at the acquisition date, referred to as a purchase premium or discount, is amortized or accreted to interest income over the contractual life of the loans using the effective interest method. In the event of prepayment, the remaining unamortized amount is recognized in interest income.

Goodwill and Identifiable Intangible Assets

Goodwill and other identifiable intangible assets are initially recorded at their estimated fair values at the date of acquisition. Goodwill and other intangible assets having an indefinite useful life are not amortized for financial statement purposes. In the event that facts and circumstances indicate that the goodwill or other identifiable intangible assets may be impaired, an interim impairment test would be required. Intangible assets with finite lives are amortized over their useful lives. We perform required annual impairment tests of our goodwill and other intangible assets during the fourth quarter for our reporting units.

The goodwill impairment test requires us to make judgments and assumptions. The test consists of estimating the fair value of each reporting unit based on valuation techniques, including a discounted cash flow model using revenue and profit forecasts and recent industry transaction and trading multiples of our peers, and comparing those estimated fair values with the carrying values of the assets and liabilities of each reporting unit, which includes the allocated goodwill. If the estimated fair value is less than the carrying value, we will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, any loss recognized will not exceed the total amount of goodwill allocated to that reporting unit.

This evaluation includes multiple assumptions, including estimated discounted cash flows and other estimates that may change over time. If future discounted cash flows become less than those projected by us, future impairment charges may become necessary that could have a materially adverse impact on our results of operations and financial condition in the period in which the write-off occurs.

Equity-Based Compensation

The Company measures and recognizes compensation expense for all equity-based payments at fair value on the grant date over the requisite service period. GWG Holdings uses the Black-Scholes option pricing model to determine the fair value of stock options and stock appreciation rights. For restricted stock grants (including restricted stock units), fair value is determined as of the closing price of GWG Holdings' common stock on the date of grant. As it is not publicly traded, Beneficient uses various methods to determine the grant date fair value of its equity-based compensation awards.

The fair value of the Beneficient Management Partners, L.P. ("BMP") Equity Units is determined on the grant date using a probability-weighted discounted cash flow analysis. This fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The resultant probability-weighted cash flows are then discounted using a rate that reflects the uncertainty surrounding the expected outcomes, which the Company believes is appropriate and representative of a market participant assumption.

The fair value of Ben LP's restricted equity units ("REUs") is estimated on the grant date using recent equity transactions involving third parties, which provides the Company with observable fair value information sufficient for estimating the grant date fair value.

Recent Developments

Refer to Note 18 to the condensed consolidated financial statements in this Form 10-Q for more details on subsequent events and other matters, including:

- The proposed amended and restated certificate of incorporation of GWG Holdings;
- The Preferred Series C Unit Purchase Agreement between GWG Holdings, Ben LP and BCH;
- The 5th amendment and restatement of Beneficient's LPA;
- The conversion of the LiquidTrust Promissory note to Preferred Series C Unit Accounts;
- The amendment of Beneficient's credit agreements;
- The purchase of put options by Beneficient;
- The exercise of the Option Agreement; and
- An update on the current state of the Company and potential impact of the COVID-19 pandemic.

Asset Diversification

As of June 30, 2020, we held a combined portfolio of assets consisting of approximately 72% of secondary life insurance policies and 28% of loans collateralized by cash flows from alternative assets. The table presented below reflects classifications based on GWG Holdings' and Beneficient's current exposure types as of June 30, 2020 (dollar amounts in thousands).

Exposure Type	Value	Percent of Total
Near-Duration Life Insurance Policies ⁽¹⁾	\$ 340,630	30.7 %
Intermediate-Duration Life Insurance Policies ⁽¹⁾	298,371	26.9 %
Long-Duration Life Insurance Policies ⁽¹⁾	155,705	14.0 %
Late Stage Venture Backed ⁽²⁾	112,157	10.1 %
Growth Stage Private ⁽²⁾	68,541	6.2 %
Corporate Buyouts ⁽²⁾	74,872	6.7 %
Early Stage Venture Backed ⁽²⁾	34,410	3.1 %
Other ⁽²⁾	25,733	2.3 %
Total	\$ 1,110,419	100.0 %

(1) Represents fair value of life insurance policies

- (2) Represents the net asset value (“NAV”) of the interests in alternative assets that provide cash flows that comprise the collateral of Beneficient’s loan portfolio. NAV calculation reflects the most current report of NAV and other data received from firm/fund sponsors. If no such report has been received, Beneficient estimates NAV based upon the last NAV calculation reported by the investment manager and adjusts it for capital calls and distributions made in the intervening time frame.

The underlying exposure data represents GWG Holdings’ exposure to life insurance policies included in its portfolio and its exposure to the underlying collateral of Beneficient’s loan portfolio. Exposure type reflects classifications based on each company’s portfolio as determined by management. Figures are based on third-party information and other relevant information as determined by management. “Other” includes private debt strategies, natural resources strategies, and hedge funds. “Near-Term”, “Intermediate-Term”, and “Long-Term” life insurance policies represent policies with life expectancies between 0 – 47 months, 48 – 95 months, and 96 – 240 months, respectively.

The following sections contain information on each of the secondary life insurance assets and Beneficient loans receivable separately.

Secondary Life Insurance Assets

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2020, is summarized below:

Life Insurance Portfolio Summary

Total life insurance portfolio face value of policy benefits (in thousands)	\$	1,960,826
Average face value per policy (in thousands)	\$	1,779
Average face value per insured life (in thousands)	\$	1,915
Weighted average age of insured (years)		82.7
Weighted average life expectancy estimate (years)		6.9
Total number of policies		1,102
Number of unique lives		1,024
Demographics		74% Male; 26% Female
Number of smokers		45
Largest policy as % of total portfolio face value		0.7 %
Average policy as % of total portfolio		0.1 %
Average annual premium as % of face value		3.6 %

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2020, 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

Min Age	Max Age	Number of Policies	Policy Benefits	Percentage of Total		Weighted Average LE (Years)
				Number of Policies	Policy Benefits	
95	102	24	\$ 45,602	2.2 %	2.3 %	2.1
90	94	144	286,510	13.0 %	14.6 %	3.1
85	89	237	550,928	21.5 %	28.1 %	4.9
80	84	229	408,437	20.8 %	20.8 %	7.3
75	79	218	380,759	19.8 %	19.4 %	9.8
70	74	197	229,052	17.9 %	11.7 %	10.8
60	69	53	59,538	4.8 %	3.1 %	11.2
Total		1,102	\$ 1,960,826	100.0 %	100.0 %	6.9

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2020, organized by the insured's estimated life expectancy estimates and associated policy benefits, is summarized below:

Distribution of Policies by Current Life Expectancies of Insured

Min LE (Months)	Max LE (Months)	Number of Policies	Policy Benefits (in Thousands)	Percentage of Total	
				Number of Policies	Policy Benefits
0	47	290	\$ 485,706	26.3 %	24.8 %
48	71	237	420,395	21.5 %	21.5 %
72	95	191	339,695	17.3 %	17.3 %
96	119	168	310,402	15.3 %	15.8 %
120	143	111	176,451	10.1 %	9.0 %
144	179	86	159,421	7.8 %	8.1 %
180	240	19	68,756	1.7 %	3.5 %
Total		1,102	\$ 1,960,826	100.0 %	100.0 %

We rely on the payment of policy benefit claims by life insurance companies as a significant source of cash inflow. The life insurance assets we own represent obligations of third-party life insurance companies to pay the benefit amount under the policy upon the mortality of the insured. As a result, we manage this credit risk exposure by generally purchasing policies issued by insurance companies with investment-grade ratings from Standard & Poor's, and diversifying our life insurance portfolio among a number of insurance companies.

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 as inputs to our life insurance portfolio valuation process was 1.80% as of June 30, 2020. We believe this reflects, in part, the financial market's judgment that credit risk is low with regard to these carriers' financial obligations. The obligations of life insurance carriers to pay life insurance policy benefits ranks senior to all of their other financial obligations, including the senior bonds they issue. As of June 30, 2020, approximately 96.3% 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.

As of June 30, 2020, 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 (in Thousands)	Percentage of Policy Benefit Amount	Insurance Company	S&P Insurer Financial Strength Rating
1	\$ 284,942	14.5 %	John Hancock Life Insurance Company	AA-
2	216,904	11.1 %	Lincoln National Life Insurance Company	AA-
3	205,936	10.5 %	AXA Equitable Life Insurance Company	A+
4	182,538	9.3 %	Transamerica Life Insurance Company	A+
5	158,240	8.1 %	Brighthouse Life Insurance Company	AA-
6	87,839	4.5 %	American General Life Insurance Company	A+
7	85,998	4.4 %	Pacific Life Insurance Company	AA-
8	67,376	3.4 %	ReliaStar Life Insurance Company	A+
9	62,445	3.2 %	Massachusetts Mutual Life Insurance Company	AA+
10	60,558	3.1 %	Security Life of Denver Insurance Company	A+
	<u>\$ 1,412,776</u>	<u>72.1 %</u>		

Beneficiary Loans Receivable

Beneficiary's primary operations pertain to its liquidity products whereby Ben LP, through its subsidiaries, extends loans collateralized by cash flows from illiquid alternative assets and provides services to the trustees who administer the collateral. Beneficiary's core business products are its Exchange Trust, LiquidTrust and the InterChange Trust (introduced in 2020). Beneficiary's clients select one of these products and place their alternative assets into the custody trust that is a constituent member of a trust structure called the "ExAlt Plan™" (comprised of Exchange Trusts, LiquidTrusts, Custody Trusts, Collective Trusts, and Funding Trusts). The ExAlt Plan™ then delivers to Beneficiary's clients the consideration required by the specific product selected by those clients. At the same time, Beneficiary, through a subsidiary, extends a loan to the ExAlt Plan™. The proceeds (cash or securities of Ben LP or its affiliates) of that loan to the ExAlt Plan™ are ultimately paid to the client. The cash flows from the client's alternative asset support the repayment of the loans plus any related interest and fees.

Beneficiary held loans receivable with a carrying value of \$210.5 million and \$232.3 million at June 30, 2020 and December 31, 2019. Loans are carried at the principal amount outstanding, plus interest paid in kind, less allowance for loan loss and net of any unearned income. Loans bear contractual interest at the greater of 14% plus or minus 95% of certain income or losses of the associated Funding Trust or 1-month LIBOR plus 10%, compounded monthly. In the event an alternative reference rate is required, the Secured Overnight Financing Rate ("SOFR") would replace LIBOR, as contemplated in our loan agreements. The primary source of repayment for the loans and related fees is cash flows from the alternative assets collateralizing the loans. Interest income on loans is accrued on the principal amount outstanding and interest compounds on a monthly basis.

As of June 30, 2020, Beneficiary's loan portfolio had exposure to 120 professionally managed alternative investment funds, comprised of 368 underlying investments, and approximately 87 percent of Beneficiary's loan portfolio (based on NAV) was collateralized by investments in private companies.

Beneficient's loan portfolio diversification spans across these industry sectors and geographic regions for the periods shown below (dollar amounts in thousands):

Industry Sector	June 30, 2020		December 31, 2019	
	Value	Percent of Total	Value	Percent of Total
Health Care Equipment and Services	\$ 65,519	20.8 %	\$ 94,325	25.0 %
Pharmaceuticals, Biotechnology and Life Sciences	46,636	14.8 %	73,002	19.3 %
Other ⁽¹⁾	36,538	11.5 %	42,954	11.3 %
Semiconductors and Semiconductor Equipment	32,544	10.3 %	11,983	3.2 %
Food and Staples Retailing	28,035	8.9 %	20,507	5.4 %
Diversified Financials	27,845	8.8 %	27,418	7.3 %
Telecommunication Services	25,121	8.0 %	40,356	10.7 %
Utilities	21,176	6.7 %	17,768	4.7 %
Software and Services	20,251	6.4 %	21,858	5.8 %
Not Applicable (e.g., Escrow, Earnouts) ⁽¹⁾	12,048	3.8 %	27,829	7.3 %
Total	\$ 315,713	100.0 %	\$ 378,000	100.0 %

Geography	June 30, 2020		December 31, 2019	
	Value	Percent of Total	Value	Percent of Total
North America	\$ 174,187	55.2 %	\$ 215,462	57.0 %
Western Europe	49,031	15.5 %	81,769	21.6 %
Asia	47,638	15.1 %	25,163	6.7 %
Latin & South America	29,774	9.4 %	22,402	5.9 %
Other ⁽²⁾	15,083	4.8 %	33,204	8.8 %
Total	\$ 315,713	100.0 %	\$ 378,000	100.0 %

(1) Industries in this category each comprise less than 5 percent as of June 30, 2020. Not Applicable (e.g., Escrow, Earnouts) is shown separately as it comprised greater than 5 percent as of December 31, 2019.

(2) Locations in this category each comprise less than 5 percent.

Values represent the NAV of the interests in alternative assets, the cash flows of which comprise the collateral of Beneficient's loan portfolio. Assets in the collateral portfolio consist primarily of interests in alternative investment vehicles (also referred to as "funds") that are managed by a group of U.S. and non-U.S. based alternative asset management firms that invest in a variety of financial markets and utilize a variety of investment strategies. The vintages of the funds in the collateral portfolio as of June 30, 2020 ranged from 1998 to 2016.

As Beneficient grows its loan portfolio, Beneficient will monitor the diversity of its collateral portfolio through the use of concentration guidelines. These guidelines were established, and will be periodically updated, through a data driven approach based on asset type, fund manager, vintage of fund, industry segment and geography to manage portfolio risk. Beneficient will refer to these guidelines when making decisions about new financing opportunities; however, these guidelines will not restrict Beneficient from entering into financing opportunities that would result in Beneficient having exposure outside of its concentration guidelines. In addition, changes to Beneficient's collateral portfolio may lag changes to the concentration guidelines. As such, Beneficient's collateral portfolio may, at any given time, have exposures that are outside of its concentration guidelines to reflect, among other things, attractive financing opportunities, limited availability of assets, or other business reasons. Given Beneficient's limited operating history, its collateral portfolio as of June 30, 2020 had exposure to certain alternative investment vehicles and investments in private companies that were outside of those guidelines.

Classifications by industry sector, exposure type and geography reflect classification of investments held in funds or companies held directly in the collateral portfolio. Investments reflect the assets listed by the general partner of a fund as held by the fund and have a positive or negative net asset value. Typical assets include portfolio companies, limited partnership interests in other

funds, and net other assets, which are a fund's cash and other current assets minus liabilities. The alternative assets that serve as collateral for Beneficient's loan portfolio are primarily limited partnership interests, and the limited partnership agreements governing those interests generally include restrictions on disclosure of fund-level information, including fund names and company names in the funds.

Industry sector is based on Global Industry Classification Standard (GICS®) Level 2 classification (also known as "Industry Group") of companies held in the collateral portfolio by funds or directly, subject to certain adjustments by us. "Other" classification is not a GICS® classification. "Other" classification reflects companies in the GICS® classification categories of Automobiles & Components, Banks, Commercial & Professional Services, Consumer Durables & Apparel, Consumer Services, Energy, Food, Beverage & Tobacco, Household & Personal Products, Insurance, Materials, Media & Entertainment, Real Estate, Retailing, Semiconductors & Semiconductors Equipment, Tech Hardware & Equipment, and Transportation. N/A includes investments assets that we have determined do not have an applicable GICS Level 2 classification, such as Net Other Assets and investments that are not operating companies.

Investment exposure type reflects classifications based on each fund's current investment strategy stage as determined by us. "Other" includes private debt strategies, natural resources strategies and hedge funds.

Geography reflects classifications determined by us based on each underlying investment. "Other" geography classification includes Israel, Australia and Eastern Europe.

Principal Revenue and Expense Items

During the three and six months ended June 30, 2020 and 2019, we earned revenues from the following primary sources:

- *Revenue realized from maturities of life insurance policies.* 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 life insurance 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.
- *Interest Income.* Includes interest income on Beneficient's loan portfolio and on the LiquidTrust promissory note, including discount amortization as applicable. See the discussion above under "Critical Accounting Policies and Estimates – Purchased Loans" for further information on our accounting for PCI and non-PCI loans.
- *Trust Services.* Trust administration fees are earned for providing administrative services to trustees for existing liquidity solution clients. The performance obligation under these agreements is satisfied over time as the administration and management services are provided. Fees are recognized monthly based upon the beginning of quarter (in advance) net asset value plus any remaining unfunded loan commitments and the applicable fee rate of the account as outlined in the agreement. Payment frequency is defined in the individual contracts, which primarily stipulate billings on a quarterly basis in advance. Fees that have been billed in advance are reflected as Deferred Income until earned. Trust services revenues were added beginning January 1, 2020, as a result of the consolidation of Beneficient on December 31, 2019.

During the three and six months ended June 30, 2020 and 2019, our main components of expense are summarized below:

- *Interest Expense.* We recognize and record interest expenses associated with the costs of financing our life insurance portfolio and our investment in Beneficient. These expenses include interest paid to our senior lenders under our second amended and restated senior credit facility with LNV Corporation ("LNV Credit Facility"), as well as interest paid on our L Bonds, Seller Trust L Bonds and other outstanding indebtedness, including Beneficient's other borrowings. 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.

- *Employee Compensation and Benefits.* Employee compensation and benefits includes salaries, bonuses and other incentives and costs of employee benefits. Also included are significant non-cash compensation expense related to Beneficient's equity incentive plans for the three and six months ended June 30, 2020.
- *Selling, General and Administrative Expenses.* We recognize and record expenses in our business operations as incurred, including operations related to the servicing of life insurance policies, the origination and servicing of loans and costs associated with trust administration. These expenses include legal and professional fees, sales, marketing, occupancy and other expenditures.

Additional components of our net earnings include:

- *Earnings (Loss) from Equity Method Investment.* Prior to the Investment and Exchange Agreements on December 31, 2019, we accounted for our investment in the common units of Ben LP ("Common Units") using the equity method. Under this method, we recorded our share of the net earnings or losses attributable to Ben LP common unitholders, on a one quarter lag, as a separate line on our consolidated statements of operations. We also account for our investment in FOXO as an equity method investment, which is also included in earnings (loss) from equity method investment in our consolidated statements of operations. We had losses from equity method investments of \$1.3 million and earnings from equity method investments of \$0.6 million during the three months ended June 30, 2020 and 2019, respectively. We had losses from equity method investments of \$2.8 million and \$1.3 million during the six months ended June 30, 2020 and 2019, respectively.

Results of Operations —Three and Six Months Ended June 30, 2020 Compared to the Same Periods in 2019

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 (dollar values in thousands).

Revenue from Secondary Life Insurance

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue realized from maturities of life insurance policies	\$ 27,136	\$ 17,655	\$ 46,603	\$ 39,412
Revenue recognized from change in fair value of life insurance policies	5,278	18,279	17,455	33,850
Premiums and other annual fees paid	(17,626)	(16,004)	(34,825)	(31,836)
Gain on life insurance policies, net	\$ 14,788	\$ 19,930	\$ 29,233	\$ 41,426
Attribution of gain on life insurance policies, net:				
Change in estimated probabilistic cash flows, net of premium and other annual fees paid	\$ (2,277)	\$ 1,118	\$ (1,625)	\$ 2,417
Net revenue recognized at maturity	17,065	16,968	30,858	32,706
Unrealized gain on acquisitions	—	1,844	—	6,303
Gain on life insurance policies, net	\$ 14,788	\$ 19,930	\$ 29,233	\$ 41,426
Number of policies acquired	—	15	—	75
Face value of purchases	\$ —	\$ 12,955	\$ —	\$ 93,166
Purchases (initial cost basis)	\$ —	\$ 4,146	\$ —	\$ 31,539
Unrealized gain on acquisition (% of face value)	n/a	14.2 %	n/a	6.8 %
Number of policies matured	29	19	49	39
Face value of matured policies	\$ 39,889	\$ 22,998	\$ 65,391	\$ 53,457
Net revenue recognized at maturity event (% of face value matured)	42.8 %	73.8 %	47.2 %	61.2 %

Revenue from changes in estimated probabilistic cash flows, net of premiums paid was \$(2.3) million and \$1.1 million during the three months ended June 30, 2020 and 2019, respectively, and \$(1.6) million and \$2.4 million for the six months ended June 30, 2020 and 2019, respectively. The decreases of \$5.1 million and 12.2 million in gain on life insurance policies for the three and six months ended June 30, 2020, over the comparable prior year periods, was driven by a combination of no gain on policy acquisitions, higher premiums paid and maturities of policies with a higher cumulative cost basis.

The Company did not purchase any life insurance policies during the first six months of 2020. The face value of life insurance policies purchased in the first six months of 2019 was \$93.2 million. The resulting unrealized gain on acquisition was nil and \$1.8 million for the three months ended June 30, 2020 and 2019, respectively, and nil and \$6.3 million in the six months ended June 30, 2020 and 2019, respectively. The absence of unrealized gain on acquisition in the current year periods is the result of a strategic decision to significantly reduce capital allocated to purchasing additional life insurance policies in the secondary market and to increase capital allocated toward providing liquidity to a broader range of alternative assets through additional investments in Beneficient. On December 31, 2019, we obtained the right to appoint a majority of the board of directors of the general partner of Ben LP. As a result of this change-of-control event, we reported the results of Ben LP and its subsidiaries on a consolidated basis beginning on the transaction date of December 31, 2019. We believe Beneficient can finance investments in alternative assets that will generally produce higher actual and risk-adjusted returns than those we can generally achieve from life insurance policies acquired in the secondary market. Furthermore, although we believe that our portfolio of life insurance policies is a meaningful component of a growing diversified alternative asset portfolio, we continue to explore strategic alternatives for our life insurance portfolio aimed at maximizing its value, including a possible sale, refinancing or recapitalization of our life insurance portfolio.

The face value of matured policies was \$39.9 million and \$23.0 million for the three months ended June 30, 2020 and 2019, respectively, and \$65.4 million and \$53.5 million for the six months ended June 30, 2020, respectively, reflecting an increase in face value of matured policies of \$16.9 million and \$11.9 million, respectively, during those same periods. The resulting revenue recognized at maturity was \$27.1 million and \$17.7 million during the three months ended June 30, 2020 and 2019, respectively, and \$46.6 million and \$39.4 million during the six months ended June 30, 2020 and 2019, respectively. The increased revenue recognized at maturity during the comparable periods reflects the continued aging of the existing portfolio with no additional policies being added.

Interest Income, Trust Services Revenues and Other Income (in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest income	\$ 12,671	\$ 3,881	\$ 26,660	\$ 7,337
Trust services revenues	4,829	—	9,856	—
Other income	36,501	199	36,597	464
Total	<u>\$ 54,001</u>	<u>\$ 4,080</u>	<u>\$ 73,113</u>	<u>\$ 7,801</u>

Interest income increased \$8.8 million and \$19.3 million during the three and six months ended June 30, 2020, respectively, compared to the same periods in 2019, primarily due to the consolidation of Beneficient, which added \$11.3 million and \$23.5 million to interest income during the three and six months ended June 30, 2020, respectively. We also added \$1.1 million per quarter in 2020 of interest income from the promissory note between GWG Life and certain LiquidTrusts entered into on May 31, 2019, as discussed in Note 6 to the condensed consolidated financial statements. These increases during the three and six months ended June 30, 2020 were partially offset by \$2.4 million and \$4.8 million, respectively, of interest on the commercial loan between GWG Life and Beneficient, which was reported in interest income during the three and six months ended June 30, 2019, prior to the consolidation of Beneficient on December 31, 2019. This intercompany interest was eliminated in consolidation beginning January 1, 2020.

Trust services revenues related to Beneficient's trust administration services were added beginning January 1, 2020, as a result of the consolidation of Beneficient on December 31, 2019.

Other income increased \$36.3 million and \$36.1 million during the three and six months ended June 30, 2020, compared to the same periods in 2019, due to \$36.3 million of income recognized during the second quarter by Beneficient as a result of the forfeiture of vested equity-based compensation related to one former director of Beneficient. A substantial majority of the former director's equity-based compensation units were fully vested, and the related expense was recorded in prior periods. The

provisions of the award agreements related to the forfeiture of vested units resulted in the previous expense being recorded to other income in the current period.

Interest and Operating Expenses (in thousands)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Increase/ (Decrease)	2020	2019	Increase/ (Decrease)
Interest expense (including amortization of deferred financing costs)	\$ 37,142	\$ 28,487	\$ 8,655	\$ 73,013	\$ 55,462	\$ 17,551
Employee compensation and benefits	11,840	6,794	5,046	89,544	11,948	77,596
Legal and professional fees	7,643	4,722	2,921	13,806	7,669	6,137
Other expenses, including provision for loan losses	12,095	5,938	6,157	16,407	8,766	7,641
Total expenses	\$ 68,720	\$ 45,941	\$ 22,779	\$ 192,770	\$ 83,845	\$ 108,925

The increase in interest expense for the three and six months ended June 30, 2020, compared to the same periods in 2019, was primarily due to the increase in the average outstanding L Bonds during each of the comparative periods. These increases in balances resulted in increases in interest expense, including amortization of deferred financing costs, of \$8.7 million and \$17.6 million during the three and six months ended June 30, 2020, compared to the same periods in 2019. Also, the consolidation of Beneficient beginning December 31, 2019 increased interest expense by \$2.3 million and \$4.0 million for the three and six months ended June 30, 2020, respectively, compared to the same periods in 2019, related to Beneficient's other borrowings. Additionally, \$1.1 million and \$1.6 million of increased interest expense during the three and six months ended June 30, 2020, respectively, compared to the same periods in 2019, was due to increased interest paid on our LNV Credit Facility associated with a higher principal balance outstanding.

The increase in employee compensation and benefits in the three and six months ended June 30, 2020, compared to the same periods of 2019, was primarily related to the consolidation of Beneficient on December 31, 2019. Specifically, the Company recognized \$4.2 million and \$73.1 million of equity-based compensation expense during the three and six months ended June 30, 2020, respectively, related to Beneficient's equity incentive plans. Beneficient's Board of Directors adopted the equity incentive plans in 2018 and 2019 and approved the granting of equity incentive awards during the second quarter of 2019 to certain directors and in the first quarter of 2020 to certain employees. Awards are generally subject to service-based vesting over a multi-year period from the recipient's date of hire, though some awards fully vested upon the grant date. As of June 30, 2020, over 75% of the awards granted under Beneficient's equity incentive plans had vested.

The Company expects to recognize an additional \$8.2 million of equity-based compensation expense under Beneficient's plans in the six months ending December 31, 2020, related to awards outstanding as of June 30, 2020. Expense associated with these awards is based on the fair value of the equity on the date of grant. As Ben LP's equity is not publicly traded, the fair value of the equity awards is estimated on the grant date using internal valuations or recent equity transactions involving third parties, which provides the Company with observable fair value information sufficient for estimating the grant date fair value.

In addition to Beneficient's equity-based compensation expense, we recognized additional retention, severance and other costs in the first quarter of 2020 related to the relocation of our principal offices from Minneapolis to Dallas in late 2019.

The increase in legal and professional fees in the three and six months ended June 30, 2020, compared to the same periods of 2019, is primarily the result of the consolidation of Beneficient on December 31, 2019, which added \$4.7 million and \$8.9 million during the three and six months ended June 30, 2020, respectively. This increase is partially offset by \$1.9 million and \$2.8 million of lower legal and consulting fees during the three and six months ended June 30, 2020, respectively, compared to the same periods in 2019, as the first six months of 2019 included additional expenses related to the Beneficient transactions that closed in the second quarter of 2019.

The increase in other expenses, including provision for loan losses, in the three and six months ended June 30, 2020 compared to the same periods of 2019, is primarily the result of the consolidation of Beneficient on December 31, 2019, which added \$12.1 million and \$16.4 million during the three and six months ended June 30, 2020, respectively. Other expenses include the provision for loan losses of Beneficient of \$7.2 million and \$7.9 million for the three and six months ended June 30, 2020,

respectively. These increases were partially offset by lower business insurance, contract labor and other operating expenses of GWG Holdings and subsidiaries during the comparable periods.

Income Taxes

The Company applies an estimated annual effective rate to interim period pre-tax income to calculate the income tax provision for the quarter in accordance with the principal method prescribed by the accounting guidance established for computing income taxes in interim periods.

Income tax benefit was \$8.6 million and \$23.1 million for the three and six months ended June 30, 2020, respectively. The Company's effective tax rate was 24.7% for the six months ended June 30, 2020, respectively. The income tax benefit for the three months ended June 30, 2020 primarily reflects the effect of the reduction of a naked credit (described below). The income tax benefit for the six months ended June 30, 2020 primarily reflects the effects of a change in state taxing jurisdictions and the reduction of a naked credit (described below).

In late 2019, the Company moved its headquarters from Minnesota to Texas. This move resulted in a change in the state deferred tax rate from 9.8% to 0%. The tax effect of this move has been recorded as a discrete item during the period.

The Company currently records a valuation allowance against its deferred tax assets to the extent there are indefinite lived intangibles related to investments, business interest expense and net operating losses. Due to the uncertain timing of the reversal of these temporary differences, they cannot be considered as a source of future taxable income for purposes of determining a valuation allowance; therefore, the deferred tax liability cannot offset deferred tax assets. This is often referred to as a "naked credit." Due to a prior deemed ownership change, net operating loss carryforwards are subject to Section 382 of the Internal Revenue Code.

We continue to monitor and evaluate the rationale for recording a full valuation allowance for the net amount of the deferred tax assets which are in excess of the indefinite-lived deferred tax assets and liabilities. We intend to continue maintaining a full valuation allowance on these net deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. Release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that we are able to actually achieve.

On March 27, 2020, Congress passed and the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which included significant changes to U.S. Federal income tax law. However, the only change that is expected to affect the Company is the modification to Section 163(j), which increased the allowable business interest deduction from 30% of adjusted taxable income to 50% of adjusted taxable income.

Revenue and Earnings before Tax by Reportable Segment — Three and Six Months Ended June 30, 2020 Compared to the Same Periods of 2019

We have two reportable segments: 1) Beneficient and 2) Secondary Life Insurance. Corporate & Other includes certain activities not allocated to specific business segments. These activities include holding company financing and investing activities, management and administrative services to support the overall operations of the Company and our equity method investment in FOXO.

Comparison of revenue by reportable segment for the periods indicated (in thousands):

Revenue:	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Increase/Decrease	2020	2019	Increase/Decrease
Secondary Life Insurance	\$ 15,230	\$ 20,778	\$ (5,548)	30,378	\$ 42,961	\$ (12,583)
Beneficient	53,543	3,144	50,399	71,952	6,014	65,938
Corporate & Other	16	88	(72)	16	252	(236)
Total	<u>\$ 68,789</u>	<u>\$ 24,010</u>	<u>\$ 44,779</u>	<u>\$ 102,346</u>	<u>\$ 49,227</u>	<u>\$ 53,119</u>

The primary drivers of the changes in revenue during the three and six months ended June 30, 2020 compared to the same periods in 2019 were as follows:

- Secondary Life Insurance revenue decreased by \$5.5 million and \$12.6 million during the three and six months ended June 30, 2020, respectively, compared to the comparable periods in 2019, primarily as a result of respective decreases of \$1.8 million and \$6.3 million in gain on policy acquisitions as we have not acquired any policies in 2020. Also contributing to the decrease in Secondary Life Insurance segment revenues were respective decreases of \$1.8 million and \$1.1 million in change in estimated probabilistic cash flows during the three and six months ended June 30, 2020, compared to the comparable periods in 2019, and respective increases of \$1.6 million and \$3.0 million in premiums paid during the comparable periods. Furthermore, net revenue recognized at maturity was \$2.0 million lower in the six months ended June 30, 2020, compared to the same period in 2019.
- Beneficient segment revenue for the three and six months ended June 30, 2020 represents the consolidated operations of Beneficient, compared to an equity method investment in Beneficient during the same periods in 2019, and also includes interest income on the LiquidTrust promissory note entered into in May 2019. As such, the first six months of 2020 includes \$23.5 million of interest income and \$9.9 million of trust services revenues, whereas the first six months of 2019 primarily includes interest income on the Commercial Loan between GWG Life and Beneficient, which was eliminated in consolidation beginning December 31, 2019. Additionally, there was \$36.2 million of income recognized during the second quarter by Beneficient as a result of the forfeiture of vested equity-based compensation related to one former director of Beneficient. A substantial majority of the former director's equity-based compensation units were fully vested, and the related expense was recorded in prior periods. The provisions of the award agreements related to forfeiture of vested units resulted in the previous expense being recorded to other income in the current period.
- Corporate & Other revenue was de minimis during the three and six months ended June 30, 2020, and during the three and six months ended June 30, 2019 includes minimal revenue related to a legacy merchant cash advance subsidiary of GWG Holdings. GWG holdings no longer participates in the merchant cash advance industry.

Comparison of earnings before tax by reportable segment for the periods indicated (in thousands):

Segment Income (Loss) Before Tax ⁽¹⁾	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Increase/Decrease	2020	2019	Increase/Decrease
Secondary Life Insurance	\$ (12,446)	\$ (9,000)	\$ (3,446)	\$ (27,167)	\$ (10,623)	\$ (16,544)
Beneficient ⁽¹⁾	17,621	(3,136)	20,757	(52,528)	(9,072)	(43,456)
Corporate & Other ⁽²⁾	(6,424)	(9,195)	2,771	(13,577)	(16,250)	2,673
Total	\$ (1,249)	\$ (21,331)	\$ 20,082	\$ (93,272)	\$ (35,945)	\$ (57,327)

(1) Includes income and loss from equity method investments for the three and six months ended June 30, 2019, as presented in our consolidated statements of operations, related to GWG Holdings' equity method investment in Beneficient prior to December 31, 2019.

(2) Includes loss from equity method investments for the three and six months ended June 30, 2020, as presented in our condensed consolidated statements of operations, related to GWG Holdings' investment in FOXO.

The primary drivers of the changes in loss before tax during the three and six months ended June 30, 2020, compared to the same periods in 2019 were as follows:

- Secondary Life Insurance loss before tax increased by \$3.4 million and \$16.5 million for the three and six months ended June 30, 2020, respectively, compared to the same periods in 2019, as a result of the following:
 - \$5.1 million and \$12.2 million decreases in gain on life insurance policies, net for the comparative periods as described above in the revenue comparison discussion.
 - \$8.7 million and \$17.6 million increases in interest expense during the comparative periods as a result of higher average debt outstanding; and

- Increases in operating expenses of \$14.1 million and \$91.4 million during the comparative periods, primarily resulting from higher employee compensation and benefits, professional fees and other expenses described above in the expense comparison discussion.
- Beneficiary segment income before tax increased by \$20.8 million and decreased by \$43.5 million for the three and six months ended June 30, 2020, respectively, compared to the same periods in 2019, primarily due to the consolidation of Beneficiary on December 31, 2019. During 2019, we accounted for Beneficiary using the equity method on a one-quarter lag, and the amount reported represents our proportionate share of the losses of Beneficiary for the period presented. The one-quarter lag was discontinued with the consolidation of Beneficiary on December 31, 2019. The earnings of Beneficiary for the three and six months ended June 30, 2020, were affected by \$4.2 million and \$69.3 million, respectively, of non-cash charges for equity incentive compensation. Specific to the three months ended June 30, 2020, Beneficiary's losses were offset by \$36.2 million of income recognized as a result of the forfeiture of vested equity-based compensation related to one former director of Beneficiary as described in the revenue comparison discussion above.
- Corporate and Other operating loss was lower during the three and six months ended June 30, 2020 compared to the same periods in 2019, primarily due to lower legal and consulting fees as we incurred higher fees in the first six months of 2019 as a result of the Beneficiary transactions.

Liquidity and Capital Resources

We finance our businesses through a combination of life insurance policy benefit receipts; receipt of principal, interest and related fees on loans receivable; dividends and interest on investments; equity offerings; debt offerings; and our LNV Credit Facility and other borrowings. We have traditionally used proceeds from these sources for policy acquisition, policy premiums and servicing costs, working capital and financing expenditures including paying principal, interest and dividends. We have also used, and intend to continue to use, proceeds to allocate capital to Beneficiary.

As of June 30, 2020 and December 31, 2019, we had approximately \$219.7 million and \$151.5 million, respectively, in combined available cash, cash equivalents, restricted cash, policy benefits receivable and fees receivable.

We currently fund our business primarily with debt that generally has a shorter duration than the duration of our longer-term assets. The resulting asset/liability mismatch can result in a liquidity shortfall if we are unable to renew maturing short term debt or secure suitable additional financing. In such a situation, we could be forced to sell assets at less than optimal (distressed) prices. We heavily rely on our L Bond offering to fund our business operations, including capital allocations to Beneficiary. We were unable to offer our L Bonds, our primary source of debt capital, for the approximately three month period commencing May 1, 2019 due to delays in filing certain periodic reports with the SEC. We drew down our cash balances during that period as L Bonds matured but were unable to be renewed, and we were unable to offer new L Bonds. We recommenced our L Bond offering on August 8, 2019. If we are again forced to suspend our L Bond offering in the future for any significant length of time, or demand for our L bonds to dissipate, and we are unable to obtain replacement financing, our business would be adversely impacted and our ability to service and repay our debt obligations, much of which is short term, would be compromised, thereby negatively affecting our business prospects and viability.

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 LNV Credit Facility. The LNV Credit Facility has certain financial and nonfinancial covenants. We were in compliance with the debt covenants as of June 30, 2020 and continue to be so as of the filing date of this report.

As noted in the "Results of Operations" section above, on November 11, 2019, GWG Holdings contributed the common stock and membership interests of its wholly-owned FOXO Labs and FOXO Life subsidiaries to a legal entity, FOXO, in exchange for a membership interest in the entity. GWG Holdings has contributed \$11.2 million in cash to FOXO to date and is committed to contribute an additional \$8.8 million to the entity through October 2021.

Financings Summary

We had the following outstanding debt balances as of June 30, 2020 and December 31, 2019 (dollars in thousands):

Issuer/Borrower	June 30, 2020		December 31, 2019	
	Principal Amount Outstanding	Weighted Average Interest Rate	Principal Amount Outstanding	Weighted Average Interest Rate
GWG DLP Funding IV, LLC – LNV senior credit facility	\$ 213,117	9.03 %	\$ 184,586	9.57 %
GWG Holdings, Inc. – L Bonds	1,102,394	7.21 %	948,128	7.15 %
GWG Holdings, Inc. – Seller Trust L Bonds	366,892	7.50 %	366,892	7.50 %
Beneficient – Other borrowings	152,118	4.30 %	152,199	4.59 %
Total	\$ 1,834,521	7.24 %	\$ 1,651,805	7.26 %

The table below reconciles the face amount of our outstanding debt to the carrying value shown on our balance sheets (dollars in thousands):

	June 30, 2020	December 31, 2019
Senior credit facility with LNV Corporation		
Face amount outstanding	\$ 213,117	\$ 184,586
Unamortized selling costs	(9,539)	(10,196)
Carrying amount	<u>\$ 203,578</u>	<u>\$ 174,390</u>
L Bonds and Seller Trust L Bonds:		
Face amount outstanding	\$ 1,469,286	\$ 1,315,020
Subscriptions in process	13,700	15,839
Unamortized selling costs	(43,121)	(37,329)
Carrying amount	<u>\$ 1,439,865</u>	<u>\$ 1,293,530</u>
Other borrowings:		—
Face amount outstanding	\$ 152,118	\$ 152,199
Unamortized premium	—	887
Carrying amount	<u>\$ 152,118</u>	<u>\$ 153,086</u>

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 under an additional offering. Through June 30, 2020, the total amount of L Bonds sold under these L Bond offerings, including renewals, was \$1.8 billion. As of June 30, 2020 and December 31, 2019, respectively, we had approximately \$1.1 billion and \$948.1 million in principal amount of L Bonds outstanding (exclusive of Seller Trust L Bonds).

On June 3, 2020, a registration statement relating to an additional public offering was declared effective permitting us to sell up to \$2.0 billion in principal amount of L Bonds on a continuous basis through June 2023. These bonds contain the same terms and features as our previous offerings.

In February 2017, we began publicly offering up to 150,000 shares of our Series 2 Redeemable Preferred Stock (“RPS 2”) at a per-share price of \$1,000. As of December 31, 2018, we had issued approximately \$150 million stated value of RPS 2 and terminated that offering.

On August 10, 2018, GWG Holdings, GWG Life and the Bank of Utah, as trustee, entered into the Supplemental Indenture to the Amended and Restated Indenture. GWG Holdings entered into the Supplemental Indenture to add and modify certain provisions of the Amended and Restated Indenture necessary to provide for the issuance of the Seller Trust L Bonds. We issued Seller Trust L Bonds in the amount of \$366.9 million to the Seller Trusts in connection with the Exchange Transaction discussed in detail in Note 1 to the condensed consolidated financial statements. The maturity date of the Seller Trust L Bonds is August 9, 2023. The Seller Trust L Bonds bear interest at 7.5% per annum. Interest is payable monthly in cash (see Note 10 to the condensed consolidated financial statements). The Amended and Restated Indenture was subsequently amended on December 31, 2019, primarily to modify the calculation of the Debt Coverage Ratio in the Indenture to provide the Company

with the ability to incur indebtedness (directly or through a subsidiary of the Company) that is payable in capital stock of the Company or mandatorily convertible into or exchangeable for capital stock of the Company that would be excluded from the calculation of the Debt Coverage Ratio.

The weighted-average interest rate of our outstanding L Bonds (excluding the Seller Trust L Bonds) as of June 30, 2020 and December 31, 2019 was 7.21% and 7.15%, respectively, and the weighted-average maturity at those dates was 3.22 years and 3.21 years, respectively. Our L Bonds have renewal features. Since we first issued our L Bonds, we have experienced \$706.5 million in maturities, of which \$374.3 million has renewed through June 30, 2020 for an additional term. This has provided us with an aggregate renewal rate of approximately 53.0% for investments in these securities.

Future contractual maturities of L Bonds and Seller Trust L Bonds at June 30, 2020 are as follows (in thousands):

Years Ending December 31,	
Six months ending December 31, 2020	\$ 81,645
2021 ⁽¹⁾	566,338
2022	219,159
2023	128,688
2024	117,423
Thereafter	356,033
	<u>\$ 1,469,286</u>

(1) After the second anniversary of the Final Closing, the holders of the Seller Trust L Bonds will have the right to cause GWG to repurchase, in whole but not in part, the Seller Trust L Bonds held by such holder within 45 days. As such, while the maturity date of the \$366.9 million of Seller Trust L Bonds is in August 2023, their contractual maturity is reflected in 2021, as that is the first period in which they could become payable. The repurchase may be paid, at the option of GWG Holdings, in the form of cash, and/or a pro rata portion of (i) the outstanding principal amount and accrued and unpaid interest under the Commercial Loan Agreement, and (ii) Common Units, or a combination of cash and such property.

The L Bonds and the Seller Trust L Bonds are secured by all of our assets and are subordinate to our LNV Credit Facility.

On September 27, 2017, we entered into a \$300.0 million amended and restated senior credit facility with LNV Corporation in which DLP IV is the borrower. As of June 30, 2020, we had approximately \$213.1 million outstanding under the senior credit facility. On November 1, 2019, we entered into the LNV Credit Facility, which replaced the prior agreement governing the facility. A description of the agreement governing our LNV Credit Facility is set forth below under the caption "Amendment of Credit Facility with LNV Corporation". We intend to use the proceeds from this facility to maintain our portfolio of life insurance policies, for liquidity and for general corporate purposes.

Beneficiary had borrowings with an aggregate carrying value of \$152.1 million and \$153.1 million as of June 30, 2020 and December 31, 2019, respectively. This aggregate outstanding balance includes a senior credit agreement and a subordinate credit agreement with respective balances, including accrued interest, of \$77.4 million and \$72.1 million as of June 30, 2020 and \$72.5 million and \$72.2 million as of December 31, 2019, respectively. The December 31, 2019 amount excludes an aggregate unamortized premium of \$0.9 million, which was fully amortized as of June 30, 2020. Both loans accrue interest at a rate of 1-month LIBOR plus 3.95%, compounded daily, with interest due by the 15th of each month. The senior credit agreement and the subordinate credit agreement originally were to mature on June 30, 2020. Both agreements were amended to extend the maturity date to August 13, 2020, and on August 13, 2020, amended and restated agreements for both loans were executed which extended the maturity for both to April 10, 2021, as discussed in detail in Note 18 to the condensed consolidated financial statements. These loans are not currently guaranteed by GWG as of June 30, 2020.

Beneficiary has additional borrowings maturing in 2023 and 2024 with aggregate balances of \$2.6 million and \$2.5 million as of June 30, 2020 and December 31, 2019, respectively.

We expect to meet our ongoing operational capital needs for alternative asset investments, 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, dividends and interest from investments, including Beneficiary's fee and loans receivable, and funding available from our LNV Credit

Facility. 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 Bond 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 through the remainder of 2020.

Alternative Assets and Secured Indebtedness

The following information is specifically related to GWG Holdings, Inc. and its subsidiaries (not including the assets and liabilities held by Beneficient or any eliminations in consolidation).

The following table seeks to illustrate the impact that a hypothetical sale of our portfolio of life insurance assets (at various discount rates, including the discount rate used to value our portfolio at June 30, 2020), and the realization of the financing receivables from affiliates, investment in Common Units (a substantial majority of the net assets of which are currently represented by intangible assets and goodwill), investment in Preferred Series A Subclass 1 Unit Account of BCH, and equity security investment in the Option Agreement (in each case, at their respective carrying amounts and assuming no discount for lack of marketability or transaction costs, which could be substantial) would have on our ability to satisfy our debt obligations as of June 30, 2020. The financing receivables from affiliates, investment in Common Units, Preferred Series A Subclass 1 Unit Account of BCH, and Option Agreement are discussed in detail in Note 1 and other applicable notes to the consolidation financial statements. The amounts in the table below do not include the consolidation of the assets and liabilities of Beneficient and related eliminations as of June 30, 2020. In all cases, the sale of the life insurance assets owned by DLP IV will be used first to satisfy all amounts owing under our LNV Credit Facility. The net sale proceeds remaining after satisfying all obligations under our LNV Credit Facility would be applied to the L Bonds and Seller Trust L Bonds on a pari passu basis. All dollar amounts in the table below are in thousands.

Life Insurance

Portfolio Discount Rate	8.25% ⁽¹⁾	10.00%	15.00%	18.00%	21.32%
Value of life insurance portfolio	\$ 794,706	\$ 730,877	\$ 592,695	\$ 531,807	\$ 477,473
Common Units and Preferred Series A Subclass 1 Unit Account of BCH	697,768	697,768	697,768	697,768	697,768
Financing receivables from affiliates ⁽²⁾	244,005	244,005	244,005	244,005	244,005
Cash, cash equivalents and policy benefits receivable	185,588	185,588	185,588	185,588	185,588
Option Agreement and other assets	77,460	77,460	77,460	77,460	77,460
Total assets	1,999,527	1,935,698	1,797,516	1,736,628	1,682,294
Senior credit facility ⁽⁴⁾	213,117	213,117	213,117	213,117	213,117
Net after senior credit facility	1,786,410	1,722,581	1,584,399	1,523,511	1,469,177
L Bonds ⁽³⁾	1,469,286	1,469,286	1,469,286	1,469,286	1,469,286
Net remaining	\$ 317,124	\$ 253,295	\$ 115,113	\$ 54,225	\$ (109)
Impairment to L Bonds	No impairment	No impairment	No impairment	No Impairment	Impairment

(1) The discount rate used to calculate the fair value of our life insurance portfolio as of June 30, 2020.

(2) Represents aggregate carrying value of the LiquidTrust Promissory Note and Commercial Loan as of June 30, 2020.

(3) Amount represents aggregate outstanding principal balance L Bonds and Seller Trust L Bonds as of June 30, 2020.

(4) This amount excludes unamortized deferred financing costs.

The above table illustrates that our ability to fully satisfy amounts owing under the L Bonds and Seller Trust L Bonds would likely be impaired upon the sale or the realization of the financing receivables from affiliates, investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, and equity security investment in the Option Agreement at their respective carrying amounts, plus all our life insurance assets at a price equivalent to a discount rate of approximately 21.32% or higher at June 30, 2020. At December 31, 2019, the likely impairment occurred at a discount rate of approximately 27.41% or higher.

The table does not include any allowance for transactional fees and expenses (which expenses and fees could be substantial) nor any discount for lack of marketability associated with a portfolio sale or the realization of the financing receivables from affiliates, investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, and equity security investment in the Option Agreement, respectively, and is provided to demonstrate how various discount rates used to value our portfolio of life insurance assets could affect our ability to satisfy amounts owing under our debt obligations in light of our senior secured lender's right to priority payments under our senior credit facility with LNV Corporation.

The table assumes we will realize the full amounts of financing receivables from affiliates, investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, and equity security investment in the Option Agreement. There is currently no market for the aforementioned assets, and a market may not develop. Our Commercial Loan receivable and a portion of our investment in the Common Units may be used as consideration for retiring the Seller Trust L Bonds upon a redemption event or at the maturity of the Seller Trust L Bonds (see Note 10 to the condensed consolidated financial statements). This table also does not include the yield maintenance fee we are required to pay in certain circumstances under our LNV Credit Facility, which could be substantial. The above table should be read in conjunction with the information contained in other sections of this report, including the notes to the condensed consolidated financial statements in this Form 10-Q and our 2019 Form 10-K.

Amendment of Credit Facility with LNV Corporation

Effective November 1, 2019, DLP IV entered into the LNV Credit Facility. The LNV Credit Facility makes available a total of up to \$300.0 million in credit to DLP IV with a maturity date of September 27, 2029. Subject to available borrowing base capacity, additional advances are available under the LNV Credit Facility at the LIBOR rate described below. Such advances are available to pay premiums and servicing costs of pledged life insurance policies as such amounts become due. Interest will accrue on amounts borrowed under the LNV Credit Facility 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 1.50% or 12-month LIBOR, plus (b) 7.50% per annum. The effective rate at June 30, 2020 was 9.00%. Interest payments are made on a quarterly basis.

Under the LNV Credit Facility, DLP IV has granted the administrative agent, for the benefit of the lenders under the facility, 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 Life's excess equity value of DLP IV after satisfying all amounts owing under our LNV Credit Facility is available as collateral for the obligations of GWG Holdings under the L Bonds and Seller Trust L Bonds (although the life insurance assets owned by DLP IV do not themselves serve as direct collateral for those obligations).

We are subject to various financial and non-financial covenants under the LNV Credit Facility, including, but not limited to, compliance with laws, preservation of existence, financial reporting, keeping of proper books of record and account, payment of taxes, and ensuring that neither DLP IV nor GWG Life become an investment company. As of June 30, 2020, we were in compliance with all financial and non-financial covenants.

Cash Flows

Interest and Dividend Payments

We finance our businesses through a combination of: life insurance policy benefit receipts; principal, dividends and interest receipt on investments, including Ben LP fee and loans receivable; debt and equity offerings; and our senior credit facility with LNV Corporation. We have historically relied on debt (L Bonds and our senior credit facility with LNV Corporation) and equity (preferred stock) financing for the majority of our cash expenditures (for policy acquisition, policy premiums and servicing costs, working capital and financing expenditures including paying principal and interest on existing debt, and for making investments in Beneficient) as the amount of cash flows from the realization of life insurance policy benefits and cash flows from our other investments has been insufficient to meet all of our needs. This has resulted in the Company incurring substantial indebtedness (much of it being of a short term nature) and, to a lesser extent, obligations to make dividend payments on our classes of preferred stock.

Beneficient finances its business through payments on outstanding loans receivable and fees receivable and additional investments into Beneficient by GWG Holdings and/or other parties. See Note 18 to the condensed consolidated financial statements for details on the amendments of Beneficient's credit agreements. Beneficient uses proceeds from these sources to

fund loan originations and potential unfunded capital commitments, working capital, debt service payments and costs associated with potential future products. Beneficient also anticipates the need to establish sufficient regulatory capital if and when its trust charters are issued.

Our total interest expense of \$37.1 million and \$28.5 million for the three months ended June 30, 2020 and 2019, respectively, and \$73.0 million and \$55.5 million for the six months ended June 30, 2020 and 2019, respectively, represent the largest cash expense item in each period. Preferred stock cash dividends were \$3.7 million and \$4.3 million for the three months ended June 30, 2020 and 2019, respectively, and \$7.7 million and \$8.6 million for the six months ended June 30, 2020 and 2019, respectively. While reducing our cost of funds and increasing our common equity base (at valuations accretive to our book value) are primary goals of the Company, until we do so we will continue to expend significant amounts of cash for interest and dividend payments and will thus continue to rely heavily on our ability to raise cash from our L Bond offering, senior credit facility with LNV Corporation and other means as they are developed and available.

Life Insurance Policy Premium Payments

The payment of premiums and servicing costs to maintain life insurance policies represents one of our most significant requirements 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 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 significant financing costs, including principal, interest and dividends. Both policy servicing costs and financing costs are excluded from our internal rate of return calculations. We finance our businesses through a combination of life insurance policy benefit receipts, dividends and interest on other investments, equity offerings, debt offerings, and advances under our senior credit facility with LNV Corporation.

The amount of payments for anticipated premiums, including the requirement under our LNV Credit Facility 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 (in thousands):

Years Ending December 31,	Premiums	Servicing	Total
Six months ending December 31, 2020	\$ 31,589	\$ 823	\$ 32,412
2021	82,102	1,647	83,749
2022	94,621	1,647	96,268
2023	106,489	1,647	108,136
2024	115,715	1,647	117,362
2025	128,495	1,647	130,142
	\$ 559,011	\$ 9,058	\$ 568,069

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. We did not receive any notices of COI rate changes in 2019. We have received notices of COI increases on three policies in the first six months of 2020.

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.

Life Insurance Policy Benefit Receipts

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 (in Thousands)	12-Month Trailing Benefits Realized (in Thousands)	12-Month Trailing Premiums Paid (in Thousands)	12-Month Trailing Benefits/Premium Coverage Ratio
March 31, 2016	\$ 1,027,821	\$ 21,845	\$ 28,771	75.9 %
June 30, 2016	1,154,798	30,924	31,891	97.0 %
September 30, 2016	1,272,078	35,867	37,055	96.8 %
December 31, 2016	1,361,675	48,452	40,239	120.4 %
March 31, 2017	1,447,558	48,189	42,753	112.7 %
June 30, 2017	1,525,363	49,295	45,414	108.5 %
September 30, 2017	1,622,627	53,742	46,559	115.4 %
December 31, 2017	1,676,148	64,719	52,263	123.8 %
March 31, 2018	1,758,066	60,248	53,169	113.3 %
June 30, 2018	1,849,079	76,936	53,886	142.8 %
September 30, 2018	1,961,598	75,161	55,365	135.8 %
December 31, 2018	2,047,992	71,090	52,675	135.0 %
March 31, 2019	2,098,428	87,045	56,227	154.8 %
June 30, 2019	2,088,445	82,421	59,454	138.6 %
September 30, 2019	2,064,156	101,918	61,805	164.9 %
December 31, 2019	2,020,973	125,148	63,851	196.0 %
March 31, 2020	2,000,680	120,191	65,224	184.3 %
June 30, 2020	1,960,826	137,082	66,846	205.1 %

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 policies in the portfolio. Nevertheless, we expect that our portfolio cash flow on a period-to-period basis will remain inconsistent as we continue to allocate substantially more capital to Beneficient and have reduced capital allocated to acquiring a larger, more diversified portfolio of life insurance policies.

Interest Income

We earn interest income primarily on Beneficient's loans receivable and the promissory note receivable from the LiquidTrusts. Although Beneficient has originated a limited number of loans to date, we expect interest income to continue to increase as Beneficient expands its operations if and when the trust charters are issued.

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

Unfunded Capital Commitments

Beneficient had \$73.6 million and \$73.8 million of gross potential capital commitments as of June 30, 2020 and December 31, 2019, respectively, representing potential limited partner capital funding commitments on the alternative asset fund collateral to its loans above any cash reserves. The trust holding the interest in the limited partnership for the alternative asset fund is required to fund these limited partner capital commitments per the terms of the limited partnership agreement. Capital funding commitment reserves are maintained by the associated trusts created at the origination of each trust for up to \$0.1 million. To the extent that the associated trust cannot pay the capital funding commitment, Beneficient is obligated to lend sufficient funds to meet the commitment. Any amounts advanced by Beneficient for these limited partner capital funding commitments above the associated capital funding commitment reserves held by the associated trusts are added to the loan balance and are expected to be recouped through the cash distributions from the alternative asset fund collateral.

Capital commitments generally originate from limited partner agreements having fixed or expiring expiration dates. The total limited partner capital funding commitment amounts may not necessarily represent future cash requirements. Beneficient considers the creditworthiness on a case-by-case basis. At both June 30, 2020 and December 31, 2019, Beneficient had no reserves for losses on unused commitments to fund potential limited partner capital funding commitments.

Credit Risk and Interest Rate 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, 2020, 96.3% 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.

The assets and liabilities exchanged in the Initial Transfer of the Exchange Transaction are excluded from this analysis.

Our LNV Credit Facility and Beneficient's other borrowings are floating-rate financings. 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, exclusive of our Seller Trust L Bonds. Therefore, increases in interest rates impact our business by increasing our borrowing costs and reducing availability under our debt financing arrangements. Earnings from our life insurance portfolio are based upon the spread, if any, generated between the return on the portfolio and the total cost of our financing (excluding cost of financing for the Seller Trust L Bonds). As a result, increases in interest rates will reduce the earnings we expect to achieve from our investments in life insurance policies.

Beneficient is subject to risks related to markets, credit, currency, and interest rates. Beneficient issues loans that are subject to credit risk, repayment risk and interest rate risk. Beneficient has underwriting procedures and utilizes market rates. As of June 30, 2020, all of Beneficient's loans are collateralized by the cash flows originating from alternative assets without recourse to the client. Currently, all of these alternative assets consist of private equity limited partnership interests, which are primarily denominated in the U.S. dollar, Euro, and Canadian dollar. The underlying portfolio companies primarily operate in the United States, with the largest percentage, based on NAV, operating in healthcare technology, bio-technology, and semiconductor and equipment industries. The Company mitigates credit risk through the ExAlt Plan™ whereby excess cash flows from a collective pool of alternative assets can be utilized to repay the loans when cash flows from the client's original alternative assets are not sufficient to repay the outstanding principal, interest, and fees.

Guarantee and Collateral Provisions of L Bonds and Seller Trust L Bonds

Our L Bonds are offered and sold under a registration statement declared effective by the SEC, and we have issued Seller Trust L Bonds under a Supplemental Indenture, as described in Note 10 to the condensed consolidated financial statements. The L Bonds and Seller Trust L Bonds are secured by substantially all the assets of GWG Holdings and a pledge of all of GWG Holdings' common stock held by BCC and AltVerse (which together represent approximately 12% of our outstanding common stock), and are guaranteed by a guarantee by GWG Life and corresponding grant of a security interest in substantially all the

assets of GWG Life⁽¹⁾. As a guarantor, GWG Life has fully and unconditionally guaranteed the payment of principal and interest on the L Bonds and Seller Trust L Bonds. GWG Life's equity in GWG Life Trust and DLP IV⁽²⁾ serves as collateral for our L Bond and Seller Trust L Bond obligations. Substantially all of our life insurance policies are held by DLP IV or GWG Life Trust. The policies held by DLP IV are not direct collateral for the L Bonds as such policies are pledged to the LNV Credit Facility.

- (1) The Seller Trust L Bonds are senior secured obligations of GWG, ranking junior to all senior debt of GWG and pari passu in right of payment and in respect of collateral with all L Bonds of GWG (see Note 10). Payments under the Seller Trust L Bonds are guaranteed by GWG Life. The assets exchanged in connection with the Beneficent transaction are available as collateral for all holders of the L Bonds and Seller Trust L Bonds. Specifically, the Common Units are held by GWG Holdings and the Commercial Loan is held by GWG Life.
- (2) The terms of our LNV Credit Facility require that we maintain a significant excess of pledged collateral value over the amount outstanding on the LNV Credit Facility at any given time. Any excess after satisfying all amounts owing under our LNV Credit Facility is available as collateral for the L Bonds (including the Seller Trust L Bonds).

The following represents summarized financial information as of June 30, 2020 and December 31, 2019, with respect to the financial position, and for the six months ended June 30, 2020, with respect to results of operations. The tables present summarized financial information of GWG Holdings as issuer of the L Bonds and Seller Trust L Bonds, and GWG Life as guarantor, on a combined basis after elimination of (i) intercompany transactions and balances among such entities, including GWG Holdings' interest in GWG Life, and (ii) equity in earnings from and investments in any subsidiary that is a non-guarantor (including DLP IV, GWG Life Trust and Beneficent). The summarized financial information has been prepared in accordance with Rule 13-01 of Regulation S-X.

Summarized Balance Sheet Information (in thousands, not intended to balance):

	June 30, 2020	December 31, 2019
Assets⁽¹⁾		
Cash, cash equivalents and restricted cash	\$ 145,573	\$ 60,365
Financing receivables from affiliates	69,428	67,153
Other assets	7,509	8,659
Total assets	\$ 222,510	\$ 136,177
Liabilities		
L Bonds	\$ 1,072,973	\$ 926,638
Seller Trust L Bonds	366,892	366,892
Interest and dividends payable	12,401	12,491
Accounts payable and accrued expenses	8,037	3,093
Deferred tax liabilities	33,674	57,923
Total liabilities	\$ 1,493,977	\$ 1,367,037
Equity		
Redeemable preferred stock and Series 2 redeemable preferred stock	\$ 177,402	\$ 201,891

- (1) Assets exclude: i) GWG Holdings' investment in GWG Life of \$1.3 billion and \$1.2 billion as of June 30, 2020 and December 31, 2019, respectively; ii) GWG Holdings' aggregate investments in non-obligor subsidiaries of \$445.1 million and \$439.4 million as of June 30, 2020 and December 31, 2019, respectively; and iii) GWG Life's aggregate investments in and loans to non-obligor subsidiaries of \$1.1 billion and \$1.2 billion as of June 30, 2020 and December 31, 2019, respectively.

Summarized Statement of Operations Information (in thousands):

	Six Months Ended June 30, 2020
Total revenues	\$ 58,675
Interest expense	\$ 59,155
Other expenses	20,678
Total expenses	\$ 79,833
Loss before income taxes and preferred dividends	\$ (21,158)
Income tax expense (benefit)	(22,857)
Preferred dividends	7,666
Net loss	\$ (5,967)

Debt Coverage Ratio

The L Bond borrowing covenants of GWG Holdings require it 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 (other than Excluded Indebtedness described in note 2 to the table below) by the sum of our cash, cash equivalents, restricted cash, life insurance policy benefits receivable, 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. The discount rate we use for the net present value of our life insurance portfolio for this calculation may not be the same discount rate we use for our GAAP valuation and is not necessarily reflective of the amount we could realize upon a sale of the portfolio (dollar amounts in thousands):

	June 30, 2020	December 31, 2019
Life insurance portfolio policy benefits	\$ 1,960,826	\$ 2,020,973
Discount rate of future cash flows ⁽¹⁾	7.50 %	7.55 %
Net present value of life insurance portfolio policy benefits	\$ 825,327	\$ 826,196
All cash and cash equivalents (including restricted cash)	165,799	81,780
Life insurance policy benefits receivable, net	19,789	23,031
Financing receivables from affiliates	244,005	258,402
Investments in Common Units and Preferred Series A Subclass 1 Unit Account	697,768	632,473
Option Agreement and other assets	77,460	54,365
Total Coverage⁽²⁾	\$ 2,030,148	\$ 1,876,247
Total Indebtedness⁽²⁾	\$ 1,335,521	\$ 1,132,714
Debt Coverage Ratio	65.78 %	60.40 %

(1) Weighted-average interest rate paid on indebtedness, excluding that of Seller Trust L-Bonds.

(2) Total Coverage excludes the assets of Beneficient. Total Indebtedness is equal to the total liabilities balance of GWG Holdings (excluding the liabilities of Beneficient) as of June 30, 2020, other than Excluded Indebtedness. Excluded Indebtedness is Indebtedness that is payable at the Company's option in Capital Stock of the Company or securities mandatorily convertible into or exchangeable for Capital Stock of the Company, or any Indebtedness that is reasonably expected to be converted or exchanged, directly or indirectly, into Capital Stock of the Company. This change in the definition of the Debt Coverage Ratio was defined in Amendment No. 2 to the Amended and Restated Indenture entered into as of December 31, 2019 (see Note 10 to the condensed consolidated financial statements).

As of June 30, 2020 and December 31, 2019, we were in compliance with the Debt Coverage Ratio.

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.

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities and Exchange Act of 1934) as of June 30, 2020 (the end of the period covered by this report). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

As discussed elsewhere in this report, on December 31, 2019, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management, the general partner of Ben LP. As a result of this change-of-control event, GWG Holdings reported the results of Ben LP and its subsidiaries on a consolidated basis beginning on the transaction date of December 31, 2019. As such, the scope of our assessment of the effectiveness of our disclosure controls and procedures did not include the internal control over financial reporting of Beneficient. These exclusions are consistent with the SEC Staff's guidance that an assessment of a recently acquired business may be omitted from the scope of our assessment of the effectiveness of disclosure controls and procedures that are also part of internal control over financial reporting in the 12 months following the acquisition.

As a result of the consolidation of Beneficient, we have commenced a project to evaluate the processes and procedures of Beneficient's internal control over financial reporting and incorporate Beneficient's internal control over financial reporting into our internal control over financial reporting framework. In addition, as a result of the consolidation of Beneficient, we are in the process of implementing new processes and controls over accounting for goodwill and other intangible assets, primarily related to assessing these assets for impairment.

Other than the aforementioned items, there were no changes in our internal control over financial reporting during the period covered by this report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 5. OTHER INFORMATION

The information set for under the heading "Amendment of Beneficient Credit Agreements" in Note 18 to the consolidated financial statements included in this Form 10-Q is hereby incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit	
22	<u>List of Guarantor Subsidiaries (filed herewith).</u>
31.1	<u>Section 302 Certification of the Chief Executive Officer (filed herewith).</u>
31.2	<u>Section 302 Certification of the Chief Financial Officer (filed herewith).</u>
32.1	<u>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).</u>
99.1	<u>Letter from ClearLife Limited, dated July 17, 2020 (filed herewith).</u>
99.2	<u>Portfolio of Life Insurance Policies as of June 30, 2020 (filed herewith).</u>
99.3	<u>Fifth Amended and Restated Limited Partnership Agreement of Beneficient Company Holdings, L.P. (filed herewith)</u> †
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

† Certain information has been excluded from this exhibit because it both is not material and would likely cause competitive harm to the registrant if publicly disclosed.

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, 2020

By: /s/ Murray T. Holland
President and Chief Executive Officer

Date: August 14, 2020

By: /s/ Timothy L. Evans
Chief Financial Officer

GWG Holdings, Inc.

Subsidiary Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant’s Securities

The entities in the table that follows are the issuer and guarantor of the L Bonds sold under registration statements declared effective by the SEC and governed by Amendment No. 2 to the Amended and Restated Indenture dated as of December 31, 2019 between GWG Holdings, Inc. (“GWG Holdings”), GWG Life, LLC (“GWG Life”), and Bank of Utah (as trustee) (as amended, the "Indenture"). The entities in the table that follows are also guarantors of the Seller Trust L Bonds issued under a Supplemental Indenture to the Indenture.

The L Bonds and Seller Trust L Bonds are secured by substantially all the assets of GWG Holdings and a pledge of all of GWG Holdings’ common stock held by Beneficient Capital Company, L.L.C. and AltiVerse Capital Markets, L.L.C. (which together represent approximately 12% of our outstanding common stock), and are guaranteed by a guarantee by GWG Life 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 and Seller Trust L Bonds. GWG Life’s equity in its subsidiaries, GWG Life Trust and GWG DLP Funding IV, LLC, serves as collateral for the L Bond and Seller Trust L Bond obligations of GWG Holdings.

Entity Name	Jurisdiction of Organization	Role
GWG Holdings, Inc.	Delaware	Issuer / Pledged Collateral
GWG Life, LLC	Delaware	Guarantor / Pledged Collateral

SECTION 302 CERTIFICATION

I, Murray T. Holland, 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.

August 14, 2020

/s/ Murray T. Holland

Chief Executive Officer

SECTION 302 CERTIFICATION

I, Timothy L. Evans, 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.

August 14, 2020

/s/ Timothy L. Evans

Chief Financial Officer

**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, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Murray T. Holland, Chief Executive Officer of the Company, and I, Timothy L. Evans, 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/ Murray T. Holland

Murray T. Holland
Chief Executive Officer

August 14, 2020

/s/ Timothy L. Evans

Timothy L. Evans
Chief Financial Officer

August 14, 2020



July 17, 2020

GWG Life, LLC
325 North St. Paul Street, Suite 2650
Dallas TX 75201
United States of America

Dear Sirs

Re: GWG Life Settlements Portfolio – Quarterly Valuation as of June 30, 2020

You have asked that we prepare a valuation of your portfolio as of the Valuation Date set out in Appendix A. Terms used in this letter and not otherwise defined herein have the meaning specified in your Subscription Agreement with us or on the ClariNet LS website.

Assumptions and Reliance

- In preparing this valuation, we have relied upon the accuracy of the data contained in your ClariNet LS account as of the Pricing Date specified in Appendix A.
- We have performed no testing of such data to determine its accuracy or completeness.
- We have prepared this valuation solely with respect to the Portfolio identified in Appendix A as of the Pricing Date.
- We have used assumptions as to discount rates and survival curve construction which have been specified by you and which are set out in Appendix B.
- We have assumed that you have independently determined that the premium schedule used to value each Case is sufficient to carry the relevant Policy through to maturity.
- The survival curves used in valuation have been generated by reference to mortality factors and underwriting dates supplied by you. We understand that these mortality factors reflect your determination of the Longest LE for the relevant Insured (as defined in Appendix C). We have not made any independent investigation of this determination.

Valuation

Based on the composition of the Portfolio as of the Pricing Date, we find that the Net Present Value of the Portfolio on the Valuation Date is as specified in Appendix A.

Yours faithfully

CLEARLIFE LIMITED

By: 
Name: Mark Venn
Title: CEO

ClearLife Limited, Triscombe House, Triscombe, Taunton TA4 3HG, United Kingdom

Tel. +44 (0)20 7100 0600 / info@clearlifeltd.com / www.clearlifeltd.com
ClearLife Limited is a company registered in England & Wales. Registration number 06424296
Registered office: Priory House, Pilgrims Court, Sydenham Road, Guildford GU1 3RX



Appendix A
Valuation Inputs and Outputs

Description	Current Quarter	Previous Quarter
Valuation Date	June 30, 2020	March 31, 2020
Pricing Date:	July 17, 2020	April 15, 2020
ClariNet LS Portfolio Name:	2020_06 Portfolio Snapshot	2020_03 Portfolio Snapshot
Total Face Amount:	\$1,984,766,874	\$2,025,388,464
Total Net Death Benefit:	\$1,960,825,764	\$2,000,680,081
Number of Active Policies:	1,102	1,131
Number of Unique Surviving Insureds:	1,024	1,053
Discount Rate:	8.25%	8.25%
Net Present Value:	\$794,705,823	\$802,180,576

Definitions

- **Total Face Amount:** this is the sum of the Face Amounts for each Case included in the Portfolio on the Valuation Date.
- **Total Net Death Benefit:** This is the Net Death Benefit on the Valuation Date for each Case included in the Portfolio as of the Pricing Date. This excludes any Retained Death Benefit ("RDB") amounts. Where the Case has a RDB amount which varies over time, the number shown here reflects the RDB amount as of the Valuation Date. The Net Death Benefit associated with each Case may vary over time and may not equal the Face Amount for the relevant Case.
- **Number of Active Policies:** This is the number of Cases in the Portfolio on the Valuation Date with a Status other than MAT, PEND, SOLD, EXP, SURR or LAPS.
- **Number of Unique Surviving Insureds:** This is the number of unique surviving Insureds referenced by the Active Policies in the Portfolio on the Valuation Date. This number may be fewer than the Number of Active Policies, where a single Insured is referenced by more than one Active Policy.
- **Net Present Value:** This is the sum of the net present values calculated on the Pricing Date for all Active Policies in the Portfolio on the Valuation Date, determined by discounting the future mortality-adjusted cashflows back to the Valuation Date at the Discount Rate.



Appendix B
Valuation Template Settings

Parameter Name	Current Quarter	Previous Quarter
Fees Template	Zero Fees	Zero Fees
Q(x) Adjustment	None	None
Mortality Table Name	2015 ANB	2015 ANB
Improvement Rates	0%	0%
Survival Factor Interpolation Type	Piecewise Constant Qx	Piecewise Constant Qx
Interpolate VBT Table Row Based on DOB at LE Review Date	False	False
Calculation of Joint Life Survival Curve	Frasierized	Frasierized
Smoking Status Override	Non-smoker	Non-smoker
LE Calculation Type	Mean	Mean
Calculation of LE Review Date Given Multiple Reports	Blended	Blended
NDB Collection Lag in Months	0	0
Longevity Calculation Type	Monthly	Monthly
Number of months to stress Qx	0	0
Interest payment during NDB collection lag	None	None
User-defined NDB collection lag interest rate	0%	0%
Aging underwriter reports	Regular	Regular
Apply Table Improvement from Underwriting Date	False	False
Blending methodology when combining life expectancy reports	Lx	Lx
Apply Improvement Rate Before Mortality Calculation	False	False
Set Value Date to next Policy monthiversary	True	True
Set LE Report Date(s) to Policy monthiversary	True	True
Include Other Purchase Costs in IRR	True	True
Include Origination Fee in IRR	True	True
Subtract the specified number from the Mean LE50	0	0
Exclude Paid Premiums in Portfolio Valuation	False	NA
Use Previous Month NDB When Calculating Expected Cashflows	False	NA



Appendix C Longest LE Definition

Longest LE: The LE Estimate used for each Policy within the Portfolio for purposes of calculating A2E analytics and Fair Market Value prospectively:

- For any Policy owned as of December 31, 2018 that was purchased prior to LE underwriting changes by ITM TwentyFirst Services in 2013, the longer of the two LEs utilized in the valuation of the Policy following receipt of the updated LEs ordered in response to the 2013 changes;
- For any Policy owned as of December 31, 2018 that was purchased after the LE underwriting changes by ITM TwentyFirst Services in 2013, the longest LE on file that was utilized in the pricing of the Policy at the closing of the Policy purchase (in instances where additional LE Reports were ordered, these were incorporated into the analysis whether in receipt of the LE Report at the time of closing or not, so long as the LE Report was received by a date no more than 30 calendar days subsequent to the closing date of the Policy purchase); and
- For any Policy purchased subsequent to December 31, 2018 (i.e. future purchases for purposes of the initial A2E analysis), the longest life expectancy utilized in the pricing of the Policy at the closing of the Policy purchase so long as the LE Report is received by a date no more than 30 calendar days subsequent to the closing date of the Policy purchase.

Exhibit 99.2

	Face Amount	Gender	Age (ALB) ⁽¹⁾	LE (mo.) ⁽²⁾	Insurance Company	S&P Rating
1	\$ 8,000,000	F	102	15	Massachusetts Mutual Life Insurance Company	AA+
2	\$ 805,000	M	100	20	John Hancock Life Insurance Company (U.S.A.)	AA-
3	\$ 1,556,751	F	99	21	Accordia Life and Annuity Company	A-
4	\$ 360,000	M	99	10	John Hancock Life Insurance Company (U.S.A.)	AA-
5	\$ 1,000,000	F	98	36	Transamerica Life Insurance Company	A+
6	\$ 125,000	F	98	0	The Lincoln National Life Insurance Company	AA-
7	\$ 3,500,000	M	97	29	ReliaStar Life Insurance Company	A+
8	\$ 800,000	F	97	43	The Lincoln National Life Insurance Company	AA-
9	\$ 1,000,000	F	97	19	ReliaStar Life Insurance Company	A+
10	\$ 5,000,000	F	96	41	American General Life Insurance Company	A+
11	\$ 5,000,000	F	96	19	John Hancock Life Insurance Company (U.S.A.)	AA-
12	\$ 572,429	F	96	16	ReliaStar Life Insurance Company	A+
13	\$ 500,000	F	96	46	John Hancock Life Insurance Company (U.S.A.)	AA-
14	\$ 1,000,000	F	96	14	The Lincoln National Life Insurance Company	AA-
15	\$ 500,000	M	95	28	Massachusetts Mutual Life Insurance Company	AA+
16	\$ 5,000,000	M	95	23	John Hancock Life Insurance Company (U.S.A.)	AA-
17	\$ 1,682,773	F	95	34	Talcott Resolution Life and Annuity Insurance Company	BBB
18	\$ 3,100,000	F	95	18	Lincoln Benefit Life Company	BBB
19	\$ 3,000,000	M	95	35	West Coast Life Insurance Company	AA-
20	\$ 500,000	F	95	26	Massachusetts Mutual Life Insurance Company	AA+
21	\$ 1,000,000	F	95	26	Talcott Resolution Life and Annuity Insurance Company	BBB
22	\$ 1,000,000	F	95	26	Massachusetts Mutual Life Insurance Company	AA+
23	\$ 500,000	M	95	35	ReliaStar Life Insurance Company	A+
24	\$ 100,000	M	95	40	Sun Life Assurance Company of Canada (United States Branch)	AA
25	\$ 5,000,000	F	94	11	The Lincoln National Life Insurance Company	AA-
26	\$ 3,500,000	F	94	40	The Lincoln National Life Insurance Company	AA-
27	\$ 5,000,000	F	94	29	ReliaStar Life Insurance Company	A+
28	\$ 1,000,000	F	94	34	United of Omaha Life Insurance Company	A+
29	\$ 3,500,000	F	94	47	John Hancock Life Insurance Company (U.S.A.)	AA-
30	\$ 500,000	M	94	21	Allianz Life Insurance Company of North America	AA
31	\$ 500,000	F	94	11	The Lincoln National Life Insurance Company	AA-
32	\$ 5,500,000	M	94	11	Transamerica Life Insurance Company	A+
33	\$ 1,000,000	M	94	22	John Hancock Life Insurance Company (U.S.A.)	AA-
34	\$ 5,000,000	M	93	28	United States Life Insurance Company in the City of New York	A+
35	\$ 5,000,000	M	93	34	AXA Equitable Life Insurance Company	A+
36	\$ 2,225,000	F	93	57	Transamerica Life Insurance Company	A+
37	\$ 4,000,000	F	93	53	Transamerica Life Insurance Company	A+
38	\$ 1,803,455	F	93	32	Brighthouse Life Insurance Company	AA-
39	\$ 1,529,270	F	93	32	Brighthouse Life Insurance Company	AA-
40	\$ 3,000,000	F	93	57	Massachusetts Mutual Life Insurance Company	AA+
41	\$ 2,000,000	M	93	23	John Hancock Life Insurance Company (U.S.A.)	AA-
42	\$ 4,785,380	F	93	18	John Hancock Life Insurance Company (U.S.A.)	AA-
43	\$ 500,000	M	93	42	The Lincoln National Life Insurance Company	AA-
44	\$ 1,500,000	M	93	36	Ameritas Life Insurance Corp.	A+
45	\$ 5,000,000	M	93	34	John Hancock Life Insurance Company (U.S.A.)	AA-
46	\$ 1,000,000	F	93	43	Transamerica Life Insurance Company	A+
47	\$ 2,500,000	M	93	21	Pacific Life Insurance Company	AA-
48	\$ 5,000,000	F	93	36	Massachusetts Mutual Life Insurance Company	AA+
49	\$ 800,000	M	93	31	The Lincoln National Life Insurance Company	AA-
50	\$ 250,000	F	93	43	Transamerica Life Insurance Company	A+
51	\$ 1,050,000	M	93	27	John Hancock Life Insurance Company (U.S.A.)	AA-
52	\$ 1,767,401	F	93	32	New York Life Insurance and Annuity Corporation	AA+
53	\$ 1,103,922	F	93	36	Sun Life Assurance Company of Canada (United States Branch)	AA
54	\$ 500,000	F	93	12	Transamerica Life Insurance Company	A+
55	\$ 313,413	M	93	28	United States Life Insurance Company in the City of New York	A+
56	\$ 300,000	M	93	20	John Hancock Life Insurance Company (U.S.A.)	AA-

57	\$	400,000	M	93	14	The Lincoln National Life Insurance Company	AA-
58	\$	1,000,000	F	93	50	The Lincoln National Life Insurance Company	AA-
59	\$	1,000,000	F	93	33	Brighthouse Life Insurance Company	AA-
60	\$	700,000	M	93	41	Ohio National Life Assurance Corporation	A-
61	\$	338,259	M	93	7	Lincoln Life & Annuity Company of New York	AA-
62	\$	500,000	M	93	29	Pacific Life Insurance Company	AA-
63	\$	900,000	F	93	51	John Hancock Life Insurance Company (U.S.A.)	AA-
64	\$	400,000	M	93	25	The Lincoln National Life Insurance Company	AA-
65	\$	1,000,000	F	93	28	Protective Life Insurance Company	AA-
66	\$	1,200,000	M	92	42	Transamerica Life Insurance Company	A+
67	\$	500,000	F	92	44	Sun Life Assurance Company of Canada (United States Branch)	AA
68	\$	5,000,000	F	92	20	Transamerica Life Insurance Company	A+
69	\$	7,500,000	M	92	29	The Lincoln National Life Insurance Company	AA-
70	\$	4,445,467	M	92	36	The Penn Mutual Life Insurance Company	A+
71	\$	800,000	M	92	36	National Western Life Insurance Company	A-
72	\$	1,000,000	F	92	29	West Coast Life Insurance Company	AA-
73	\$	2,000,000	F	92	29	West Coast Life Insurance Company	AA-
74	\$	3,000,000	M	92	25	Transamerica Life Insurance Company	A+
75	\$	5,000,000	M	92	54	The Lincoln National Life Insurance Company	AA-
76	\$	250,000	M	92	52	Brighthouse Life Insurance Company	AA-
77	\$	1,250,000	M	92	11	Columbus Life Insurance Company	AA-
78	\$	300,000	M	92	11	Columbus Life Insurance Company	AA-
79	\$	10,000,000	F	92	45	West Coast Life Insurance Company	AA-
80	\$	6,000,000	F	92	40	Sun Life Assurance Company of Canada (United States Branch)	AA
81	\$	100,000	F	92	24	United States Life Insurance Company in the City of New York	A+
82	\$	100,000	F	92	24	United States Life Insurance Company in the City of New York	A+
83	\$	500,000	F	92	14	Transamerica Life Insurance Company	A+
84	\$	400,000	F	92	14	Lincoln Benefit Life Company	BBB
85	\$	1,269,017	M	92	7	Talcott Resolution Life and Annuity Insurance Company	BBB
86	\$	330,000	M	92	39	AXA Equitable Life Insurance Company	A+
87	\$	175,000	M	92	39	Brighthouse Life Insurance Company	AA-
88	\$	335,000	M	92	39	Brighthouse Life Insurance Company	AA-
89	\$	1,000,000	F	92	31	Brighthouse Life Insurance Company	AA-
90	\$	1,000,000	M	92	12	Security Life of Denver Insurance Company	A+
91	\$	1,500,000	F	92	20	Transamerica Life Insurance Company	A+
92	\$	500,000	F	92	20	Transamerica Life Insurance Company	A+
93	\$	1,000,000	F	92	34	Metropolitan Tower Life Insurance Company	AA-
94	\$	1,000,000	M	92	44	AXA Equitable Life Insurance Company	A+
95	\$	500,000	M	92	13	Transamerica Life Insurance Company	A+
96	\$	500,000	F	92	44	Brighthouse Life Insurance Company	AA-
97	\$	1,900,000	F	92	13	John Hancock Life Insurance Company (U.S.A.)	AA-
98	\$	10,000,000	F	92	46	Pacific Life Insurance Company	AA-
99	\$	500,000	M	92	32	The Lincoln National Life Insurance Company	AA-
100	\$	5,000,000	M	92	35	Transamerica Life Insurance Company	A+
101	\$	2,000,000	F	92	36	Security Life of Denver Insurance Company	A+
102	\$	600,000	F	92	61	The Lincoln National Life Insurance Company	AA-
103	\$	2,000,000	M	92	21	The Lincoln National Life Insurance Company	AA-
104	\$	2,500,000	M	92	59	Brighthouse Life Insurance Company	AA-
105	\$	2,500,000	M	92	59	Brighthouse Life Insurance Company	AA-
106	\$	409,053	F	92	29	ReliaStar Life Insurance Company	A+
107	\$	2,000,000	M	91	53	Transamerica Life Insurance Company	A+
108	\$	1,000,000	F	91	64	Security Life of Denver Insurance Company	A+
109	\$	1,800,000	M	91	37	John Hancock Life Insurance Company (U.S.A.)	AA-
110	\$	8,500,000	M	91	56	Massachusetts Mutual Life Insurance Company	AA+
111	\$	1,365,000	F	91	63	Transamerica Life Insurance Company	A+
112	\$	500,000	M	91	60	Brighthouse Life Insurance Company	AA-
113	\$	2,000,000	M	91	67	Security Life of Denver Insurance Company	A+
114	\$	2,000,000	M	91	67	Security Life of Denver Insurance Company	A+
115	\$	2,000,000	M	91	67	Security Life of Denver Insurance Company	A+

116	\$	1,000,000	M	91	23	Massachusetts Mutual Life Insurance Company	AA+
117	\$	1,000,000	F	91	10	State Farm Life Insurance Company	AA
118	\$	1,500,000	F	91	70	Transamerica Life Insurance Company	A+
119	\$	200,000	F	91	52	The Lincoln National Life Insurance Company	AA-
120	\$	4,000,000	M	91	29	Brighthouse Life Insurance Company	AA-
121	\$	209,176	M	91	47	The Lincoln National Life Insurance Company	AA-
122	\$	1,500,000	M	91	34	AXA Equitable Life Insurance Company	A+
123	\$	1,000,000	M	91	15	Sun Life Assurance Company of Canada (United States Branch)	AA
124	\$	250,000	M	91	14	Wilton Reassurance Life Company of New York	NR
125	\$	200,000	M	91	36	American General Life Insurance Company	A+
126	\$	1,000,000	F	91	30	Nationwide Life and Annuity Insurance Company	A+
127	\$	1,000,000	F	91	49	American General Life Insurance Company	A+
128	\$	4,000,000	M	91	22	The Lincoln National Life Insurance Company	AA-
129	\$	400,000	M	91	31	Brighthouse Life Insurance Company	AA-
130	\$	3,000,000	F	91	34	The Lincoln National Life Insurance Company	AA-
131	\$	380,000	F	91	35	Security Life of Denver Insurance Company	A+
132	\$	700,000	M	91	34	Ameritas Life Insurance Corp.	A+
133	\$	325,000	M	90	25	The Lincoln National Life Insurance Company	AA-
134	\$	1,000,000	M	90	35	John Hancock Life Insurance Company (U.S.A.)	AA-
135	\$	3,261,000	M	90	40	Pacific Life Insurance Company	AA-
136	\$	5,000,000	F	90	70	American General Life Insurance Company	A+
137	\$	2,500,000	M	90	35	Brighthouse Life Insurance Company	AA-
138	\$	2,000,000	M	90	37	AXA Equitable Life Insurance Company	A+
139	\$	1,750,000	M	90	37	AXA Equitable Life Insurance Company	A+
140	\$	5,000,000	M	90	55	Security Life of Denver Insurance Company	A+
141	\$	4,000,000	F	90	17	ReliaStar Life Insurance Company of New York	A+
142	\$	2,000,000	M	90	13	Transamerica Life Insurance Company	A+
143	\$	3,000,000	F	90	53	Sun Life Assurance Company of Canada (United States Branch)	AA
144	\$	2,000,000	F	90	62	AXA Equitable Life Insurance Company	A+
145	\$	5,000,000	M	90	53	Security Life of Denver Insurance Company	A+
146	\$	2,000,000	M	90	23	Brighthouse Life Insurance Company	AA-
147	\$	3,000,000	M	90	23	Brighthouse Life Insurance Company	AA-
148	\$	1,014,136	M	90	23	AXA Equitable Life Insurance Company	A+
149	\$	500,000	M	90	22	New England Life Insurance Company	A+
150	\$	5,000,000	F	90	25	Security Life of Denver Insurance Company	A+
151	\$	125,000	M	90	32	Jackson National Life Insurance Company	A+
152	\$	1,000,000	F	90	38	AXA Equitable Life Insurance Company	A+
153	\$	2,000,000	F	90	52	John Hancock Life Insurance Company (U.S.A.)	AA-
154	\$	1,000,000	F	90	41	Transamerica Life Insurance Company	A+
155	\$	4,000,000	F	90	69	John Hancock Life Insurance Company (U.S.A.)	AA-
156	\$	300,000	F	90	56	Accordia Life and Annuity Company	A-
157	\$	500,000	M	90	23	The Lincoln National Life Insurance Company	AA-
158	\$	600,000	M	90	39	Ohio National Life Assurance Corporation	A-
159	\$	5,000,000	F	90	42	Nassau Life Insurance Company	BB
160	\$	5,400,000	M	90	41	The Lincoln National Life Insurance Company	AA-
161	\$	1,000,000	M	90	35	The Lincoln National Life Insurance Company	AA-
162	\$	800,000	F	90	30	The Lincoln National Life Insurance Company	AA-
163	\$	700,000	F	90	57	The Lincoln National Life Insurance Company	AA-
164	\$	500,000	M	90	46	Lincoln Life & Annuity Company of New York	AA-
165	\$	250,000	M	90	46	The Lincoln National Life Insurance Company	AA-
166	\$	250,000	M	90	46	The Lincoln National Life Insurance Company	AA-
167	\$	2,000,000	F	90	46	John Hancock Life Insurance Company (U.S.A.)	AA-
168	\$	1,701,487	M	90	38	Lincoln Life & Annuity Company of New York	AA-
169	\$	1,000,000	M	89	50	John Hancock Life Insurance Company (U.S.A.)	AA-
170	\$	1,000,000	F	89	60	John Hancock Life Insurance Company (U.S.A.)	AA-
171	\$	6,000,000	F	89	76	American General Life Insurance Company	A+
172	\$	2,500,000	F	89	48	American General Life Insurance Company	A+
173	\$	2,000,000	M	89	26	Brighthouse Life Insurance Company	AA-
174	\$	5,000,000	F	89	70	AXA Equitable Life Insurance Company	A+

175	\$	1,800,000	F	89	31	The Lincoln National Life Insurance Company	AA-
176	\$	750,000	M	89	58	West Coast Life Insurance Company	AA-
177	\$	7,600,000	F	89	74	Transamerica Life Insurance Company	A+
178	\$	2,000,000	F	89	76	Lincoln Benefit Life Company	BBB
179	\$	1,500,000	F	89	76	Lincoln Benefit Life Company	BBB
180	\$	4,000,000	M	89	15	John Hancock Life Insurance Company (U.S.A.)	AA-
181	\$	5,000,000	M	89	44	The Lincoln National Life Insurance Company	AA-
182	\$	1,000,000	F	89	53	John Hancock Life Insurance Company (U.S.A.)	AA-
183	\$	1,000,000	M	89	28	The Lincoln National Life Insurance Company	AA-
184	\$	500,000	M	89	4	Genworth Life Insurance Company	NR
185	\$	3,000,000	M	89	64	AXA Equitable Life Insurance Company	A+
186	\$	3,000,000	F	89	0	AXA Equitable Life Insurance Company	A+
187	\$	1,703,959	M	89	40	The Lincoln National Life Insurance Company	AA-
188	\$	1,000,000	M	89	35	Talcott Resolution Life and Annuity Insurance Company	BBB
189	\$	2,400,000	M	89	16	Genworth Life Insurance Company	NR
190	\$	250,000	M	89	0	Midland National Life Insurance Company	A+
191	\$	2,000,000	F	89	42	New York Life Insurance Company	AA+
192	\$	3,000,000	M	89	71	Transamerica Life Insurance Company	A+
193	\$	600,000	M	89	102	AXA Equitable Life Insurance Company	A+
194	\$	250,000	M	89	43	ReliaStar Life Insurance Company	A+
195	\$	1,980,000	M	89	20	New York Life Insurance Company	AA+
196	\$	1,000,000	M	89	20	Metropolitan Tower Life Insurance Company	AA-
197	\$	450,000	M	89	28	American General Life Insurance Company	A+
198	\$	694,487	M	89	39	The Lincoln National Life Insurance Company	AA-
199	\$	2,000,000	M	89	57	American National Insurance Company	A
200	\$	500,000	M	89	43	The Lincoln National Life Insurance Company	AA-
201	\$	3,250,000	F	89	67	Brighthouse Life Insurance Company	AA-
202	\$	3,075,000	F	89	67	Brighthouse Life Insurance Company	AA-
203	\$	1,500,000	M	89	32	Lincoln Life & Annuity Company of New York	AA-
204	\$	1,000,000	F	89	71	ReliaStar Life Insurance Company	A+
205	\$	1,750,000	M	89	24	American General Life Insurance Company	A+
206	\$	1,750,000	M	89	24	American General Life Insurance Company	A+
207	\$	100,000	M	89	52	North American Company for Life and Health Insurance	A+
208	\$	657,215	M	89	45	Athene Annuity & Life Assurance Company	A
209	\$	1,500,000	M	89	37	Transamerica Life Insurance Company	A+
210	\$	300,000	M	89	64	Brighthouse Life Insurance Company	AA-
211	\$	250,000	M	89	18	First Penn-Pacific Life Insurance Company	A-
212	\$	750,000	M	88	54	John Hancock Life Insurance Company (U.S.A.)	AA-
213	\$	7,600,000	M	88	72	Transamerica Life Insurance Company	A+
214	\$	2,000,000	M	88	21	Lincoln Benefit Life Company	BBB
215	\$	500,000	M	88	70	Brighthouse Life Insurance Company	AA-
216	\$	2,247,450	F	88	30	Transamerica Life Insurance Company	A+
217	\$	1,285,000	F	88	60	Connecticut General Life Insurance Company	A
218	\$	6,608,699	F	88	78	Nassau Life Insurance Company	BB
219	\$	5,000,000	M	88	56	Lincoln Life & Annuity Company of New York	AA-
220	\$	7,000,000	F	88	70	John Hancock Life Insurance Company (U.S.A.)	AA-
221	\$	10,000,000	M	88	52	AXA Equitable Life Insurance Company	A+
222	\$	1,500,000	M	88	73	The Lincoln National Life Insurance Company	AA-
223	\$	3,000,000	M	88	44	Brighthouse Life Insurance Company	AA-
224	\$	4,200,000	F	88	83	Transamerica Life Insurance Company	A+
225	\$	2,000,000	M	88	59	Pacific Life Insurance Company	AA-
226	\$	1,900,000	M	88	37	American National Insurance Company	A
227	\$	4,500,000	M	88	45	AXA Equitable Life Insurance Company	A+
228	\$	2,000,000	F	88	67	The Lincoln National Life Insurance Company	AA-
229	\$	3,500,000	F	88	56	AXA Equitable Life Insurance Company	A+
230	\$	400,000	M	88	63	ReliaStar Life Insurance Company	A+
231	\$	3,500,000	M	88	50	AXA Equitable Life Insurance Company	A+
232	\$	3,000,000	M	88	27	U.S. Financial Life Insurance Company	NR
233	\$	2,275,000	M	88	62	ReliaStar Life Insurance Company	A+

234	\$	5,000,000	M	88	54	AXA Equitable Life Insurance Company	A+
235	\$	3,000,000	F	88	61	Brighthouse Life Insurance Company	AA-
236	\$	5,500,000	M	88	35	The Lincoln National Life Insurance Company	AA-
237	\$	1,000,000	M	88	33	Lincoln Benefit Life Company	BBB
238	\$	385,000	M	88	40	Brighthouse Life Insurance Company	AA-
239	\$	500,000	M	88	40	Brighthouse Life Insurance Company	AA-
240	\$	3,500,000	M	88	37	Pacific Life Insurance Company	AA-
241	\$	2,147,816	F	88	84	John Hancock Life Insurance Company (U.S.A.)	AA-
242	\$	10,000,000	M	88	44	The Lincoln National Life Insurance Company	AA-
243	\$	1,000,000	M	88	29	Texas Life Insurance Company	NR
244	\$	340,000	F	88	49	Jackson National Life Insurance Company	A+
245	\$	1,000,000	F	88	63	West Coast Life Insurance Company	AA-
246	\$	8,500,000	M	88	75	John Hancock Life Insurance Company (U.S.A.)	AA-
247	\$	1,275,000	M	88	25	Metropolitan Tower Life Insurance Company	AA-
248	\$	750,000	M	88	51	AXA Equitable Life Insurance Company	A+
249	\$	2,500,000	M	88	37	AXA Equitable Life Insurance Company	A+
250	\$	325,000	M	88	29	Genworth Life and Annuity Insurance Company	B-
251	\$	3,000,000	M	88	59	Transamerica Life Insurance Company	A+
252	\$	175,000	M	88	29	Genworth Life and Annuity Insurance Company	B-
253	\$	10,000,000	M	88	97	Pacific Life Insurance Company	AA-
254	\$	1,000,000	M	88	53	The Lincoln National Life Insurance Company	AA-
255	\$	5,000,000	M	88	42	Transamerica Life Insurance Company	A+
256	\$	300,000	F	88	68	AXA Equitable Life Insurance Company	A+
257	\$	80,000	F	88	24	Protective Life Insurance Company	AA-
258	\$	500,000	F	88	68	AXA Equitable Life Insurance Company	A+
259	\$	500,000	F	88	58	Brighthouse Life Insurance Company	AA-
260	\$	120,000	F	88	56	The Lincoln National Life Insurance Company	AA-
261	\$	77,000	F	88	56	The Lincoln National Life Insurance Company	AA-
262	\$	200,000	M	88	38	John Hancock Life Insurance Company (U.S.A.)	AA-
263	\$	5,000,000	M	88	70	Banner Life Insurance Company	AA-
264	\$	402,500	M	88	44	John Hancock Life Insurance Company (U.S.A.)	AA-
265	\$	10,000,000	M	88	29	The Lincoln National Life Insurance Company	AA-
266	\$	450,000	M	88	27	North American Company for Life and Health Insurance	A+
267	\$	600,000	M	88	18	William Penn Life Insurance Company of New York	AA-
268	\$	300,000	M	88	39	Transamerica Life Insurance Company	A+
269	\$	1,000,000	F	88	21	American General Life Insurance Company	A+
270	\$	3,500,000	M	88	84	Brighthouse Life Insurance Company	AA-
271	\$	4,000,000	F	88	32	Pacific Life Insurance Company	AA-
272	\$	1,000,000	M	88	58	Banner Life Insurance Company	AA-
273	\$	1,000,000	F	88	37	Transamerica Life Insurance Company	A+
274	\$	1,000,000	M	88	58	Banner Life Insurance Company	AA-
275	\$	4,000,000	M	88	30	William Penn Life Insurance Company of New York	AA-
276	\$	5,000,000	F	87	42	Transamerica Life Insurance Company	A+
277	\$	2,000,000	F	87	86	Transamerica Life Insurance Company	A+
278	\$	350,000	M	87	29	Jackson National Life Insurance Company	A+
279	\$	5,000,000	M	87	74	American General Life Insurance Company	A+
280	\$	3,000,000	M	87	49	Protective Life Insurance Company	AA-
281	\$	5,000,000	M	87	43	Transamerica Life Insurance Company	A+
282	\$	2,500,000	F	87	60	ReliaStar Life Insurance Company	A+
283	\$	1,000,000	M	87	46	The Lincoln National Life Insurance Company	AA-
284	\$	2,000,000	M	87	43	Ohio National Life Assurance Corporation	A-
285	\$	1,000,000	M	87	43	Ohio National Life Assurance Corporation	A-
286	\$	1,500,000	M	87	49	American General Life Insurance Company	A+
287	\$	1,000,000	M	87	39	Talcott Resolution Life and Annuity Insurance Company	BBB
288	\$	1,000,000	M	87	39	Jackson National Life Insurance Company	A+
289	\$	417,300	M	87	64	Jackson National Life Insurance Company	A+
290	\$	500,000	F	87	77	AXA Equitable Life Insurance Company	A+
291	\$	1,000,000	F	87	44	American General Life Insurance Company	A+
292	\$	600,000	M	87	35	Massachusetts Mutual Life Insurance Company	AA+

293	\$	2,000,000	F	87	52	The Lincoln National Life Insurance Company	AA-
294	\$	2,400,000	M	87	42	Nassau Life Insurance Company	BB
295	\$	1,500,000	M	87	62	Metropolitan Tower Life Insurance Company	AA-
296	\$	1,100,000	F	87	99	Transamerica Life Insurance Company	A+
297	\$	855,000	M	87	67	Talcott Resolution Life and Annuity Insurance Company	BBB
298	\$	10,074,335	F	87	67	Security Life of Denver Insurance Company	A+
299	\$	2,216,571	F	87	67	Security Life of Denver Insurance Company	A+
300	\$	1,000,000	M	87	55	Talcott Resolution Life and Annuity Insurance Company	BBB
301	\$	1,000,000	F	87	68	Nationwide Life and Annuity Insurance Company	A+
302	\$	500,000	F	87	64	The Lincoln National Life Insurance Company	AA-
303	\$	500,000	F	87	64	The Lincoln National Life Insurance Company	AA-
304	\$	225,000	M	87	72	Farm Bureau Life Insurance Company	NR
305	\$	3,718,702	F	87	79	ReliaStar Life Insurance Company	A+
306	\$	916,983	F	87	80	Pacific Life Insurance Company	AA-
307	\$	500,000	M	87	55	Protective Life Insurance Company	AA-
308	\$	500,000	M	87	68	The Lincoln National Life Insurance Company	AA-
309	\$	5,000,000	M	87	47	John Hancock Life Insurance Company (U.S.A.)	AA-
310	\$	5,000,000	M	87	47	Pacific Life Insurance Company	AA-
311	\$	200,000	M	87	18	AXA Equitable Life Insurance Company	A+
312	\$	1,000,000	M	87	56	Massachusetts Mutual Life Insurance Company	AA+
313	\$	1,000,000	M	87	56	Massachusetts Mutual Life Insurance Company	AA+
314	\$	750,000	M	87	61	Lincoln Benefit Life Company	BBB
315	\$	550,000	M	86	76	Genworth Life Insurance Company	NR
316	\$	1,000,000	M	86	97	Metropolitan Tower Life Insurance Company	AA-
317	\$	10,000,000	M	86	37	Talcott Resolution Life and Annuity Insurance Company	BBB
318	\$	8,000,000	M	86	72	AXA Equitable Life Insurance Company	A+
319	\$	10,000,000	M	86	60	The Lincoln National Life Insurance Company	AA-
320	\$	1,680,000	F	86	29	AXA Equitable Life Insurance Company	A+
321	\$	3,000,000	F	86	74	West Coast Life Insurance Company	AA-
322	\$	250,000	M	86	49	American General Life Insurance Company	A+
323	\$	3,000,000	M	86	66	John Hancock Life Insurance Company (U.S.A.)	AA-
324	\$	10,000,000	M	86	83	John Hancock Life Insurance Company (U.S.A.)	AA-
325	\$	5,000,000	M	86	50	AXA Equitable Life Insurance Company	A+
326	\$	1,000,000	M	86	31	AXA Equitable Life Insurance Company	A+
327	\$	1,000,000	M	86	57	AXA Equitable Life Insurance Company	A+
328	\$	7,000,000	M	86	65	Genworth Life Insurance Company	NR
329	\$	1,250,000	M	86	100	Brighthouse Life Insurance Company	AA-
330	\$	1,750,000	M	86	73	AXA Equitable Life Insurance Company	A+
331	\$	1,000,000	F	86	69	The Lincoln National Life Insurance Company	AA-
332	\$	1,210,000	M	86	37	The Lincoln National Life Insurance Company	AA-
333	\$	1,000,000	M	86	27	American General Life Insurance Company	A+
334	\$	300,000	F	86	41	Talcott Resolution Life and Annuity Insurance Company	BBB
335	\$	9,635,575	M	86	104	ReliaStar Life Insurance Company	A+
336	\$	2,000,000	M	86	58	New York Life Insurance Company	AA+
337	\$	6,000,000	M	86	72	Transamerica Life Insurance Company	A+
338	\$	850,000	F	86	61	Zurich American Life Insurance Company	A
339	\$	1,500,000	M	86	38	Lincoln Benefit Life Company	BBB
340	\$	5,000,000	F	86	43	Security Mutual Life Insurance Company of New York	NR
341	\$	1,000,000	M	86	118	ReliaStar Life Insurance Company	A+
342	\$	74,000	M	86	54	Transamerica Premier Life Insurance Company	A+
343	\$	10,000,000	F	86	33	Transamerica Life Insurance Company	A+
344	\$	10,000,000	M	86	71	Pacific Life Insurance Company	AA-
345	\$	1,000,000	M	86	41	Security Mutual Life Insurance Company of New York	NR
346	\$	3,000,000	M	86	66	John Hancock Life Insurance Company (U.S.A.)	AA-
347	\$	2,000,000	M	86	40	John Hancock Life Insurance Company (U.S.A.)	AA-
348	\$	1,600,000	M	86	54	John Hancock Life Insurance Company (U.S.A.)	AA-
349	\$	1,700,000	M	86	54	John Hancock Life Insurance Company (U.S.A.)	AA-
350	\$	2,000,000	M	86	75	Protective Life Insurance Company	AA-
351	\$	350,000	M	86	32	The Lincoln National Life Insurance Company	AA-

352	\$	1,050,000	M	86	58	American General Life Insurance Company	A+
353	\$	125,000	M	86	31	Accordia Life and Annuity Company	A-
354	\$	350,000	M	86	38	AXA Equitable Life Insurance Company	A+
355	\$	4,000,000	F	86	76	The Lincoln National Life Insurance Company	AA-
356	\$	2,100,000	F	86	69	The Lincoln National Life Insurance Company	AA-
357	\$	1,000,000	M	86	60	Wilco Life Insurance Company	NR
358	\$	1,008,097	M	86	48	AXA Equitable Life Insurance Company	A+
359	\$	6,628,020	F	86	54	Transamerica Life Insurance Company	A+
360	\$	1,000,000	F	86	85	American General Life Insurance Company	A+
361	\$	687,006	M	85	45	The State Life Insurance Company	AA-
362	\$	1,000,000	M	85	92	Protective Life Insurance Company	AA-
363	\$	500,000	M	85	39	Transamerica Life Insurance Company	A+
364	\$	3,000,000	M	85	93	Principal Life Insurance Company	A+
365	\$	2,000,000	F	85	70	Pacific Life Insurance Company	AA-
366	\$	130,000	M	85	27	Genworth Life Insurance Company	NR
367	\$	2,000,000	F	85	81	Transamerica Life Insurance Company	A+
368	\$	2,500,000	M	85	84	AXA Equitable Life Insurance Company	A+
369	\$	2,500,000	M	85	84	AXA Equitable Life Insurance Company	A+
370	\$	250,000	F	85	67	Accordia Life and Annuity Company	A-
371	\$	6,000,000	M	85	93	AXA Equitable Life Insurance Company	A+
372	\$	320,987	F	85	71	John Hancock Life Insurance Company (U.S.A.)	AA-
373	\$	800,000	M	85	46	North American Company for Life and Health Insurance	A+
374	\$	3,000,000	M	85	120	Brighthouse Life Insurance Company	AA-
375	\$	200,000	M	85	29	Pruco Life Insurance Company	AA-
376	\$	700,000	M	85	65	Banner Life Insurance Company	AA-
377	\$	300,000	F	85	64	Brighthouse Life Insurance Company	AA-
378	\$	1,700,000	M	85	34	The Lincoln National Life Insurance Company	AA-
379	\$	1,000,000	F	85	54	Lincoln Benefit Life Company	BBB
380	\$	8,000,000	M	85	100	Brighthouse Life Insurance Company	AA-
381	\$	3,000,000	F	85	50	AXA Equitable Life Insurance Company	A+
382	\$	1,500,000	F	85	59	Protective Life Insurance Company	AA-
383	\$	8,800,000	F	85	75	John Hancock Life Insurance Company (U.S.A.)	AA-
384	\$	2,000,000	M	85	49	Brighthouse Life Insurance Company	AA-
385	\$	2,000,000	M	85	49	Brighthouse Life Insurance Company	AA-
386	\$	1,000,000	M	85	63	John Hancock Life Insurance Company (U.S.A.)	AA-
387	\$	500,000	M	85	27	Genworth Life and Annuity Insurance Company	B-
388	\$	100,000	M	85	50	Pruco Life Insurance Company	AA-
389	\$	838,529	M	85	84	Transamerica Life Insurance Company	A+
390	\$	1,000,000	M	85	58	The Penn Mutual Life Insurance Company	A+
391	\$	600,000	M	85	21	The Lincoln National Life Insurance Company	AA-
392	\$	180,000	F	85	58	Midland National Life Insurance Company	A+
393	\$	3,000,000	F	85	46	AXA Equitable Life Insurance Company	A+
394	\$	218,362	M	85	92	The Lincoln National Life Insurance Company	AA-
395	\$	785,000	M	85	83	Pacific Life Insurance Company	AA-
396	\$	750,000	M	85	31	Security Life of Denver Insurance Company	A+
397	\$	3,528,958	F	85	77	The Lincoln National Life Insurance Company	AA-
398	\$	100,000	M	85	67	ReliaStar Life Insurance Company	A+
399	\$	3,000,000	M	85	40	Transamerica Life Insurance Company	A+
400	\$	6,000,000	M	85	55	Talcott Resolution Life and Annuity Insurance Company	BBB
401	\$	500,000	M	85	67	Pacific Life Insurance Company	AA-
402	\$	300,000	M	85	63	John Hancock Life Insurance Company (U.S.A.)	AA-
403	\$	300,000	M	85	63	John Hancock Life Insurance Company (U.S.A.)	AA-
404	\$	100,000	M	85	77	Protective Life Insurance Company	AA-
405	\$	150,000	M	85	67	Jackson National Life Insurance Company	A+
406	\$	1,000,000	M	84	67	Sun Life Assurance Company of Canada (United States Branch)	AA
407	\$	1,500,000	M	84	52	John Hancock Life Insurance Company (U.S.A.)	AA-
408	\$	1,500,000	M	84	48	John Hancock Life Insurance Company (U.S.A.)	AA-
409	\$	2,000,000	M	84	70	Transamerica Life Insurance Company	A+
410	\$	3,601,500	M	84	65	Transamerica Life Insurance Company	A+

411	\$	622,646	F	84	37	Beneficial Life Insurance Company	NR
412	\$	2,250,000	M	84	68	Massachusetts Mutual Life Insurance Company	AA+
413	\$	5,000,000	M	84	49	Pacific Life Insurance Company	AA-
414	\$	5,000,000	M	84	63	John Hancock Life Insurance Company (U.S.A.)	AA-
415	\$	4,000,000	M	84	54	The Lincoln National Life Insurance Company	AA-
416	\$	5,000,000	M	84	82	Principal Life Insurance Company	A+
417	\$	3,000,000	M	84	81	Principal Life Insurance Company	A+
418	\$	4,300,000	F	84	78	American National Insurance Company	A
419	\$	6,000,000	M	84	83	AXA Equitable Life Insurance Company	A+
420	\$	3,000,000	M	84	90	ReliaStar Life Insurance Company	A+
421	\$	750,000	M	84	49	The Lincoln National Life Insurance Company	AA-
422	\$	3,000,000	M	84	42	Pacific Life Insurance Company	AA-
423	\$	3,000,000	M	84	42	Minnesota Life Insurance Company	AA-
424	\$	3,000,000	M	84	42	Pruco Life Insurance Company	AA-
425	\$	1,500,000	M	84	70	Brighthouse Life Insurance Company	AA-
426	\$	5,000,000	F	84	97	ReliaStar Life Insurance Company	A+
427	\$	6,000,000	M	84	80	AXA Equitable Life Insurance Company	A+
428	\$	5,000,000	M	84	49	Pacific Life Insurance Company	AA-
429	\$	476,574	M	84	50	Transamerica Life Insurance Company	A+
430	\$	1,000,000	F	84	89	John Hancock Life Insurance Company (U.S.A.)	AA-
431	\$	200,000	M	84	42	Protective Life Insurance Company	AA-
432	\$	150,000	M	84	42	Protective Life Insurance Company	AA-
433	\$	150,000	M	84	42	Protective Life Insurance Company	AA-
434	\$	350,000	M	84	42	The Lincoln National Life Insurance Company	AA-
435	\$	250,000	M	84	107	ReliaStar Life Insurance Company	A+
436	\$	200,000	M	84	46	Kansas City Life Insurance Company	NR
437	\$	200,000	M	84	28	The Lincoln National Life Insurance Company	AA-
438	\$	500,000	M	84	54	American General Life Insurance Company	A+
439	\$	5,500,000	M	84	90	Brighthouse Life Insurance Company	AA-
440	\$	4,000,000	M	84	69	The Lincoln National Life Insurance Company	AA-
441	\$	1,187,327	M	84	65	Transamerica Life Insurance Company	A+
442	\$	1,000,000	M	84	70	The Lincoln National Life Insurance Company	AA-
443	\$	250,000	M	84	60	AXA Equitable Life Insurance Company	A+
444	\$	250,000	M	84	40	United of Omaha Life Insurance Company	A+
445	\$	100,000	M	84	74	Protective Life Insurance Company	AA-
446	\$	750,000	M	84	99	John Hancock Life Insurance Company (U.S.A.)	AA-
447	\$	2,500,000	M	84	98	West Coast Life Insurance Company	AA-
448	\$	2,000,000	M	84	121	AXA Equitable Life Insurance Company	A+
449	\$	500,000	M	84	63	Protective Life Insurance Company	AA-
450	\$	100,000	M	84	91	John Hancock Life Insurance Company (U.S.A.)	AA-
451	\$	1,000,000	M	84	98	North American Company for Life and Health Insurance	A+
452	\$	1,500,000	M	84	72	Talcott Resolution Life and Annuity Insurance Company	BBB
453	\$	400,000	M	84	80	Security Mutual Life Insurance Company of New York	NR
454	\$	365,000	M	84	56	Nationwide Life and Annuity Insurance Company	A+
455	\$	1,000,000	M	83	74	Transamerica Life Insurance Company	A+
456	\$	800,000	M	83	74	Columbus Life Insurance Company	AA-
457	\$	1,358,500	M	83	57	Metropolitan Life Insurance Company	AA-
458	\$	500,000	F	83	95	Columbus Life Insurance Company	AA-
459	\$	1,000,000	M	83	83	Metropolitan Tower Life Insurance Company	AA-
460	\$	2,000,000	F	83	48	Transamerica Life Insurance Company	A+
461	\$	500,000	M	83	48	John Hancock Life Insurance Company (U.S.A.)	AA-
462	\$	1,009,467	M	83	33	John Hancock Life Insurance Company (U.S.A.)	AA-
463	\$	4,000,000	M	83	53	Brighthouse Life Insurance Company	AA-
464	\$	5,000,000	M	83	43	John Hancock Life Insurance Company (U.S.A.)	AA-
465	\$	5,000,000	M	83	31	John Hancock Life Insurance Company (U.S.A.)	AA-
466	\$	2,500,000	M	83	67	Massachusetts Mutual Life Insurance Company	AA+
467	\$	2,500,000	M	83	67	Massachusetts Mutual Life Insurance Company	AA+
468	\$	5,000,000	M	83	100	The Lincoln National Life Insurance Company	AA-
469	\$	5,000,000	M	83	61	John Hancock Life Insurance Company (U.S.A.)	AA-

470	\$	1,000,000	M	83	106	Brighthouse Life Insurance Company	AA-
471	\$	775,000	M	83	90	The Lincoln National Life Insurance Company	AA-
472	\$	3,000,000	M	83	64	American General Life Insurance Company	A+
473	\$	2,500,000	M	83	102	American General Life Insurance Company	A+
474	\$	1,445,000	F	83	74	AXA Equitable Life Insurance Company	A+
475	\$	1,500,000	F	83	74	AXA Equitable Life Insurance Company	A+
476	\$	3,000,000	F	83	59	New York Life Insurance Company	AA+
477	\$	550,000	M	83	47	Pruco Life Insurance Company	AA-
478	\$	300,000	M	83	47	Pruco Life Insurance Company	AA-
479	\$	1,220,000	M	83	74	ReliaStar Life Insurance Company of New York	A+
480	\$	1,250,000	M	83	71	AXA Equitable Life Insurance Company	A+
481	\$	70,000	M	83	27	Pioneer Mutual Life Insurance Company	NR
482	\$	1,200,000	F	83	92	AXA Equitable Life Insurance Company	A+
483	\$	800,000	M	83	63	Minnesota Life Insurance Company	AA-
484	\$	1,000,000	M	83	55	Transamerica Life Insurance Company	A+
485	\$	500,000	M	83	55	Transamerica Life Insurance Company	A+
486	\$	800,000	F	83	66	John Alden Life Insurance Company	NR
487	\$	1,000,000	M	83	66	Massachusetts Mutual Life Insurance Company	AA+
488	\$	1,000,000	M	83	57	Ameritas Life Insurance Corp. of New York	A+
489	\$	2,000,000	M	83	57	Metropolitan Life Insurance Company	AA-
490	\$	1,000,000	M	83	91	Pruco Life Insurance Company	AA-
491	\$	1,000,000	M	83	83	The Lincoln National Life Insurance Company	AA-
492	\$	6,500,000	M	83	100	Pacific Life Insurance Company	AA-
493	\$	800,000	M	83	101	The Lincoln National Life Insurance Company	AA-
494	\$	2,000,000	M	83	98	Brighthouse Life Insurance Company	AA-
495	\$	500,000	M	83	98	John Hancock Life Insurance Company (U.S.A.)	AA-
496	\$	1,000,000	M	83	119	Pacific Life Insurance Company	AA-
497	\$	250,000	M	83	38	North American Company for Life and Health Insurance	A+
498	\$	750,000	M	83	38	North American Company for Life and Health Insurance	A+
499	\$	1,000,000	M	83	20	Protective Life Insurance Company	AA-
500	\$	2,000,000	M	82	83	The Lincoln National Life Insurance Company	AA-
501	\$	1,000,000	M	82	88	Metropolitan Life Insurance Company	AA-
502	\$	1,000,000	F	82	88	John Hancock Life Insurance Company (U.S.A.)	AA-
503	\$	400,000	M	82	85	John Hancock Life Insurance Company (U.S.A.)	AA-
504	\$	2,502,000	M	82	124	Transamerica Life Insurance Company	A+
505	\$	6,637,021	M	82	170	John Hancock Life Insurance Company (U.S.A.)	AA-
506	\$	750,000	M	82	63	North American Company for Life and Health Insurance	A+
507	\$	1,000,000	M	82	63	John Hancock Life Insurance Company (U.S.A.)	AA-
508	\$	500,000	M	82	63	North American Company for Life and Health Insurance	A+
509	\$	1,000,000	M	82	89	Principal Life Insurance Company	A+
510	\$	2,000,000	M	82	83	The Lincoln National Life Insurance Company	AA-
511	\$	1,200,000	F	82	107	Athene Annuity & Life Assurance Company	A
512	\$	4,000,000	M	82	123	John Hancock Life Insurance Company (U.S.A.)	AA-
513	\$	5,000,000	F	82	72	John Hancock Life Insurance Company (U.S.A.)	AA-
514	\$	5,000,000	M	82	87	The Lincoln National Life Insurance Company	AA-
515	\$	500,000	F	82	106	Ohio National Life Assurance Corporation	A-
516	\$	500,000	M	82	100	Pruco Life Insurance Company	AA-
517	\$	750,000	M	82	81	Metropolitan Tower Life Insurance Company	AA-
518	\$	306,854	M	82	52	Voya Retirement Insurance and Annuity Company	A+
519	\$	6,805,007	M	82	182	Brighthouse Life Insurance Company	AA-
520	\$	250,000	M	82	114	Accordia Life and Annuity Company	A-
521	\$	500,000	M	82	47	Lincoln Benefit Life Company	BBB
522	\$	1,500,000	M	82	101	John Hancock Life Insurance Company (U.S.A.)	AA-
523	\$	323,027	F	82	130	The Lincoln National Life Insurance Company	AA-
524	\$	500,000	M	82	106	Transamerica Life Insurance Company	A+
525	\$	100,000	M	82	23	Time Insurance Company II	NR
526	\$	500,000	M	82	85	John Hancock Life Insurance Company (U.S.A.)	AA-
527	\$	450,000	F	82	66	The Lincoln National Life Insurance Company	AA-
528	\$	1,000,000	M	82	136	Transamerica Life Insurance Company	A+

529	\$	1,000,000	M	82	87	The Lincoln National Life Insurance Company	AA-
530	\$	250,000	M	82	67	Brighthouse Life Insurance Company	AA-
531	\$	1,500,000	M	82	54	AXA Equitable Life Insurance Company	A+
532	\$	250,000	M	82	107	Ohio National Life Assurance Corporation	A-
533	\$	4,000,000	M	82	64	Brighthouse Life Insurance Company	AA-
534	\$	1,000,000	M	82	20	West Coast Life Insurance Company	AA-
535	\$	1,000,000	M	81	75	Pacific Life Insurance Company	AA-
536	\$	5,000,000	M	81	49	West Coast Life Insurance Company	AA-
537	\$	1,000,000	M	81	82	North American Company for Life and Health Insurance	A+
538	\$	300,000	M	81	47	The Penn Mutual Life Insurance Company	A+
539	\$	2,000,000	F	81	101	Accordia Life and Annuity Company	A-
540	\$	7,000,000	F	81	108	Pacific Life Insurance Company	AA-
541	\$	490,620	M	81	61	Ameritas Life Insurance Corp.	A+
542	\$	854,980	M	81	82	John Hancock Life Insurance Company (U.S.A.)	AA-
543	\$	4,000,000	M	81	45	Massachusetts Mutual Life Insurance Company	AA+
544	\$	1,400,000	F	81	111	John Hancock Life Insurance Company (U.S.A.)	AA-
545	\$	300,000	M	81	69	Jackson National Life Insurance Company	A+
546	\$	3,000,000	M	81	83	Protective Life Insurance Company	AA-
547	\$	2,500,000	M	81	113	John Hancock Life Insurance Company (U.S.A.)	AA-
548	\$	2,500,000	M	81	113	John Hancock Life Insurance Company (U.S.A.)	AA-
549	\$	2,000,000	M	81	92	Transamerica Life Insurance Company	A+
550	\$	200,000	M	81	87	Pruco Life Insurance Company	AA-
551	\$	150,000	M	81	76	Genworth Life Insurance Company	NR
552	\$	1,000,000	M	81	48	Transamerica Life Insurance Company	A+
553	\$	100,946	F	81	129	Genworth Life and Annuity Insurance Company	B-
554	\$	2,000,000	M	81	75	Genworth Life Insurance Company	NR
555	\$	1,000,000	M	81	73	Accordia Life and Annuity Company	A-
556	\$	200,000	F	81	111	West Coast Life Insurance Company	AA-
557	\$	2,000,000	M	81	56	Athene Annuity & Life Assurance Company	A
558	\$	1,000,000	F	81	95	John Hancock Life Insurance Company (U.S.A.)	AA-
559	\$	3,000,000	F	81	73	John Hancock Life Insurance Company (U.S.A.)	AA-
560	\$	7,097,434	M	81	131	The Lincoln National Life Insurance Company	AA-
561	\$	350,000	M	81	79	AXA Equitable Life Insurance Company	A+
562	\$	1,100,000	M	81	111	Accordia Life and Annuity Company	A-
563	\$	600,000	M	81	79	AXA Equitable Life Insurance Company	A+
564	\$	5,000,000	M	81	111	AXA Equitable Life Insurance Company	A+
565	\$	2,000,000	F	81	141	The Lincoln National Life Insurance Company	AA-
566	\$	2,200,000	F	81	123	ReliaStar Life Insurance Company	A+
567	\$	10,000,000	M	81	100	AXA Equitable Life Insurance Company	A+
568	\$	1,029,871	M	81	112	Principal Life Insurance Company	A+
569	\$	215,000	M	81	92	Texas Life Insurance Company	NR
570	\$	1,000,000	F	81	115	American General Life Insurance Company	A+
571	\$	340,000	M	81	81	The Lincoln National Life Insurance Company	AA-
572	\$	380,000	M	81	81	The Lincoln National Life Insurance Company	AA-
573	\$	500,000	F	81	120	Accordia Life and Annuity Company	A-
574	\$	2,000,000	M	81	127	The Lincoln National Life Insurance Company	AA-
575	\$	1,697,278	M	81	93	John Hancock Life Insurance Company (U.S.A.)	AA-
576	\$	12,000,000	M	81	92	Brighthouse Life Insurance Company	AA-
577	\$	4,000,000	F	81	170	John Hancock Life Insurance Company (U.S.A.)	AA-
578	\$	100,000	M	81	15	William Penn Life Insurance Company of New York	AA-
579	\$	100,000	M	81	15	William Penn Life Insurance Company of New York	AA-
580	\$	100,000	M	81	15	William Penn Life Insurance Company of New York	AA-
581	\$	100,000	M	81	63	Genworth Life and Annuity Insurance Company	B-
582	\$	50,000	M	81	15	William Penn Life Insurance Company of New York	AA-
583	\$	350,000	M	81	83	Talcott Resolution Life and Annuity Insurance Company	BBB
584	\$	100,000	M	81	29	Jackson National Life Insurance Company	A+
585	\$	500,000	M	81	76	ReliaStar Life Insurance Company of New York	A+
586	\$	250,000	M	81	76	ReliaStar Life Insurance Company of New York	A+
587	\$	3,000,000	M	81	109	Transamerica Life Insurance Company	A+

588	\$	600,000	M	81	88	Talcott Resolution Life and Annuity Insurance Company	BBB
589	\$	700,000	M	81	67	William Penn Life Insurance Company of New York	AA-
590	\$	300,000	M	81	67	William Penn Life Insurance Company of New York	AA-
591	\$	500,000	M	81	76	Protective Life Insurance Company	AA-
592	\$	1,000,000	M	81	92	American General Life Insurance Company	A+
593	\$	1,000,000	M	81	84	Protective Life Insurance Company	AA-
594	\$	200,000	M	81	35	AXA Equitable Life Insurance Company	A+
595	\$	5,000,000	M	80	113	Massachusetts Mutual Life Insurance Company	AA+
596	\$	5,000,000	M	80	113	Massachusetts Mutual Life Insurance Company	AA+
597	\$	5,000,000	M	80	48	Lincoln Benefit Life Company	BBB
598	\$	200,000	M	80	46	ReliaStar Life Insurance Company	A+
599	\$	1,000,000	M	80	86	Transamerica Life Insurance Company	A+
600	\$	3,000,000	M	80	66	First Allmerica Financial Life Insurance Company	A-
601	\$	8,000,000	M	80	81	Brighthouse Life Insurance Company	AA-
602	\$	5,000,000	M	80	136	Pruco Life Insurance Company	AA-
603	\$	250,000	M	80	120	Protective Life Insurance Company	AA-
604	\$	750,000	M	80	110	Protective Life Insurance Company	AA-
605	\$	3,000,000	M	80	97	John Hancock Life Insurance Company (U.S.A.)	AA-
606	\$	5,000,000	M	80	97	John Hancock Life Insurance Company (U.S.A.)	AA-
607	\$	250,000	M	80	74	Midland National Life Insurance Company	A+
608	\$	2,000,000	M	80	121	John Hancock Life Insurance Company (U.S.A.)	AA-
609	\$	1,000,000	M	80	76	First Allmerica Financial Life Insurance Company	A-
610	\$	500,000	M	80	72	AXA Equitable Life Insurance Company	A+
611	\$	355,700	M	80	77	Security Life of Denver Insurance Company	A+
612	\$	1,000,000	M	80	129	Security Mutual Life Insurance Company of New York	NR
613	\$	1,000,000	M	80	100	Transamerica Life Insurance Company	A+
614	\$	1,000,000	M	80	54	Brighthouse Life Insurance Company	AA-
615	\$	730,000	M	80	76	Transamerica Life Insurance Company	A+
616	\$	1,000,000	M	80	72	Metropolitan Tower Life Insurance Company	AA-
617	\$	1,000,000	M	80	115	AXA Equitable Life Insurance Company	A+
618	\$	1,000,000	M	80	115	AXA Equitable Life Insurance Company	A+
619	\$	475,000	F	80	109	American General Life Insurance Company	A+
620	\$	750,000	F	80	64	Delaware Life Insurance Company	BBB+
621	\$	1,000,000	M	80	63	Transamerica Life Insurance Company	A+
622	\$	1,500,000	M	80	46	Security Life of Denver Insurance Company	A+
623	\$	6,000,000	M	80	194	Principal Life Insurance Company	A+
624	\$	450,000	M	80	173	Genworth Life and Annuity Insurance Company	B-
625	\$	100,000	F	80	118	Genworth Life and Annuity Insurance Company	B-
626	\$	1,000,000	M	80	81	Pacific Life Insurance Company	AA-
627	\$	1,000,000	M	80	80	North American Company for Life and Health Insurance	A+
628	\$	1,945,741	M	80	67	Security Life of Denver Insurance Company	A+
629	\$	353,743	M	80	72	AXA Equitable Life Insurance Company	A+
630	\$	1,000,000	M	80	98	The Lincoln National Life Insurance Company	AA-
631	\$	500,000	M	80	53	Transamerica Life Insurance Company	A+
632	\$	1,500,000	M	80	128	Transamerica Life Insurance Company	A+
633	\$	1,015,462	M	80	29	Transamerica Life Insurance Company	A+
634	\$	600,000	M	80	68	Athene Annuity & Life Assurance Company	A
635	\$	2,000,000	M	79	95	American General Life Insurance Company	A+
636	\$	500,000	M	79	54	American General Life Insurance Company	A+
637	\$	3,000,000	F	79	108	Metropolitan Tower Life Insurance Company	AA-
638	\$	4,000,000	F	79	114	American General Life Insurance Company	A+
639	\$	10,000,000	F	79	129	ReliaStar Life Insurance Company	A+
640	\$	800,000	M	79	85	The Lincoln National Life Insurance Company	AA-
641	\$	500,000	M	79	79	United of Omaha Life Insurance Company	A+
642	\$	5,014,318	M	79	113	American General Life Insurance Company	A+
643	\$	500,000	M	79	65	AXA Equitable Life Insurance Company	A+
644	\$	2,000,000	M	79	97	Pruco Life Insurance Company	AA-
645	\$	300,000	F	79	109	Minnesota Life Insurance Company	AA-
646	\$	7,500,000	F	79	151	Security Life of Denver Insurance Company	A+

647	\$	370,000	F	79	101	Minnesota Life Insurance Company	AA-
648	\$	754,428	M	79	19	North American Company for Life and Health Insurance	A+
649	\$	5,000,000	M	79	104	American General Life Insurance Company	A+
650	\$	172,245	F	79	33	Symetra Life Insurance Company	A
651	\$	100,000	M	79	38	AXA Equitable Life Insurance Company	A+
652	\$	4,000,000	M	79	95	Security Mutual Life Insurance Company of New York	NR
653	\$	600,000	M	79	52	United of Omaha Life Insurance Company	A+
654	\$	250,000	M	79	49	Genworth Life and Annuity Insurance Company	B-
655	\$	200,000	M	79	44	Brighthouse Life Insurance Company	AA-
656	\$	100,000	M	79	43	Brighthouse Life Insurance Company	AA-
657	\$	100,000	M	79	88	Transamerica Life Insurance Company	A+
658	\$	500,000	M	79	68	American General Life Insurance Company	A+
659	\$	415,000	M	79	88	United States Life Insurance Company in the City of New York	A+
660	\$	656,656	M	79	63	Equitable Financial Life Insurance Company of America	A+
661	\$	300,000	M	79	53	United States Life Insurance Company in the City of New York	A+
662	\$	3,000,000	F	79	132	ReliaStar Life Insurance Company	A+
663	\$	750,000	M	79	42	Genworth Life Insurance Company	NR
664	\$	1,000,000	M	79	134	North American Company for Life and Health Insurance	A+
665	\$	1,000,000	M	79	108	Genworth Life and Annuity Insurance Company	B-
666	\$	3,000,000	M	79	126	Massachusetts Mutual Life Insurance Company	AA+
667	\$	700,000	M	79	126	Brighthouse Life Insurance Company	AA-
668	\$	343,000	M	79	101	AXA Equitable Life Insurance Company	A+
669	\$	1,060,000	M	79	91	Metropolitan Life Insurance Company	AA-
670	\$	100,000	F	79	131	Midland National Life Insurance Company	A+
671	\$	2,000,000	M	79	182	AXA Equitable Life Insurance Company	A+
672	\$	4,000,000	M	79	123	AXA Equitable Life Insurance Company	A+
673	\$	1,000,000	M	79	93	Protective Life Insurance Company	AA-
674	\$	5,000,000	F	79	100	The Lincoln National Life Insurance Company	AA-
675	\$	800,000	M	79	10	Banner Life Insurance Company	AA-
676	\$	500,000	M	78	71	The Lincoln National Life Insurance Company	AA-
677	\$	3,000,000	M	78	65	AXA Equitable Life Insurance Company	A+
678	\$	1,000,000	M	78	83	Transamerica Life Insurance Company	A+
679	\$	3,000,000	M	78	77	Transamerica Advisors Life Insurance Company	NR
680	\$	400,000	M	78	57	Protective Life Insurance Company	AA-
681	\$	1,784,686	M	78	132	Transamerica Life Insurance Company	A+
682	\$	1,000,000	M	78	111	John Hancock Life Insurance Company (U.S.A.)	AA-
683	\$	4,547,770	F	78	156	Principal Life Insurance Company	A+
684	\$	500,000	M	78	40	William Penn Life Insurance Company of New York	AA-
685	\$	800,000	M	78	96	John Hancock Life Insurance Company (U.S.A.)	AA-
686	\$	100,000	M	78	124	Protective Life Insurance Company	AA-
687	\$	250,000	F	78	144	Protective Life Insurance Company	AA-
688	\$	500,000	M	78	69	Delaware Life Insurance Company	BBB+
689	\$	250,000	F	78	127	AXA Equitable Life Insurance Company	A+
690	\$	89,626	F	78	89	Ameritas Life Insurance Corp.	A+
691	\$	150,000	M	78	77	Genworth Life Insurance Company	NR
692	\$	8,000,000	F	78	114	West Coast Life Insurance Company	AA-
693	\$	1,000,000	M	78	124	John Hancock Life Insurance Company (U.S.A.)	AA-
694	\$	1,000,000	F	78	114	Companion Life Insurance Company	AA-
695	\$	300,000	M	78	65	First Allmerica Financial Life Insurance Company	A-
696	\$	100,000	M	78	116	Genworth Life Insurance Company	NR
697	\$	500,000	M	78	89	New York Life Insurance Company	AA+
698	\$	500,000	M	78	89	New York Life Insurance Company	AA+
699	\$	2,600,000	M	78	89	Nassau Life Insurance Company	BB
700	\$	1,000,000	M	78	96	John Hancock Life Insurance Company (U.S.A.)	AA-
701	\$	1,500,000	M	78	96	John Hancock Life Insurance Company (U.S.A.)	AA-
702	\$	750,000	M	78	124	Lincoln Benefit Life Company	BBB
703	\$	12,450,000	M	78	118	Brighthouse Life Insurance Company	AA-
704	\$	100,000	M	78	74	Equitable Financial Life Insurance Company of America	A+
705	\$	1,000,000	M	78	100	Genworth Life and Annuity Insurance Company	B-

706	\$	5,600,000	M	78	108	ReliaStar Life Insurance Company	A+
707	\$	500,000	F	78	118	John Hancock Life Insurance Company (U.S.A.)	AA-
708	\$	1,500,000	M	78	133	Principal Life Insurance Company	A+
709	\$	265,000	M	78	118	ReliaStar Life Insurance Company	A+
710	\$	3,750,000	M	78	55	Brighthouse Life Insurance Company	AA-
711	\$	350,000	M	78	92	Protective Life Insurance Company	AA-
712	\$	1,000,000	M	78	123	AXA Equitable Life Insurance Company	A+
713	\$	250,000	M	78	64	Transamerica Life Insurance Company	A+
714	\$	450,000	M	77	91	Jackson National Life Insurance Company	A+
715	\$	1,841,877	M	77	108	Metropolitan Life Insurance Company	AA-
716	\$	1,167,000	M	77	31	Transamerica Life Insurance Company	A+
717	\$	800,000	M	77	100	Protective Life Insurance Company	AA-
718	\$	2,500,000	M	77	81	American General Life Insurance Company	A+
719	\$	500,000	M	77	97	Ameritas Life Insurance Corp.	A+
720	\$	370,000	M	77	97	Ameritas Life Insurance Corp.	A+
721	\$	500,000	M	77	126	Protective Life Insurance Company	AA-
722	\$	2,500,000	M	77	90	John Hancock Life Insurance Company (U.S.A.)	AA-
723	\$	500,000	M	77	112	Pruco Life Insurance Company	AA-
724	\$	1,000,000	F	77	108	United of Omaha Life Insurance Company	A+
725	\$	300,000	M	77	87	New England Life Insurance Company	A+
726	\$	10,000,000	M	77	107	AXA Equitable Life Insurance Company	A+
727	\$	500,000	M	77	81	William Penn Life Insurance Company of New York	AA-
728	\$	2,000,000	M	77	120	John Hancock Life Insurance Company (U.S.A.)	AA-
729	\$	250,000	M	77	97	Protective Life Insurance Company	AA-
730	\$	10,000,000	M	77	118	John Hancock Life Insurance Company (U.S.A.)	AA-
731	\$	809,320	M	77	67	Commonwealth Annuity and Life Insurance Company	A-
732	\$	8,600,000	M	77	128	AXA Equitable Life Insurance Company	A+
733	\$	2,500,000	M	77	117	Banner Life Insurance Company	AA-
734	\$	500,000	M	77	72	The Lincoln National Life Insurance Company	AA-
735	\$	2,000,072	M	77	146	American General Life Insurance Company	A+
736	\$	485,000	M	77	126	Brighthouse Life Insurance Company	AA-
737	\$	500,000	M	77	56	Nassau Life Insurance Company	BB
738	\$	8,000,000	M	77	157	Brighthouse Life Insurance Company	AA-
739	\$	1,500,000	M	77	104	American General Life Insurance Company	A+
740	\$	1,500,000	M	77	104	American General Life Insurance Company	A+
741	\$	1,000,000	M	77	80	John Hancock Life Insurance Company (U.S.A.)	AA-
742	\$	3,042,627	M	77	100	Massachusetts Mutual Life Insurance Company	AA+
743	\$	750,000	M	77	97	Midland National Life Insurance Company	A+
744	\$	1,700,000	M	77	142	John Hancock Life Insurance Company (U.S.A.)	AA-
745	\$	184,000	M	77	91	Protective Life Insurance Company	AA-
746	\$	500,000	M	77	98	Protective Life Insurance Company	AA-
747	\$	1,000,000	F	77	121	Security Life of Denver Insurance Company	A+
748	\$	400,000	M	77	76	Massachusetts Mutual Life Insurance Company	AA+
749	\$	2,000,000	M	77	122	Brighthouse Life Insurance Company	AA-
750	\$	6,000,000	M	77	161	United of Omaha Life Insurance Company	A+
751	\$	500,000	M	77	91	Protective Life Insurance Company	AA-
752	\$	600,000	M	77	144	AXA Equitable Life Insurance Company	A+
753	\$	1,000,000	M	77	94	Protective Life Insurance Company	AA-
754	\$	250,000	F	77	114	Wilton Reassurance Life Company of New York	NR
755	\$	750,000	M	77	157	The Lincoln National Life Insurance Company	AA-
756	\$	800,000	M	77	54	Protective Life Insurance Company	AA-
757	\$	800,000	M	77	132	Protective Life Insurance Company	AA-
758	\$	1,000,000	M	77	122	Protective Life Insurance Company	AA-
759	\$	750,000	M	77	70	Security Life of Denver Insurance Company	A+
760	\$	200,000	M	77	89	Transamerica Life Insurance Company	A+
761	\$	500,000	M	77	92	Equitable Financial Life Insurance Company of America	A+
762	\$	500,000	M	77	92	AXA Equitable Life Insurance Company	A+
763	\$	295,800	M	77	87	First Allmerica Financial Life Insurance Company	A-
764	\$	3,000,000	M	76	73	John Hancock Life Insurance Company (U.S.A.)	AA-

765	\$	700,000	M	76	66	John Hancock Life Insurance Company (U.S.A.)	AA-
766	\$	2,141,356	M	76	92	New York Life Insurance Company	AA+
767	\$	2,204,843	M	76	92	New York Life Insurance Company	AA+
768	\$	750,000	M	76	104	Security Life of Denver Insurance Company	A+
769	\$	2,500,000	M	76	114	The Lincoln National Life Insurance Company	AA-
770	\$	2,500,000	M	76	114	John Hancock Life Insurance Company (U.S.A.)	AA-
771	\$	5,000,000	F	76	154	West Coast Life Insurance Company	AA-
772	\$	420,000	M	76	97	RiverSource Life Insurance Company	AA-
773	\$	5,000,000	M	76	115	John Hancock Life Insurance Company (U.S.A.)	AA-
774	\$	250,000	M	76	48	American General Life Insurance Company	A+
775	\$	300,000	M	76	139	Banner Life Insurance Company	AA-
776	\$	600,000	M	76	139	Banner Life Insurance Company	AA-
777	\$	2,000,000	M	76	97	Security Life of Denver Insurance Company	A+
778	\$	2,500,000	M	76	50	Transamerica Life Insurance Company	A+
779	\$	1,500,000	M	76	97	Security Life of Denver Insurance Company	A+
780	\$	4,000,000	M	76	124	Equitable Financial Life Insurance Company of America	A+
781	\$	300,000	M	76	91	Protective Life Insurance Company	AA-
782	\$	267,988	M	76	33	Minnesota Life Insurance Company	AA-
783	\$	160,000	M	76	76	RiverSource Life Insurance Company	AA-
784	\$	190,000	F	76	164	Protective Life Insurance Company	AA-
785	\$	250,000	F	76	81	Protective Life Insurance Company	AA-
786	\$	1,000,000	F	76	116	ReliaStar Life Insurance Company	A+
787	\$	1,000,000	F	76	131	American General Life Insurance Company	A+
788	\$	390,025	M	76	118	Genworth Life and Annuity Insurance Company	B-
789	\$	4,000,000	M	76	129	AXA Equitable Life Insurance Company	A+
790	\$	1,000,000	M	76	76	Accordia Life and Annuity Company	A-
791	\$	3,500,000	M	76	151	Ameritas Life Insurance Corp.	A+
792	\$	1,500,000	M	76	151	Ameritas Life Insurance Corp.	A+
793	\$	250,000	M	76	58	U.S. Financial Life Insurance Company	NR
794	\$	1,000,000	M	76	147	Banner Life Insurance Company	AA-
795	\$	10,000,000	F	76	185	John Hancock Life Insurance Company (U.S.A.)	AA-
796	\$	355,468	M	76	67	Great American Life Insurance Company	A+
797	\$	200,000	M	76	31	First Penn-Pacific Life Insurance Company	A-
798	\$	100,000	F	76	99	State Farm Life Insurance Company	AA
799	\$	500,000	M	76	97	Pruco Life Insurance Company	AA-
800	\$	876,519	M	76	181	Brighthouse Life Insurance Company	AA-
801	\$	1,000,000	M	76	115	Banner Life Insurance Company	AA-
802	\$	7,000,000	M	76	146	Protective Life Insurance Company	AA-
803	\$	1,000,000	M	76	161	Protective Life Insurance Company	AA-
804	\$	200,000	M	76	53	AXA Equitable Life Insurance Company	A+
805	\$	1,008,022	M	76	137	AXA Equitable Life Insurance Company	A+
806	\$	200,000	M	76	25	North American Company for Life and Health Insurance	A+
807	\$	500,000	M	76	72	Ameritas Life Insurance Corp.	A+
808	\$	493,000	M	76	80	The Lincoln National Life Insurance Company	AA-
809	\$	750,000	M	76	81	Genworth Life and Annuity Insurance Company	B-
810	\$	250,000	M	75	33	Protective Life Insurance Company	AA-
811	\$	650,000	F	75	50	Security Life of Denver Insurance Company	A+
812	\$	1,250,000	M	75	94	West Coast Life Insurance Company	AA-
813	\$	3,000,000	F	75	200	John Hancock Life Insurance Company (U.S.A.)	AA-
814	\$	750,000	M	75	107	Transamerica Life Insurance Company	A+
815	\$	150,000	M	75	21	Protective Life Insurance Company	AA-
816	\$	1,500,000	F	75	142	Pruco Life Insurance Company	AA-
817	\$	400,000	M	75	170	Protective Life Insurance Company	AA-
818	\$	500,000	M	75	95	Ohio National Life Assurance Corporation	A-
819	\$	5,000,000	M	75	141	Brighthouse Life Insurance Company	AA-
820	\$	420,000	M	75	126	Protective Life Insurance Company	AA-
821	\$	100,000	M	75	111	Protective Life Insurance Company	AA-
822	\$	150,000	M	75	21	AXA Equitable Life Insurance Company	A+
823	\$	5,000,000	M	75	99	Transamerica Life Insurance Company	A+

824	\$	1,000,000	M	75	104	American General Life Insurance Company	A+
825	\$	1,000,000	M	75	38	John Hancock Life Insurance Company (U.S.A.)	AA-
826	\$	232,000	M	75	153	Protective Life Insurance Company	AA-
827	\$	5,000,000	M	75	83	John Hancock Life Insurance Company (U.S.A.)	AA-
828	\$	185,000	M	75	106	Genworth Life Insurance Company	NR
829	\$	1,350,000	M	75	94	The Lincoln National Life Insurance Company	AA-
830	\$	5,000,000	M	75	100	John Hancock Life Insurance Company (U.S.A.)	AA-
831	\$	10,000,000	M	75	142	Principal Life Insurance Company	A+
832	\$	5,000,000	M	75	100	John Hancock Life Insurance Company (U.S.A.)	AA-
833	\$	2,400,000	M	75	77	Transamerica Life Insurance Company	A+
834	\$	314,000	M	75	129	Genworth Life Insurance Company	NR
835	\$	250,000	M	75	129	Genworth Life Insurance Company	NR
836	\$	5,000,000	M	75	159	John Hancock Life Insurance Company (U.S.A.)	AA-
837	\$	315,577	F	75	115	The Lincoln National Life Insurance Company	AA-
838	\$	1,000,000	M	75	130	Nationwide Life and Annuity Insurance Company	A+
839	\$	1,000,000	M	75	136	John Hancock Life Insurance Company (U.S.A.)	AA-
840	\$	4,000,000	M	75	82	The Lincoln National Life Insurance Company	AA-
841	\$	12,000,000	M	75	145	American General Life Insurance Company	A+
842	\$	2,000,000	M	75	120	ReliaStar Life Insurance Company	A+
843	\$	570,000	M	75	78	Transamerica Life Insurance Company	A+
844	\$	1,000,000	M	75	176	John Hancock Life Insurance Company (U.S.A.)	AA-
845	\$	750,000	M	75	146	Genworth Life and Annuity Insurance Company	B-
846	\$	247,000	M	75	35	Jackson National Life Insurance Company	A+
847	\$	1,250,000	M	75	156	John Hancock Life Insurance Company (U.S.A.)	AA-
848	\$	1,000,000	M	75	139	Security Life of Denver Insurance Company	A+
849	\$	2,500,000	M	75	121	American General Life Insurance Company	A+
850	\$	1,000,000	M	75	126	Security Life of Denver Insurance Company	A+
851	\$	300,000	F	75	28	North American Company for Life and Health Insurance	A+
852	\$	250,000	M	75	95	North American Company for Life and Health Insurance	A+
853	\$	400,000	M	74	137	The Lincoln National Life Insurance Company	AA-
854	\$	250,000	F	74	104	Ohio National Life Assurance Corporation	A-
855	\$	1,500,000	M	74	92	Midland National Life Insurance Company	A+
856	\$	1,500,000	M	74	66	The Lincoln National Life Insurance Company	AA-
857	\$	700,000	M	74	105	Massachusetts Mutual Life Insurance Company	AA+
858	\$	300,000	M	74	169	John Hancock Life Insurance Company (U.S.A.)	AA-
859	\$	500,000	M	74	87	Lincoln Benefit Life Company	BBB
860	\$	92,000	F	74	172	Protective Life Insurance Company	AA-
861	\$	202,700	M	74	92	Farmers New World Life Insurance Company	NR
862	\$	250,000	M	74	158	The Lincoln National Life Insurance Company	AA-
863	\$	100,000	M	74	78	Massachusetts Mutual Life Insurance Company	AA+
864	\$	252,259	M	74	81	Massachusetts Mutual Life Insurance Company	AA+
865	\$	500,000	M	74	134	Protective Life Insurance Company	AA-
866	\$	2,000,000	M	74	140	Talcott Resolution Life and Annuity Insurance Company	BBB
867	\$	1,000,000	M	74	135	Transamerica Life Insurance Company	A+
868	\$	1,000,000	M	74	142	Protective Life Insurance Company	AA-
869	\$	6,000,000	M	74	173	AXA Equitable Life Insurance Company	A+
870	\$	650,000	M	74	108	Protective Life Insurance Company	AA-
871	\$	750,000	M	74	123	USAA Life Insurance Company	AA+
872	\$	1,000,000	M	74	71	Protective Life Insurance Company	AA-
873	\$	1,000,000	M	74	71	Protective Life Insurance Company	AA-
874	\$	1,000,000	M	74	71	Protective Life Insurance Company	AA-
875	\$	600,000	M	74	89	The Lincoln National Life Insurance Company	AA-
876	\$	1,000,000	F	74	91	United of Omaha Life Insurance Company	A+
877	\$	1,000,000	M	74	79	Transamerica Life Insurance Company	A+
878	\$	500,000	M	74	114	Massachusetts Mutual Life Insurance Company	AA+
879	\$	1,251,474	M	74	124	AXA Equitable Life Insurance Company	A+
880	\$	1,000,000	M	74	105	Protective Life Insurance Company	AA-
881	\$	1,650,000	M	74	105	Protective Life Insurance Company	AA-
882	\$	1,000,000	M	74	175	North American Company for Life and Health Insurance	A+

883	\$	1,000,000	M	74	58	Transamerica Life Insurance Company	A+
884	\$	250,000	M	74	86	American General Life Insurance Company	A+
885	\$	5,000,000	F	74	165	AXA Equitable Life Insurance Company	A+
886	\$	305,000	M	74	96	Metropolitan Life Insurance Company	AA-
887	\$	501,554	M	74	138	New England Life Insurance Company	A+
888	\$	300,000	M	74	139	Security Life of Denver Insurance Company	A+
889	\$	2,000,000	M	73	43	Brighthouse Life Insurance Company	AA-
890	\$	2,000,000	M	73	43	Brighthouse Life Insurance Company	AA-
891	\$	2,000,000	M	73	111	Transamerica Life Insurance Company	A+
892	\$	1,000,000	M	73	111	Genworth Life Insurance Company	NR
893	\$	1,000,000	M	73	164	AXA Equitable Life Insurance Company	A+
894	\$	1,000,000	M	73	60	Protective Life and Annuity Insurance Company	AA-
895	\$	200,000	M	73	153	Protective Life Insurance Company	AA-
896	\$	100,000	F	73	148	North American Company for Life and Health Insurance	A+
897	\$	750,000	M	73	105	North American Company for Life and Health Insurance	A+
898	\$	175,000	F	73	85	The Lincoln National Life Insurance Company	AA-
899	\$	300,000	M	73	110	Farmers New World Life Insurance Company	NR
900	\$	1,000,000	M	73	107	Transamerica Life Insurance Company	A+
901	\$	1,000,000	M	73	127	John Hancock Life Insurance Company (U.S.A.)	AA-
902	\$	2,000,000	M	73	158	John Hancock Life Insurance Company (U.S.A.)	AA-
903	\$	1,000,000	M	73	107	Protective Life Insurance Company	AA-
904	\$	1,000,000	M	73	136	Accordia Life and Annuity Company	A-
905	\$	400,000	F	73	114	Equitable Financial Life Insurance Company of America	A+
906	\$	4,000,000	M	73	109	Brighthouse Life Insurance Company	AA-
907	\$	5,000,000	M	73	121	John Hancock Life Insurance Company (U.S.A.)	AA-
908	\$	4,000,000	M	73	122	Equitable Financial Life Insurance Company of America	A+
909	\$	1,532,043	M	73	130	John Hancock Life Insurance Company (U.S.A.)	AA-
910	\$	385,741	M	73	75	Security Life of Denver Insurance Company	A+
911	\$	1,470,000	M	73	109	Brighthouse Life Insurance Company	AA-
912	\$	3,000,000	M	73	135	Guardian Life Insurance Company of America	AA+
913	\$	500,000	M	73	155	The Lincoln National Life Insurance Company	AA-
914	\$	500,000	M	73	144	United of Omaha Life Insurance Company	A+
915	\$	1,000,000	M	73	144	Lincoln Benefit Life Company	BBB
916	\$	750,000	F	73	153	John Hancock Life Insurance Company (U.S.A.)	AA-
917	\$	1,000,000	M	73	166	Transamerica Life Insurance Company	A+
918	\$	534,703	M	73	101	Pacific Life Insurance Company	AA-
919	\$	1,000,000	M	73	175	Ameritas Life Insurance Corp.	A+
920	\$	5,000,000	M	73	182	The Lincoln National Life Insurance Company	AA-
921	\$	1,000,000	M	73	81	AXA Equitable Life Insurance Company	A+
922	\$	500,000	M	73	50	Banner Life Insurance Company	AA-
923	\$	3,000,000	M	73	105	The Lincoln National Life Insurance Company	AA-
924	\$	3,000,000	M	73	105	The Lincoln National Life Insurance Company	AA-
925	\$	205,000	F	73	69	Brighthouse Life Insurance Company	AA-
926	\$	300,000	M	73	147	Brighthouse Life Insurance Company	AA-
927	\$	250,000	M	73	93	American General Life Insurance Company	A+
928	\$	500,000	M	73	51	Security Life of Denver Insurance Company	A+
929	\$	500,000	M	73	115	Protective Life Insurance Company	AA-
930	\$	539,300	M	73	94	Farmers New World Life Insurance Company	NR
931	\$	6,000,000	M	73	158	Protective Life Insurance Company	AA-
932	\$	156,538	F	72	73	New York Life Insurance Company	AA+
933	\$	1,000,000	M	72	134	The Lincoln National Life Insurance Company	AA-
934	\$	150,000	M	72	95	Protective Life Insurance Company	AA-
935	\$	2,500,000	M	72	148	Pruco Life Insurance Company	AA-
936	\$	2,500,000	M	72	148	Pruco Life Insurance Company	AA-
937	\$	750,000	M	72	138	The Northwestern Mutual Life Insurance Company	AA+
938	\$	250,000	F	72	56	Transamerica Life Insurance Company	A+
939	\$	1,000,000	M	72	113	Transamerica Life Insurance Company	A+
940	\$	250,000	F	72	131	Protective Life Insurance Company	AA-
941	\$	300,000	M	72	80	Protective Life Insurance Company	AA-

942	\$	3,000,000	M	72	181	John Hancock Life Insurance Company (U.S.A.)	AA-
943	\$	1,200,000	M	72	132	Massachusetts Mutual Life Insurance Company	AA+
944	\$	3,000,000	M	72	138	Transamerica Life Insurance Company	A+
945	\$	3,000,000	M	72	130	Genworth Life Insurance Company	NR
946	\$	1,200,000	M	72	132	Genworth Life Insurance Company	NR
947	\$	2,000,000	M	72	162	John Hancock Life Insurance Company (U.S.A.)	AA-
948	\$	1,100,000	M	72	132	John Hancock Life Insurance Company (U.S.A.)	AA-
949	\$	13,250,000	M	72	186	TIAA-CREF Life Insurance Company	AA+
950	\$	500,000	M	72	96	The Lincoln National Life Insurance Company	AA-
951	\$	560,000	M	72	116	AXA Equitable Life Insurance Company	A+
952	\$	1,000,000	M	72	27	Equitable Financial Life Insurance Company of America	A+
953	\$	100,000	M	72	98	Nassau Life Insurance Company	BB
954	\$	250,995	M	72	152	State Farm Life Insurance Company	AA
955	\$	200,000	M	72	152	State Farm Life Insurance Company	AA
956	\$	217,578	M	72	71	Sunset Life Insurance Company of America	NR
957	\$	1,000,000	M	72	125	Brighthouse Life Insurance Company	AA-
958	\$	1,000,000	M	72	125	Brighthouse Life Insurance Company	AA-
959	\$	1,500,000	M	72	123	AXA Equitable Life Insurance Company	A+
960	\$	850,000	M	72	125	Brighthouse Life Insurance Company	AA-
961	\$	200,000	M	72	134	Allstate Life Insurance Company of New York	A+
962	\$	1,000,000	M	72	125	Brighthouse Life Insurance Company	AA-
963	\$	250,000	M	72	43	Brighthouse Life Insurance Company	AA-
964	\$	570,000	M	72	117	Nationwide Life Insurance Company	A+
965	\$	250,000	M	72	118	Genworth Life and Annuity Insurance Company	B-
966	\$	750,000	M	72	144	Pekin Life Insurance Company	NR
967	\$	500,000	M	72	148	Talcott Resolution Life and Annuity Insurance Company	BBB
968	\$	300,000	M	72	156	Protective Life Insurance Company	AA-
969	\$	2,000,000	M	72	88	Ohio National Life Assurance Corporation	A-
970	\$	1,790,000	M	72	233	John Hancock Life Insurance Company (U.S.A.)	AA-
971	\$	250,000	M	72	79	Protective Life Insurance Company	AA-
972	\$	500,000	M	72	148	Talcott Resolution Life and Annuity Insurance Company	BBB
973	\$	1,000,000	M	72	158	United States Life Insurance Company in the City of New York	A+
974	\$	500,000	M	72	158	United States Life Insurance Company in the City of New York	A+
975	\$	500,000	M	72	136	Protective Life Insurance Company	AA-
976	\$	500,000	M	72	144	Lincoln Benefit Life Company	BBB
977	\$	439,500	M	72	164	Federal Employees Group Life Insurance	NR
978	\$	500,000	M	72	57	Symetra Life Insurance Company	A
979	\$	500,000	M	72	109	Allstate Life Insurance Company of New York	A+
980	\$	850,000	M	72	149	Protective Life Insurance Company	AA-
981	\$	1,000,000	M	72	150	The Lincoln National Life Insurance Company	AA-
982	\$	500,000	M	72	150	The Lincoln National Life Insurance Company	AA-
983	\$	250,000	M	72	111	Principal Life Insurance Company	A+
984	\$	375,000	M	72	89	U.S. Financial Life Insurance Company	NR
985	\$	500,000	M	72	57	Protective Life Insurance Company	AA-
986	\$	1,000,000	M	71	52	The Lincoln National Life Insurance Company	AA-
987	\$	1,000,000	M	71	60	Transamerica Life Insurance Company	A+
988	\$	5,616,468	M	71	157	John Hancock Life Insurance Company (U.S.A.)	AA-
989	\$	250,000	M	71	138	Pruco Life Insurance Company	AA-
990	\$	3,000,000	M	71	90	ReliaStar Life Insurance Company	A+
991	\$	2,000,000	M	71	90	AXA Equitable Life Insurance Company	A+
992	\$	2,000,000	M	71	90	AXA Equitable Life Insurance Company	A+
993	\$	400,000	M	71	140	The Lincoln National Life Insurance Company	AA-
994	\$	250,000	M	71	172	Protective Life Insurance Company	AA-
995	\$	1,000,000	M	71	86	The Savings Bank Mutual Life Insurance Company of Massachusetts	A-
996	\$	320,000	M	71	140	Transamerica Premier Life Insurance Company	A+
997	\$	1,000,000	M	71	133	Sun Life Assurance Company of Canada (United States Branch)	AA
998	\$	5,000,000	M	71	91	Athene Annuity & Life Assurance Company	A
999	\$	846,510	M	71	107	The Lincoln National Life Insurance Company	AA-
1000	\$	846,210	M	71	107	The Lincoln National Life Insurance Company	AA-

1001	\$	900,000	M	71	102	Banner Life Insurance Company	AA-
1002	\$	600,000	M	71	66	William Penn Life Insurance Company of New York	AA-
1003	\$	229,725	F	71	82	Talcott Resolution Life and Annuity Insurance Company	BBB
1004	\$	105,333	F	71	109	Lincoln Benefit Life Company	BBB
1005	\$	67,602	F	71	109	Allstate Life Insurance Company of New York	A+
1006	\$	5,000,000	M	71	109	The Lincoln National Life Insurance Company	AA-
1007	\$	4,383,532	M	71	157	John Hancock Life Insurance Company (U.S.A.)	AA-
1008	\$	900,000	M	71	161	American General Life Insurance Company	A+
1009	\$	240,000	M	71	102	New York Life Insurance and Annuity Corporation	AA+
1010	\$	400,000	M	71	100	Metropolitan Life Insurance Company	AA-
1011	\$	1,000,000	M	71	116	USAA Life Insurance Company	AA+
1012	\$	491,028	M	71	146	Lincoln Benefit Life Company	BBB
1013	\$	2,000,000	M	71	97	North American Company for Life and Health Insurance	A+
1014	\$	350,000	M	71	36	The Lincoln National Life Insurance Company	AA-
1015	\$	2,000,000	M	71	133	Transamerica Life Insurance Company	A+
1016	\$	1,000,000	M	71	169	Accordia Life and Annuity Company	A-
1017	\$	1,000,000	M	71	145	Brighthouse Life Insurance Company	AA-
1018	\$	500,000	M	71	101	Equitable Financial Life Insurance Company of America	A+
1019	\$	500,000	F	71	76	Kansas City Life Insurance Company	NR
1020	\$	1,000,000	M	71	104	Protective Life Insurance Company	AA-
1021	\$	600,000	M	71	175	The Lincoln National Life Insurance Company	AA-
1022	\$	6,000,000	M	71	172	AXA Equitable Life Insurance Company	A+
1023	\$	250,000	M	71	110	American General Life Insurance Company	A+
1024	\$	100,000	F	71	24	Nationwide Life and Annuity Insurance Company	A+
1025	\$	1,000,000	M	71	161	Transamerica Life Insurance Company	A+
1026	\$	1,000,000	M	71	181	Principal Life Insurance Company	A+
1027	\$	750,000	M	70	105	Pacific Life Insurance Company	AA-
1028	\$	350,000	M	70	83	RiverSource Life Insurance Company	AA-
1029	\$	500,000	F	70	146	Banner Life Insurance Company	AA-
1030	\$	200,000	M	70	138	Pruco Life Insurance Company	AA-
1031	\$	200,000	M	70	138	Pruco Life Insurance Company	AA-
1032	\$	650,000	M	70	159	The Lincoln National Life Insurance Company	AA-
1033	\$	492,547	M	70	92	AXA Equitable Life Insurance Company	A+
1034	\$	1,000,000	M	70	99	Pruco Life Insurance Company	AA-
1035	\$	500,000	F	70	108	American General Life Insurance Company	A+
1036	\$	400,000	M	70	108	Jackson National Life Insurance Company	A+
1037	\$	750,000	M	70	64	Massachusetts Mutual Life Insurance Company	AA+
1038	\$	306,552	M	70	135	First Allmerica Financial Life Insurance Company	A-
1039	\$	989,361	M	70	132	Metropolitan Tower Life Insurance Company	AA-
1040	\$	100,000	M	70	135	Shenandoah Life Insurance Company	NR
1041	\$	3,500,000	M	70	149	AXA Equitable Life Insurance Company	A+
1042	\$	1,000,000	F	70	218	Transamerica Life Insurance Company	A+
1043	\$	150,000	M	70	107	Massachusetts Mutual Life Insurance Company	AA+
1044	\$	350,000	M	70	130	Transamerica Life Insurance Company	A+
1045	\$	250,000	F	70	114	Genworth Life and Annuity Insurance Company	B-
1046	\$	300,000	M	70	93	Protective Life Insurance Company	AA-
1047	\$	900,000	M	70	125	Protective Life Insurance Company	AA-
1048	\$	510,546	M	70	98	Brighthouse Life Insurance Company	AA-
1049	\$	500,000	M	70	119	Transamerica Life Insurance Company	A+
1050	\$	2,000,000	F	69	169	Brighthouse Life Insurance Company	AA-
1051	\$	500,000	M	69	51	Transamerica Life Insurance Company	A+
1052	\$	540,000	M	69	147	Protective Life Insurance Company	AA-
1053	\$	265,000	M	69	134	Protective Life Insurance Company	AA-
1054	\$	250,000	M	69	96	Transamerica Life Insurance Company	A+
1055	\$	10,000,000	M	69	77	The Lincoln National Life Insurance Company	AA-
1056	\$	250,000	F	69	173	Principal Life Insurance Company	A+
1057	\$	250,000	M	69	137	American General Life Insurance Company	A+
1058	\$	250,000	M	69	123	Wilco Life Insurance Company	NR
1059	\$	500,000	M	69	125	Protective Life Insurance Company	AA-

1060	\$	250,000	F	69	175	West Coast Life Insurance Company	AA-
1061	\$	1,500,000	M	69	134	John Hancock Life Insurance Company (U.S.A.)	AA-
1062	\$	100,000	M	69	68	State Farm Life Insurance Company	AA
1063	\$	200,000	M	69	186	North American Company for Life and Health Insurance	A+
1064	\$	850,000	M	69	181	Principal Life Insurance Company	A+
1065	\$	250,000	F	69	171	Transamerica Life Insurance Company	A+
1066	\$	1,000,000	M	69	173	AXA Equitable Life Insurance Company	A+
1067	\$	1,000,000	M	69	88	Metropolitan Tower Life Insurance Company	AA-
1068	\$	1,000,000	M	69	144	Security Life of Denver Insurance Company	A+
1069	\$	248,280	M	69	100	The Ohio State Life Insurance Company	NR
1070	\$	5,000,000	M	69	216	The Lincoln National Life Insurance Company	AA-
1071	\$	3,500,000	M	68	181	Pruco Life Insurance Company	AA-
1072	\$	1,000,000	M	68	123	John Hancock Life Insurance Company (U.S.A.)	AA-
1073	\$	350,000	M	68	99	Talcott Resolution Life and Annuity Insurance Company	BBB
1074	\$	4,000,000	M	68	84	William Penn Life Insurance Company of New York	AA-
1075	\$	250,000	M	68	102	Pacific Life Insurance Company	AA-
1076	\$	500,000	M	68	128	United of Omaha Life Insurance Company	A+
1077	\$	1,000,000	M	68	159	Banner Life Insurance Company	AA-
1078	\$	1,000,000	M	68	138	Pruco Life Insurance Company	AA-
1079	\$	2,000,000	M	68	195	Accordia Life and Annuity Company	A-
1080	\$	250,000	M	68	143	Pruco Life Insurance Company	AA-
1081	\$	500,000	M	68	42	Athene Annuity & Life Assurance Company	A
1082	\$	200,000	F	68	32	Pruco Life Insurance Company	AA-
1083	\$	350,000	M	68	24	EMC National Life Company	NR
1084	\$	250,000	F	68	95	The Lincoln National Life Insurance Company	AA-
1085	\$	250,000	F	68	95	The Lincoln National Life Insurance Company	AA-
1086	\$	3,000,000	M	67	129	U.S. Financial Life Insurance Company	NR
1087	\$	1,000,000	M	67	159	John Hancock Life Insurance Company (U.S.A.)	AA-
1088	\$	1,500,000	M	67	155	Metropolitan Life Insurance Company	AA-
1089	\$	3,000,000	M	67	234	AXA Equitable Life Insurance Company	A+
1090	\$	500,000	M	67	130	Security Mutual Life Insurance Company of New York	NR
1091	\$	400,000	M	67	42	Ohio National Life Assurance Corporation	A-
1092	\$	250,000	M	67	75	Transamerica Life Insurance Company	A+
1093	\$	1,500,000	M	67	155	New York Life Insurance and Annuity Corporation	AA+
1094	\$	1,000,000	M	67	21	John Hancock Life Insurance Company (U.S.A.)	AA-
1095	\$	250,000	M	66	64	The Lincoln National Life Insurance Company	AA-
1096	\$	750,000	M	66	153	John Hancock Life Insurance Company (U.S.A.)	AA-
1097	\$	400,000	M	66	163	Transamerica Life Insurance Company	A+
1098	\$	2,500,000	M	66	115	Transamerica Life Insurance Company	A+
1099	\$	484,824	M	66	203	Brighthouse Life Insurance Company	AA-
1100	\$	1,000,000	M	66	45	Pruco Life Insurance Company	AA-
1101	\$	250,000	M	65	141	American General Life Insurance Company	A+
1102	\$	150,000	M	63	78	Jackson National Life Insurance Company	A+
		\$ 1,960,825,764					

(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.

Certain identified information has been excluded from this Exhibit 99.3 because it is both
(i) not material and (ii) would be competitively harmful if publicly disclosed.

FIFTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

BENEFICIENT COMPANY HOLDINGS, L.P.

Dated as of July 15, 2020

THE PARTNERSHIP UNITS OF BENEFICIENT COMPANY HOLDINGS, L.P. HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES LAWS OF ANY STATE, PROVINCE OR ANY OTHER APPLICABLE SECURITIES LAWS AND ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH UNITS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR PROVINCE, AND ANY OTHER APPLICABLE SECURITIES LAWS; (II) THE TERMS AND CONDITIONS OF THIS FIFTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT; AND (III) ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BETWEEN THE GENERAL PARTNER AND THE APPLICABLE LIMITED PARTNER. THE UNITS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS; THIS LIMITED PARTNERSHIP AGREEMENT; AND ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BY THE GENERAL PARTNER AND THE APPLICABLE LIMITED PARTNER. THEREFORE, PURCHASERS AND OTHER TRANSFEREES OF SUCH UNITS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT OR ACQUISITION FOR AN INDEFINITE PERIOD OF TIME.

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Exhibit A Exchange Fund Portfolio Interests

SCHEDULES:

Schedule A Quarterly Rate Cap

FIFTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT
OF
BENEFICIENT COMPANY HOLDINGS, L.P.

This FIFTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (this "Agreement") of Beneficient Company Holdings, L.P. (the "Partnership") is made as of the 15th day of July, 2020, by and among The Beneficient Company Group, L.P., a limited partnership formed under the laws of the State of Delaware, as general partner, and the Limited Partners (as defined herein) of the Partnership.

WHEREAS, the Partnership was formed as a limited partnership pursuant to the Act, by the filing of a Certificate of Limited Partnership (the "Certificate") with the Office of the Secretary of State of the State of Delaware and the execution of the Limited Partnership Agreement of the Partnership dated as of May 14, 2010, which Limited Partnership Agreement was (i) initially amended and restated pursuant to that certain Amended and Restated Limited Partnership Agreement of the Partnership dated as of September 1, 2017 (the "Previous Agreement"), (ii) subsequently amended and restated pursuant to that certain Second Amended and Restated Limited Partnership Agreement of the Partnership dated as of December 27, 2018, (iii) further amended and restated pursuant to that certain Third Amended and Restated Limited Partnership Agreement of the Partnership dated as of February 1, 2019; and (iv) further amended and restated pursuant to that certain Fourth Amended and Restated Limited Partnership Agreement of the Partnership dated as of April 26, 2019, as amended by that First Amendment effective as of April 26, 2019 (the "Existing Agreement"); and

WHEREAS, the parties hereto desire to enter into this Fifth Amended and Restated Limited Partnership Agreement of the Partnership to amend the Existing Agreement and to, amongst other things, provide for the creation of new series of Preferred Series Unit Accounts.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree to amend and restate the Existing Agreement in its entirety to read as follows:

ARTICLE I.

DEFINITIONS

Section 1.01. Definitions. Capitalized terms used herein without definition have the following meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

"Act" means, the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et seq., as it may be amended from time to time.

"Additional Credit Amount" has the meaning set forth in Section 4.02(c).

"Adjusted Capital Account Balance" means, with respect to each Partner, the balance in such Partner's Capital Account adjusted: (a) by taking into account the adjustments,

allocations and distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6); and (b) by adding to such balance such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5), and any amounts such Partner is obligated to restore pursuant to any provision of this Agreement or by applicable Law. The foregoing definition of Adjusted Capital Account Balance is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" means, with respect to a specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person.

"Agent GP" has the meaning set forth in Section 3.08.

"Agreement" has the meaning set forth in the preamble of this Agreement.

"Alternative Asset Financing Portfolio" means the portfolio of illiquid financial and alternative assets, including investments in private equity funds, mezzanine funds, venture capital funds, private real estate, gated hedge funds, life settlements and other similar financial and alternative assets, to be loaned against or acquired by the Partnership or its Subsidiaries in the ordinary course of the Partnership's trust products and services business.

"Amended Tax Amount" has the meaning set forth in Section 4.02(c).

"Annual Conversion Amount" means, with respect to any holder, an amount, determined as of such measurement period, equal to (a) the Sub-Capital Account attributable to the Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts) held by such holder as of January 1, 2021, multiplied by (b) the Annual Factor, minus (c) the aggregate amount of such holder's Sub-Capital Account attributable to any Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts) previously converted pursuant to Section 7.08.

"Annual Factor" means: (a) 20%, if the Annual Conversion Amount is being calculated for calendar year 2021; (b) 40%, if the Annual Conversion Amount is being calculated for calendar year 2022; (c) 60%, if the Annual Conversion Amount is being calculated for calendar year 2023; (d) 80%, if the Annual Conversion Amount is being calculated for calendar year 2024; or (e) 100%, if the Annual Conversion Amount is being calculated for calendar year 2025 or thereafter.

"Annual Preferred Series B Rate" means 8% per annum.

"Annual Preferred Series B Return" means for any given Fiscal Year (or portion thereof, for which a pro-rated Annual Preferred Series B Return shall apply), the amount equal to a Preferred Series B Unit Account holder's (a) Hypothetical Preferred Opening Capital Account Balance multiplied by (b) Annual Preferred Series B Rate.

"Annualized Revenues" has the meaning set forth in Schedule A.

"Assignee" has the meaning set forth in Section 8.05.

"Assumed Tax Rate" means the highest effective marginal combined U.S. federal, state and local income tax rate (including the rate of taxes under Section 1411 of the Code) for a Fiscal Year prescribed for an individual resident in New York, New York (taking into account (a) the nondeductibility of expenses subject to the limitations described in Sections 67 and 68 of the Code and (b) the character (e.g., long-term or short-term capital gain or ordinary or exempt income) of the applicable income, but not taking into account the deductibility of state and local income taxes for U.S. federal income tax purposes). For the avoidance of doubt, the Assumed Tax Rate will be the same for all Partners.

"Available Cash" means, with respect to any fiscal period, the amount of cash on hand which the General Partner, in its reasonable discretion, deems available for distribution to the Partners, taking into account all debts, liabilities and obligations of the Partnership then due and amounts which the General Partner, in its reasonable discretion, deems reasonably necessary or advisable to expend or retain for working capital or to place into reserves for customary and usual claims with respect to the Partnership's operations and for anticipated debts, liabilities and obligations of the Partnership, in each case, which shall be consistent with the previously approved annual budget of the Partnership, if any.

"Available Cash Flow" means, the lesser of (a) the Available Cash held by the Partnership and (b) 25% of the Profits that would be allocable to the Class S Units and Class A Units under Section 5.04(a)(viii) minus the amount of Tax Distributions made to Class S Units and Class A Units, in each case, with respect to such Fiscal Quarter.

"Available Redeeming Cash" has the meaning set forth in Section 7.09.

"Base Rate" means (a) 0.5% prior to the Initial Public Listing and (b) 0.75% following the Initial Public Listing.

"BEN Holdings Partnerships" means, collectively, the Partnership and any current or future entity owned in whole or in part by the Partnership except for those entities determined by the General Partner, in its reasonable discretion, not to be BEN Holdings Partnerships.

"Book Difference Allocation Amount" means, at any time, an amount equal to (a) the product of (i) the amount of the aggregate capital account balances, as of the time of computation, of all outstanding Class A Units and Class S Units plus [*].

"BTC Subsidiary Corporation" means, collectively, Beneficient Corporate Holdings, L.L.C. and any current or future direct or indirect Subsidiaries of the Partnership designated as such by the General Partner in its reasonable discretion.

"BTC Subsidiary Partnership" means, collectively, Beneficient Management Holdings, L.P. and any current or future direct or indirect Subsidiaries of the Partnership designated as such by the General Partner in its reasonable discretion.

"BTC Subsidiary Profit and Loss" means the sum of Subsidiary Class S/P Tax Amount, Subsidiary Class S/P Post-Tax Amount, and Subsidiary Class A Profit (in each case, whether or not distributed), provided that, this definition of BTC Subsidiary Profit and Loss shall be amended to take into account any re-structuring or other change to a BTC Subsidiary Corporation or BTC Subsidiary Partnership as deemed appropriate by the General Partner in its reasonable discretion.

"Capital Account" means the separate capital account maintained for each Partner in accordance with Section 5.02(a).

"Capital Contribution" means, with respect to any Partner, the aggregate amount of money contributed to the Partnership and the Carrying Value of any property (other than money), net of any liabilities assumed by the Partnership upon contribution or to which such property is subject, contributed to the Partnership pursuant to Article V.

"Carrying Value" means, with respect to any Partnership asset, the asset's adjusted basis for U.S. federal income tax purposes, except that the initial carrying value of assets contributed to the Partnership shall be their respective gross fair market values on the date of contribution as determined by the General Partner, and the Carrying Values of all Partnership assets shall be adjusted to equal their respective fair market values, in accordance with the rules set forth in Treasury Regulation Section 1.704-1(b)(2)(iv)(f) (including the issuance of a Noncompensatory Option and the conversion of Preferred Series B Unit Accounts), except as otherwise provided herein, as of: (a) the date of the acquisition of any additional Partnership interest by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) the date of the distribution of more than a de minimis amount of Partnership assets to a Partner; (c) the date a Partnership interest is relinquished to the Partnership; (d) the date of any adjustment to carrying value under the agreement of limited partnership of the General Partner; or (e) any other date specified in the Treasury Regulations; provided, however, that adjustments pursuant to clauses (a), (b) (c), (d) and (e) above shall not be made if the General Partner, in its reasonable discretion, decides such changes are not necessary or appropriate to reflect the relative economic interests of the Partners. The Carrying Value of any Partnership asset distributed to any Partner shall be adjusted immediately before such distribution to equal its fair market value. In the case of any asset that has a Carrying Value that differs from its adjusted tax basis, Carrying Value shall be adjusted by the amount of depreciation calculated for purposes of the definition of "Profits" and "Losses" rather than the amount of depreciation determined for U.S. federal income tax purposes, and depreciation shall be calculated by reference to Carrying Value rather than tax basis once Carrying Value differs from tax basis. For the avoidance of doubt, adjustments to the Carrying Value, as defined here, of any assets held directly or indirectly by the Partnership (including interests in, or assets held through, Subsidiaries treated as corporations for U.S. federal income tax purposes) shall be made in a manner reasonably determined by the General Partner in its reasonable discretion to reflect the overall allocations among the Partnership and its Subsidiaries. In the event of the issuance of Units pursuant to the exercise of a Noncompensatory Option where the right to share in Partnership capital represented by such Unit differs from the consideration paid to acquire and exercise such option, the Carrying Value of each Partnership property immediately after the issuance of such Unit shall be adjusted upward or downward to reflect any unrealized gain or unrealized loss attributable to such Partnership property and the

Capital Accounts of the Partners shall be adjusted in a manner consistent with Treasury Regulations Section 1.704-1(b)(2)(iv)(s); provided, further, that in the event of an issuance of Units for a de minimis amount of cash or contributed Property, in the event of an issuance of a Noncompensatory Option to acquire a de minimis Partnership interest, or in the event of an issuance of a de minimis amount of Partnership interests as consideration for the provision of services, the General Partner may determine that such adjustments are unnecessary for the proper administration of the Partnership. If, upon the occurrence of a revaluation event described in this definition of Carrying Value, a Noncompensatory Option of the Partnership is outstanding, the Partnership shall adjust the Carrying Value of each Partnership property in accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(f)(1) and 1.704-1(b)(2)(iv)(h)(2). In determining such unrealized gain or unrealized loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of additional Partnership interests (or, in the case of a revaluation event resulting from the exercise of a Noncompensatory Option, immediately after the issuance of the Units acquired pursuant to the exercise of such Noncompensatory Option if required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(s)(1)) shall be determined by the General Partner using such reasonable method of valuation as it may adopt.

"Certificate" has the meaning set forth in the recitals of this Agreement.

"Class" means the classes of Units into which the interests in the Partnership may be classified or divided from time to time by the General Partner in its reasonable discretion pursuant to the provisions of this Agreement. As of the date of this Agreement the only Classes are the Class A Units, the Class S Units, the FLP Unit Accounts and the Preferred Series Unit Accounts. Subclasses within a Class shall not be separate Classes for purposes of this Agreement or the Act.

For all purposes hereunder and under the Act, only such Classes expressly established under this Agreement, including by the General Partner in accordance with this Agreement, shall be deemed to be a class of limited partner interests in the Partnership. For the avoidance of doubt, to the extent that the General Partner holds limited partner interests of any Class, the General Partner shall not be deemed to hold a separate Class of such interests from any other Limited Partner because it is the General Partner.

"Class A Units" means the Units of partnership interest in the Partnership designated as the "Class A Units" herein and having the rights pertaining thereto as are set forth in this Agreement, including both the Subclass 1 Class A Units and the Subclass 2 Class A Units provided, however, that only the Subclass 1 Class A Units shall track to the Common Units of Issuer and therefore be encumbered by the Common Units pursuant to Section 7.01(c) of this Agreement and Section 5.6(d) of the Issuer Partnership Agreement.

"Class P Interests" means the units or other ownership interests that are designated as "Class P" in each BTC Subsidiary Partnership or PEN Subsidiary LTD, as set forth in their respective governing documents.

"Class R Interests" means the units or other ownership interests that are designated as "Class R" in each BTC Subsidiary Partnership or PEN Subsidiary LTD, as set forth in their respective governing documents.

"Class S Ordinary Units" means Units of partnership interest in the Partnership designated as the "Class S Ordinary Units" herein and having the rights pertaining thereto as are set forth in this Agreement and convertible to Common Units in accordance with the Exchange Agreement and Section 7.06.

"Class S Preferred Units" means Units of partnership interest in the Partnership designated as the "Class S Preferred Units" herein and having the rights pertaining thereto as are set forth in this Agreement and convertible to Class S Ordinary Units in accordance with Section 7.05.

"Class S Units" means the Class S Ordinary Units and the Class S Preferred Units.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Common Units" means common units representing limited partner interests in the Issuer.

"Consenting Party" has the meaning set forth in Section 11.10(a).

"Contingencies" has the meaning set forth in Section 9.03(a).

"Control" (including the terms "Controlled by" and "under common Control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or general partnership or managing member interests, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Conversion Amount" has the meaning set forth in Section 7.08(c).

"Counselors" means Beneficient Management Counselors, L.L.C., a Delaware limited liability company.

"CPI-U" means the seasonally adjusted Consumer Price Index for All Urban Consumers published by the U.S. Bureau of Labor Statistics.

"Credit Amount" has the meaning set forth in Section 4.02(c).

"Creditable Non-U.S. Tax" means a non-U.S. tax paid or accrued for United States federal income tax purposes by the Partnership, in either case to the extent that such tax is eligible for credit under Section 901(a) of the Code. A non-U.S. tax is a Creditable Non-U.S. Tax for these purposes without regard to whether a Partner receiving an allocation of such non-U.S. tax elects to claim a credit for such amount. This definition is intended to be consistent with the term

"creditable foreign tax" in Treasury Regulations Section 1.704-1(b)(4)(viii), and shall be interpreted consistently therewith.

"Departing General Partner" means a former General Partner from and after the effective date of any withdrawal of such former General Partner pursuant to Section 8.06.

"Disabling Event" means the General Partner ceasing to be the general partner of the Partnership pursuant to Section 17-402 of the Act.

"Dispute" has the meaning set forth in Section 11.10(a).

"Dissolution Event" has the meaning set forth in Section 9.02.

"Encumbrance" means any mortgage, hypothecation, claim, lien, encumbrance, conditional sales or other title retention agreement, right of first refusal, preemptive right, pledge, option, charge, security interest or other similar interest, easement, judgment or imperfection of title of any nature whatsoever.

"Equity Securities" means (a) Units or other equity interests in the Partnership (including Class A Units, Class S Units, Preferred Series Unit Accounts and FLP Unit Accounts or other classes or groups thereof having such relative rights, powers and duties as may from time to time be established by the General Partner, including rights, powers and/or duties senior to existing classes and groups of Units and other equity interests in the Partnership), (b) obligations, evidences of Indebtedness or other securities or interests convertible or exchangeable into Units or other equity interests in the Partnership and (c) warrants, options or other rights to purchase or otherwise acquire Units or other equity interests in the Partnership.

"ERISA" means The Employee Retirement Income Security Act of 1974, as amended.

"Excess" has the meaning set forth in Section 7.04(b)(iv).

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exchange Agreement" means one or more exchange agreements providing for the exchange of BEN Holdings Partnerships partnership units or other securities issued by partners, members or other equityholders, as applicable, of the General Partner, the BEN Holding Partnerships and any of their Subsidiaries for Common Units, or the distribution of cash in lieu of Common Units, as may be contemplated by the Registration Statement, this Agreement or the limited partnership or operating agreement of any BEN Holdings Partnership.

"Exchange Transaction" means an exchange of Units for Common Units or cash pursuant to, and in accordance with, the Exchange Agreement or, if the Issuer and the exchanging Limited Partner shall mutually agree, a Transfer of Units to the Issuer, the Partnership or any of their Subsidiaries for other consideration.

"Excluded Amounts" means (a) BTC Subsidiary Profit and Loss, (b) Subsidiary Revenue, (c) [*]% of Subsidiary Core Profit, (d) Subsidiary Independent Profit, and (e) amounts allocated pursuant to Section 5.04(f) through Section 5.04(j).

"Executive Committee" means the Executive Committee of the Board of Directors or other governing authority of Parent constituted in accordance with the governing documents of Parent or, in the event there is no such Executive Committee, then a committee of the Board of Directors of Parent composed of those members (or the duly appointed successors of those members) who served on the Executive Committee immediately before the Executive Committee ceased to exist.

"Existing Agreement" has the meaning set forth in the recitals of this Agreement.

"Final Tax Amount" has the meaning set forth in Section 4.02(c).

"Fiscal Quarter" means, as applicable, a three-month period commencing on January 1, April 1, July 1 or October 1.

"Fiscal Year" means, unless otherwise determined by the General Partner in its reasonable discretion in accordance with Section 11.12, (a) the period commencing upon the formation of the Partnership and ending on December 31, 2010 or (b) any subsequent twelve-month period commencing on January 1 and ending on December 31.

"FLP Unit Account" means an account having the rights and obligations specified in this Agreement and convertible to Class S Units in accordance with Section 7.04. References to "FLP Unit Accounts" include Subclass 1 and Subclass 2 FLP Unit Accounts. For the avoidance of doubt, FLP Unit Accounts are not Class A Units, Class S Units or Preferred Series Unit Accounts.

"GAAP" means accounting principles generally accepted in the United States of America as in effect from time to time.

"General Partner" means The Beneficient Company Group, L.P., a limited partnership formed under the laws of the State of Delaware, or any additional and/or successor general partner admitted to the Partnership in accordance with the terms of this Agreement, acting in its capacity as a general partner of the Partnership.

"Hypothetical Class S Preferred Opening Capital Account Balance" means the balance of the Sub-Capital Account associated with a holder's Class S Preferred Units as of the first day of a particular Fiscal Quarter, calculated on a compounded basis as if such Class S Preferred Units had been increased by an amount equal to the Quarterly Class S Preferred Return for all previous Fiscal Quarters, after making appropriate adjustments for any redemptions, conversions and distributions and excluding any allocations of Profit or Loss; provided, however, that in the event that any Class S Preferred Unit is to be converted or redeemed on a date that is not the first day of a Fiscal Quarter, then such applicable Hypothetical Class S Preferred Opening Capital Account Balance shall be determined as of such date, taking into account the proportionate Quarterly Class S Preferred Return for such period.

"Hypothetical Preferred Opening Capital Account Balance" means the balance of the Sub-Capital Account associated with a holder's Preferred Series Unit Account as of the first day of a particular Fiscal Year or Fiscal Quarter, as applicable, calculated on a compounded basis as if such Preferred Series Unit Account had been increased by an amount equal to: (a) in the case of Preferred Series B Unit Accounts, the Annual Preferred Series B Return for all previous Fiscal Years, after making appropriate adjustments for any redemptions, conversions and distributions and excluding any allocations of Profit or Loss; (b) in the case of each of the Preferred Series A Unit Accounts, the applicable Quarterly Preferred Series A Return for all previous Fiscal Quarters, in each case after making appropriate adjustments for any redemptions, conversions and distributions and excluding any allocations of Profit or Loss; and (c) in the case of the Preferred Series C Unit Accounts, the applicable Quarterly Preferred Series C Return for all previous Fiscal Quarters, in each case after making appropriate adjustments for any redemptions, conversions and distributions and excluding any allocations of Profit or Loss; provided, however, that in the event that any Preferred Series Unit Account is to be converted or redeemed on a date that is not the first day of a Fiscal Year or Fiscal Quarter, as applicable, then the Hypothetical Preferred Opening Capital Account Balance shall be determined as of such date, taking into account the proportionate Annual Preferred Series B Return, Quarterly Preferred Series A Return or Quarterly Preferred Series C Return, as applicable, for such period.

"Incapacity" means, with respect to any Person, the bankruptcy, dissolution, termination, entry of an order of incompetence, or the insanity, permanent disability or death of such Person.

"Indebtedness" means the long-term indebtedness of the Partnership and its Subsidiaries, on a consolidated basis, as set forth on the most recent quarterly or annual financial statements of the Partnership.

"Indemnitee" means (a) the General Partner, (b) the general partner of the General Partner, (c) any member of the general partner of the General Partner, (d) any Departing General Partner, (e) any additional or substitute General Partner, (f) any Person who is or was a tax matters partner, officer or director of the Partnership, the General Partner or any additional or substitute General Partner or of the general partner of the General Partner, (g) any Limited Partner, (h) any officer or director of the General Partner or any additional or substitute General Partner who is or was serving at the request of the General Partner or any additional or substitute General Partner as an officer, director, employee, member, partner, tax matters partner, agent, fiduciary or trustee of another Person; provided that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services, (i) any Person the General Partner in its reasonable discretion designates as an "Indemnitee" for purposes of this Agreement (which such designation may be made at any time, including after any liability arises) and (j) any heir, executor or administrator with respect to Persons named in clauses (a) through (i).

"Inflation Adjustment Amount" means for a given holder of Units, as of any determination date, the percentage change, if positive, to the CPI-U from (a) the date of the last allocation of Profits to such holder to (b) such determination date.

"Initial Public Listing" means any transaction, event or agreement, including without limitation the effectiveness of the initial registration of the Common Units, (a) resulting in the listing of the Common Units (or any securities into which the Common Units may be exchanged in a business combination or other transaction or series of related transactions) on a national securities exchange or quotation in an automated quotation system or (b) pursuant to which the Common Units, whether automatically or by election of the holder thereof, the Partnership or any other Person, are convertible or exchangeable into equity securities listed on a national securities exchange or quotation in an automated quotation system.

"Issuer" means The Beneficient Company Group, L.P., a limited partnership formed under the laws of the State of Delaware, or any successor thereto.

"Issuer General Partner" means Beneficient Management L.L.C., a limited liability company formed under the laws of the State of Delaware and the general partner of the Issuer, or any successor general partner of the Issuer.

"Issuer Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Issuer, as such agreement of limited partnership may be amended, supplemented or restated from time to time.

"Law" means any statute, law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree or other order issued or promulgated by any national, supranational, state, federal, provincial, local or municipal government or any administrative or regulatory body with authority therefrom with jurisdiction over the Partnership or any Partner, as the case may be.

"Limited Partner" means each of the Persons from time to time listed as a limited partner in the books and records of the Partnership, and, for purposes of Section 8.01, Section 8.02, and Section 8.03, acting in their capacity as a limited partner of the Partnership.

"Liquidating Proceeds" has the meaning set forth in Section 9.03(b). "Liquidation Agent" has the meaning set forth in Section 9.03.

"Minimum Retained Earnings" means, at any time of measurement, an amount equal to (a) the sum of the Hypothetical Preferred Opening Capital Account Balances for all Preferred Series Unit Accounts, plus (b) the sum of the Hypothetical Class S Preferred Opening Capital Account Balances for all then issued and outstanding Class S Preferred Units, plus (c) the sum of all capital contributions made by Class A Units, and plus (d) the aggregate amount of any Carrying Value adjustments related to such Classes of Units pursuant to Section 5.04(f) and Section 5.04(g).

"NAV" means the net asset value (calculated by the Partnership in accordance with its customary procedures) of the Partnership's Alternative Asset Financing Portfolio plus, without duplication, all cash held or controlled by the Partnership or its Affiliates (as of the date of determination).

"Net Taxable Income" has the meaning set forth in Section 4.02(a).

"Noncompensatory Option" has the meaning set forth in Treasury Regulations Section 1.721-2(f).

"Nonrecourse Deductions" has the meaning set forth in Treasury Regulations Section 1.704-2(b). The amount of Nonrecourse Deductions of the Partnership for a Fiscal Year equals the net increase, if any, in the amount of Partnership Minimum Gain of the Partnership during that Fiscal Year, determined according to the provisions of Treasury Regulations Section 1.704-2(c).

"Officer" means each Person designated in writing as an officer of the Partnership by the General Partner pursuant to and in accordance with the provisions of Section 3.04, subject to any resolutions of the General Partner appointing such Person as an officer of the Partnership or relating to such appointment.

"Option Agreement" has the meaning set forth in Section 7.08(f)

"Parent" means Beneficient Management, L.L.C., a Delaware limited liability company and general partner of the Issuer.

"Parent LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of Parent, as it may be amended or amended and restated from time to time.

"Partner Nonrecourse Debt Minimum Gain" means an amount with respect to each partner nonrecourse debt (as defined in Treasury Regulations Section 1.704-2(b)(4)) equal to the Partnership Minimum Gain that would result if such partner nonrecourse debt were treated as a nonrecourse liability (as defined in Treasury Regulations Section 1.752-1(a)(2)) determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Deductions" has the meaning ascribed to the term "partner nonrecourse deductions" set forth in Treasury Regulations Section 1.704-2(i)(2).

"Partners" means, at any time, each person listed as a Partner (including the General Partner) on the books and records of the Partnership, in each case for so long as he, she or it remains a partner of the Partnership as provided hereunder.

"Partnership" has the meaning set forth in the preamble of this Agreement.

"Partnership Minimum Gain" has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"Partnership Register" has the meaning set forth in Section 2.08.

"Partnership Sale" means, unless otherwise determined by the General Partner in its reasonable discretion, the sale, exchange, or other disposition, or sale of control, in one or more related transactions (transactions occurring within any 36 month period shall be deemed to be related unless determined otherwise by the General Partner in its reasonable discretion), of or over; (a) the Partnership, (b) 40% or more of the Partnership's total assets (by value), or (c) assets of

any direct or indirect Subsidiary of the Partnership provided that such sale(s), exchange(s), or other disposition(s) represents more than 40% of the Partnership's total assets (by value).

"PEN Disposition" has the meaning set forth in Section 3.06(c).

"PEN Entities" has the meaning set forth in Section 3.06(c).

"PEN Holdings Partnerships" means, collectively, PEN Company Holdings, L.P., once formed, and any future partnership designated by the General Partner in its reasonable discretion as a PEN Holdings Partnership for purposes of this Agreement.

"PEN Issuer General Partner" means The PEN Indemnity Insurance Company, L.P., a Bermuda exempted limited partnership, and its successors and permitted assigns that are admitted to a PEN Holdings Partnership as general partner; each in its capacity as a general partner of a PEN Holdings Partnership (except as the context otherwise requires).

"PEN Subsidiary LTD" means The PEN Indemnity Insurance Company, L.P., its direct or indirect Subsidiaries, and any current or future direct or indirect Subsidiaries of the Partnership designated as such by the General Partner in its reasonable discretion.

"PEN Successor Entity" has the meaning set forth in Section 3.06(c).

"Person" means any individual, estate, corporation, partnership, limited partnership, limited liability company, limited company, joint venture, trust, unincorporated or governmental organization or any agency or political subdivision thereof.

"Pledge Default" has the meaning set forth in Section 3.08.

"Preemptive Investor Portion" means, with respect to any Preemptive Holder, that proportion that the Class S Ordinary Units then held by such Preemptive Holder (including all Class S Ordinary Units then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of any other Equity Securities then held by such Preemptive Holder) bears to the total Class S Ordinary Units of the Partnership then outstanding (assuming full conversion and/or exercise, as applicable, of all other Equity Securities then outstanding).

"Preemptive Holder" has the meaning set forth in Section 7.11(a).

"Preemptive Rights Notice" has the meaning set forth in Section 7.11(b).

"Preferred Series A Subclass 0 Unit Accounts" has the meaning set forth in Section 7.01(a).

"Preferred Series A Subclass 1 Unit Accounts" has the meaning set forth in Section 7.01(a).

"Preferred Series A Subclass 2 Unit Accounts" has the meaning set forth in Section 7.01(a).

"Preferred Series A Subclass 3 Unit Accounts" has the meaning set forth in Section 7.01(a).

"Preferred Series A Unit Accounts" means the (a) Preferred Series A Subclass 0 Unit Accounts, (b) Preferred Series A Subclass 1 Unit Accounts, (c) Preferred Series A Subclass 2 Unit Accounts, and (d) Preferred Series A Subclass 3 Unit Accounts.

"Preferred Series A Subclass 1/3 Unit Conversion Amount" has the meaning set forth in Section 7.08(b).

"Preferred Series A Subclass 2/Series B Unit Conversion Amount" has the meaning set forth in Section 7.08(c).

"Preferred Series A Subclass 0 Unit Conversion Amount" has the meaning set forth in Section 7.08(a).

"Preferred Series A Subclass 0 Unit Conversion Price" means, either (x) prior to the Initial Public Listing, the per Common Unit fair market value as determined by the General Partner and (y) following the Initial Public Listing, the lesser of (i) \$10.00 and (ii) if the Common Units are listed on a national securities exchange, the volume-weighted average closing price of a Common Unit as reported on the exchange on which the Common Units are traded for the twenty (20) days immediately prior to the applicable Quarterly Exchange Date, or if the Common Units are not listed on a national securities exchange, then the volume-weighted average closing price of a security traded on a national securities exchange or quoted in an automated quotation system into which the Common Units are convertible or exchangeable for the twenty (20) days immediately prior to the applicable Quarterly Exchange Date.

"Preferred Series A Subclass 1/2/3 Unit Conversion Price" means either (x) prior to the Initial Public Listing, the per Common Unit fair market value as determined by the General Partner and (y) following the Initial Public Listing, if the Common Units are listed on a national securities exchange, the average closing price of a Common Unit as reported on the exchange on which the Common Units are traded for the thirty (30) day period ended immediately prior to the applicable Quarterly Exchange Date, or if the Common Units are not listed on a national securities exchange, then the average closing price of a security traded on a national securities exchange or quoted in an automated quotation system into which the Common Units are convertible or exchangeable for the thirty (30) day period ended immediately prior to the applicable Quarterly Exchange Date.

"Preferred Series B Unit Accounts" has the meaning set forth in Section 7.01(a).

"Preferred Series B Unit Conversion Price" means, subject to Section 7.13, an amount equal to the per Common Unit fair market value determined by the Executive Committee as at the time of such notice of election to convert, which amount shall also apply with respect to any conversion of the applicable Preferred Series B Unit Accounts prior to the Initial Public Listing in connection with a Partnership Sale, distribution of Liquidating Proceeds pursuant to Section 9.03.

"Preferred Series C Unit Accounts" has the meaning set forth in Section 7.01(a).

"Preferred Series Unit Account" means an account representing an interest in the Partnership designated as a "Preferred Series Unit Account" herein and having the rights pertaining thereto as are set forth in this Agreement. For the avoidance of doubt, Preferred Series Unit Accounts are not Class A Units, Class S Units, or FLP Unit Accounts. Preferred Series Unit Accounts shall include Preferred Series A Subclass 0 Unit Accounts, Preferred Series A Subclass 1 Unit Accounts, Preferred Series A Subclass 2 Unit Accounts, Preferred Series A Subclass 3 Unit Accounts, Preferred Series B Unit Accounts and Preferred Series C Unit Accounts.

"Previous Agreement" has the meaning set forth in the recitals of this Agreement.

"Primary Indemnification" has the meaning set forth in Section 10.02(a).

"Pro Rata" means (a) when used with respect to each category of Units, or any class, accounts or series thereof, apportioned equally among all designated Units (or categories, classes or series thereof) or in accordance with Sub-Capital Account balances with respect to the Preferred Series Unit Accounts and FLP Unit Accounts, and, to the extent applicable, the General Partner interest, in accordance with their relative Total Percentage Interests and (b) when used with respect to Partners, apportioned among all Partners in accordance with their relative Total Percentage Interests. For the avoidance of doubt, Pro Rata apportionments under this Agreement are made without conversion of any outstanding Class S Preferred Units into Class S Ordinary Units.

"Profits" and "Losses" means, for each Fiscal Year or other period, the taxable income or loss of the Partnership, or particular items thereof (including, for the avoidance of doubt, with respect to the sale or other disposition of any Subsidiary of the Partnership or of assets used in the operation of the Partnership), determined in accordance with the accounting method used by the Partnership for U.S. federal income tax purposes with the following adjustments: (a) all items of income, gain, loss or deduction allocated pursuant to Section 5.05 shall not be taken into account in computing such taxable income or loss; (b) any income of the Partnership that is exempt from U.S. federal income taxation and not otherwise taken into account in computing Profits and Losses shall be added to such taxable income or loss; (c) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. federal income tax purposes, any gain or loss resulting from a disposition of such asset shall be calculated with reference to such Carrying Value; (d) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. federal income tax purposes, the amount of depreciation, amortization or cost recovery deductions with respect to such asset for purposes of determining Profits and Losses, if any, shall be an amount which bears the same ratio to such Carrying Value as the U.S. federal income tax depreciation, amortization or other cost recovery deductions bears to such adjusted tax basis (provided that if the U.S. federal income tax depreciation, amortization or other cost recovery deduction is zero, the General Partner may use any reasonable method for purposes of determining depreciation, amortization or other cost recovery deductions in calculating Profits and Losses); and (e) except for items in (a) above, any expenditures of the Partnership not deductible in computing taxable income or loss, not properly capitalizable and not otherwise taken into account in computing Profits and Losses pursuant to this definition shall be treated as deductible items.

"Quarterly Class S Preferred Rate" means a fraction the numerator of which is (a) the sum of the Inflation Adjustment Amount, plus 0.75%, and the denominator of which is (b) 1 minus the Assumed Tax Rate based on the Partnership's most recently filed IRS form 1065; provided, however, that if, based on the Annualized Revenues for the then applicable period, a Quarterly Rate Cap applies, such Quarterly Class S Preferred Rate for such period shall not exceed such Quarterly Rate Cap.

"Quarterly Class S Preferred Return" means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Class S Preferred Return shall apply), the amount equal to a Class S Preferred Unit holder's Hypothetical Class S Preferred Opening Capital Account Balance multiplied by the Quarterly Class S Preferred Rate.

"Quarterly Exchange Date" means, for each Fiscal Quarter, (a) prior to the Initial Public Listing, the last day of such Fiscal Quarter and (b) following the Initial Public Listing, the date that is the later to occur of either: (i) the third business day after the date of an earnings release for the prior Fiscal Quarter; or (ii) the first day following the earnings release for the prior Fiscal Quarter that directors and executive officers of the Issuer or the Issuer General Partner are permitted to trade under the applicable policies of the Issuer and Issuer General Partner relating to trading by directors and executive officers.

"Quarterly Preferred Series A Rate" means a fraction the numerator of which is (a) the sum of the Inflation Adjustment Amount, plus the Base Rate, and the denominator of which is (b) 1 minus the Assumed Tax Rate based on the Partnership's most recently filed IRS form 1065; provided, however, that if, based on the Annualized Revenues for the then applicable period, a Quarterly Rate Cap applies, such Quarterly Preferred Series A Rate for such period shall not exceed such Quarterly Rate Cap.

"Quarterly Preferred Series A Return" means (a) with respect to Preferred Series A Subclass 0 Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Preferred Series A Return shall apply), the product of (i) the sum of (A) the amount equal to such Preferred Series A Subclass 0 Unit Account holder's Hypothetical Preferred Opening Capital Account Balance plus (B) the amount equal to such Preferred Series A Subclass 0 Unit Account holder's Total Preferred Series A Return multiplied by (ii) the Quarterly Preferred Series A Rate; (b) with respect to Preferred Series A Subclass 1 Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Preferred Series A Return shall apply), the product of (i) the sum of (A) the amount equal to such Preferred Series A Subclass 1 Unit Account holder's Hypothetical Preferred Opening Capital Account Balance plus (B) the amount equal to such Preferred Series A Subclass 1 Unit Account holder's Total Preferred Series A Return multiplied by (ii) the Quarterly Preferred Series A Rate, except that the Quarterly Preferred Series A Return attributable to such Preferred Series A Subclass 1 Unit Accounts shall be reduced by the Quarterly Preferred Series A Return attributable to the Preferred Series A Subclass 2 Unit Accounts pursuant to subclause (c) below; (c) with respect to Preferred Series A Subclass 2 Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Preferred Series A Return shall apply), the amount equal to such Preferred Series A Subclass 2 Unit Account holder's Hypothetical Preferred Opening Capital Account Balance multiplied by the Quarterly Preferred Series A Rate; and (d) with respect to Preferred Series A

Subclass 3 Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Preferred Series A Return shall apply), the amount equal to a Preferred Series A Subclass 3 Unit Account holder's Hypothetical Preferred Opening Capital Account Balance multiplied by the Quarterly Preferred Series A Rate.

"Quarterly Preferred Series C Rate" means a fraction the numerator of which is (a) the sum of the Inflation Adjustment Amount, plus the Base Rate, and the denominator of which is (b) 1 minus the Assumed Tax Rate based on the Partnership's most recently filed IRS form 1065; provided, however, that if, based on the Annualized Revenues for the then applicable period, a Quarterly Rate Cap applies, such Quarterly Preferred Series C Rate for such period shall not exceed such Quarterly Rate Cap.

"Quarterly Preferred Series C Return" with respect to Preferred Series C Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Preferred Series C Return shall apply), the product of (i) the sum of (A) the amount equal to such Preferred Series C Unit Account holder's Hypothetical Preferred Opening Capital Account Balance plus (B) the amount equal to such Preferred Series C Unit Account holder's Total Preferred Series C Return multiplied by (ii) the Quarterly Preferred Series C Rate.

"Quarterly Rate Cap" means, for any period, the value listed in the column titled "Quarterly Rate Cap" that corresponds to the then applicable Annualized Revenue, in each case as set forth on Schedule A.

"Redemption Event" means, with respect to the issuance of any Units, the failure: (a) to file a Registration Statement relating to the Initial Public Listing by August 10, 2021; or (b) of the Initial Public Listing to occur by December 10, 2021; provided that the General Partner may extend the time periods in clause (a) and (b) for up to 90 days in the event of a force majeure or a determination made in good faith that the satisfaction of clause (a) or (b) is reasonably imminent.

"Registration Statement" means the Registration Statement of the Issuer on Form S-1, Form 10 or such other form as may be filed (and amended or supplemented from time to time) by the Issuer with the U.S. Securities and Exchange Commission under the Securities Act and/or Exchange Act to register the Common Units under the Securities Act and/or Exchange Act.

"Revised Partnership Audit Procedures" means the provisions of Subchapter C of Subtitle A, Chapter 63 of the Code, as amended by P.L. 114-74, the Bipartisan Budget Act of 2015 (together with any subsequent amendments thereto, Treasury Regulations promulgated thereunder, and published administrative interpretations thereof).

"Sales Proceeds" has the meaning set forth in Section 4.06.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"September Amendment" means the amendment to the Previous Agreement, dated as of September 1, 2017, as such amendment may be amended from time to time in accordance with its terms.

"Similar Law" means any law or regulation that could cause the underlying assets of the Partnership to be treated as assets of a Limited Partner by virtue of its limited partner interest in the Partnership and thereby subject the Partnership and the General Partner (or other persons responsible for the investment and operation of the Partnership's assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the Code.

"Sub-Capital Account" means a separate sub-account maintained with respect to a Partner's Capital Account in accordance with Section 5.02.

"Subclass 1 Class A Units" has the meaning set forth in Section 7.01(a).

"Subclass 2 Class A Units" has the meaning set forth in Section 7.01(a).

"Subclass 1 FLP Unit Accounts" has the meaning set forth in Section 7.01(a). The initial holder of the Subclass 1 FLP Units Accounts will be Beneficient Holdings, Inc.

"Subclass 2 FLP Unit Accounts" has the meaning set forth in Section 7.01(a). The initial holder of the Subclass 2 FLP Units Accounts will be Beneficient Management Partners, L.P.

"Subsidiary" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person, at the date of determination, (i) is a general partner of such partnership, (ii) owns more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class), directly or indirectly, or (iii) otherwise controls such partnership, directly or indirectly, (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, (i) has at least a majority ownership interest, (ii) has the power to elect or direct the election of a majority of the directors or other governing body of such Person, or (iii) otherwise controls such Person or (d) any other Person the financial information of which is consolidated by such Person for financial reporting purposes under GAAP.

"Subsidiary Class A Loss" means one hundred percent of the loss, if any, allocable to the Partnership resulting from the sale, disposition or other transfer of a BTC Subsidiary Corporation, provided that this definition of Subsidiary Class A Loss shall be amended to take into account any re-structuring or other change to a BTC Subsidiary Corporation as deemed appropriate by the General Partner in its reasonable discretion.

"Subsidiary Class A Profit" means one hundred percent of the amounts, after reduction for taxes or tax withholdings, allocable to the Partnership through the Partnership's direct or indirect holdings in, or from proceeds from the sale, disposition or other transfer of, a BTC Subsidiary Corporation (whether or not distributed), provided that, this definition of Subsidiary Class A Profit shall be amended to take into account any re-structuring or other change

to a BTC Subsidiary Corporation as deemed appropriate by the General Partner in its reasonable discretion.

"Subsidiary Class S/P Post-Tax Amount" means, with respect to any period, (a) if there is Subsidiary Class S/P Profit, then (i) the Subsidiary Class S/P Profit multiplied by (ii) one minus the Subsidiary Effective Tax Rate or (b) if there is Subsidiary Class S/P Loss, then the Subsidiary Class S/P Loss.

"Subsidiary Class S/P Profit" and "Subsidiary Class S/P Loss" means one hundred percent of the amount of net income and gain or loss, as applicable, allocable to the Partnership (whether or not distributed) through the Partnership's holdings in, or from proceeds from the sale, disposition or other transfer of, Class P Interests in a BTC Subsidiary Partnership, provided that, this definition of Subsidiary Class S/P Profit and Subsidiary Class S/P Loss shall be amended to take into account any re-structuring or other change to a BTC Subsidiary Partnership as deemed appropriate by the General Partner in its reasonable discretion.

"Subsidiary Class S/P Tax Amount" means (a) the Subsidiary Class S/P Profit multiplied by (b) the Subsidiary Effective Tax Rate.

"Subsidiary Core Profit" means, for any Fiscal Quarter, the net financing revenues earned by the Partnership or any Subsidiary including, but not limited to, such revenues attributable to the Partnership's interest in Beneficient Capital Company, L.L.C. (and any successor thereto, including Beneficient Trust Company, LTA) (whether or not distributed) for that Fiscal Quarter, which net financing revenue shall not include any reorganization expenses, incentive plan expenses and payments, incentive equity payments and other extraordinary items (including, but not limited to, fixed asset or intellectual property disposals) not attributable to any such BTC Subsidiary Corporation's core business, provided that, this definition of Subsidiary Core Profit shall be amended to take into account any additional direct or indirect Subsidiaries of the Partnership consistent with this definition of Subsidiary Core Profit as determined by the General Partner in its reasonable discretion, provided that, this definition of Subsidiary Core Profit shall not include the net financing revenues attributable to the fund interests set out on Exhibit A attached hereto.

"Subsidiary Core Revenue" means one hundred percent of the amount of net income and gain allocable to the Partnership through the Partnership's holdings in, or from proceeds from the sale, disposition or other transfer of, Class R Interests in a BTC Subsidiary Partnership (whether or not distributed), provided that, this definition of Subsidiary Core Revenue shall be amended to take into account any re-structuring or other change to a BTC Subsidiary Partnership as deemed appropriate by the General Partner in its reasonable discretion.

"Subsidiary Effective Tax Rate" means, as of any determination date, the effective tax rate then in effect for a BTC Subsidiary Corporation as determined by the General Partner in its reasonable discretion.

"Subsidiary Independent Profit" means one hundred percent of the amount of net income and gain allocable to the Partnership through the Partnership's direct and indirect holdings in, or from proceeds from the sale, disposition or other transfer of, Class P Interests in a PEN

Subsidiary LTD (whether or not distributed), provided that, this definition of Subsidiary Independent Profit shall be amended to take into account any re-structuring or other change to a PEN Subsidiary LTD as deemed appropriate by the General Partner in its reasonable discretion.

"Subsidiary Independent Revenue" means one hundred percent of the amount of net income and gain allocable to the Partnership through the Partnership's direct or indirect holdings in, or from proceeds from the sale, disposition or other transfer of, Class R Interests in a PEN Subsidiary LTD (whether or not distributed), provided that, this definition of Subsidiary Independent Revenue shall be amended to take into account any re-structuring or other change to a PEN Subsidiary LTD as deemed appropriate by the General Partner in its reasonable discretion.

"Subsidiary Revenue" means Subsidiary Core Revenue and Subsidiary Independent Revenue, together with any amount of net income and gain allocable to the Partnership (whether or not distributed) from any additional direct or indirect Subsidiaries of the Partnership consistent with Section 3.05(a)(i).

"Substitute GP" has the meaning set forth in Section 9.02.

"Tax Advances" has the meaning set forth in Section 5.07.

"Tax Amount" has the meaning set forth in Section 4.02(a).

"Tax Distributions" has the meaning set forth in Section 4.02(a).

"Tax Matters Partner" has the meaning set forth in Section 5.08(a).

"Total Class S Preferred Return" means the amount calculated by summing a Class S Preferred Unit holder's Quarterly Class S Preferred Returns for each Fiscal Quarter.

"Total Percentage Interest" means, with respect to any Partner, the quotient obtained by dividing the number of Units, or any class thereof, then owned by such Partner by the number of Units, or any class thereof, then owned by all Partners. For the avoidance of doubt, Total Percentage Interest is computed without conversion of any outstanding Class S Preferred Units into Class S Ordinary Units.

"Total Preferred Series A Return" means the amount calculated by summing a Preferred Series A Unit Account holder's Quarterly Preferred Series A Return for each Fiscal Quarter.

"Total Preferred Series B Return" means the amount calculated by summing a Preferred Series B Unit Account holder's Annual Preferred Series B Returns for each Fiscal Year.

"Total Preferred Series C Return" means the amount calculated by summing a Preferred Series C Unit Account holder's Quarterly Preferred Series C Returns for each Fiscal Quarter.

"Trading Price" means, as of any date, the closing price on such date of one Common Unit, as reported on the New York Stock Exchange or, if the Common Units are not traded on the New York Stock Exchange, the primary exchange on which the Common Units are traded.

"Transfer" means, in respect of any Unit, property or other asset, any sale, assignment, transfer, distribution, exchange, mortgage, pledge, hypothecation or other disposition thereof, whether voluntarily or by operation of Law, directly or indirectly, in whole or in part, including, without limitation, the exchange of any Unit for any other security.

"Transferee" means any Person that is a permitted transferee of a Partner's interest in the Partnership, or part thereof.

"Treasury Regulations" means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Triggering Event" has the meaning set forth in Section 9.02.

"Unit Price" means (a) at any time prior to the Initial Public Listing, (i) the sum of the Capital Account balances of the outstanding Class A Units and Class S Units as of the date of computation divided by (ii) the aggregate number of outstanding Class A Units and Class S Units, without conversion of the Class S Preferred Units, as of the date of computation; and (b) at all times after the Initial Public Listing, the Trading Price.

"Units" means the Class A Units, the Class S Units, the FLP Unit Accounts, the Preferred Series Unit Accounts and any other Class of Units that is established in accordance with this Agreement, which shall constitute interests in the Partnership as provided in this Agreement and under the Act, entitling the holders thereof to the relative rights, title and interests in the profits, losses, deductions and credits of the Partnership at any particular time as set forth in this Agreement, and any and all other benefits to which a holder thereof may be entitled as a Partner as provided in this Agreement, together with the obligations of such Partner to comply with all terms and provisions of this Agreement.

"UPA" means the Preferred Series C Unit Purchase Agreement (this "Agreement"), effective as of July 15, 2020 entered into by and among GWG Holdings, Inc., a Delaware corporation, The Beneficient Company Group, L.P., a Delaware limited partnership, and Beneficient Company Holdings, L.P., a Delaware limited partnership.

ARTICLE II.

FORMATION, TERM, PURPOSE AND POWERS

Section 2.01. Formation. The Partnership was formed as a limited partnership under the provisions of the Act by the filing on May 14, 2010 of the Certificate. If requested by the General Partner, the Limited Partners shall promptly execute all certificates and other documents consistent with the terms of this Agreement necessary for the General Partner to accomplish all filing,

recording, publishing and other acts as may be appropriate to comply with all requirements for (a) the formation and operation of a limited partnership under the laws of the State of Delaware, (b) if the General Partner deems it advisable, the operation of the Partnership as a limited partnership, or partnership in which the Limited Partners have limited liability, in all jurisdictions where the Partnership proposes to operate and (c) all other filings required to be made by the Partnership. The rights, powers, duties, obligations and liabilities of the Partners shall be determined pursuant to the Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Partner are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control. The execution and filing of the Certificate and each amendment thereto is hereby ratified, approved and confirmed by the Partners.

Section 2.02. Name. The name of the Partnership shall be, and the business of the Partnership shall be conducted under the name of, "Beneficient Company Holdings, L.P.," and all Partnership business shall be conducted in that name or in such other names that comply with applicable law as the General Partner in its reasonable discretion may select from time to time. Subject to the Act, the General Partner may change the name of the Partnership (and amend this Agreement to reflect such change) at any time and from time to time without the consent of any other Person. Prompt notification of any such change shall be given to all Partners.

Section 2.03. Term. The term of the Partnership commenced on the date of the filing of the Certificate, and the term shall continue until the dissolution of the Partnership in accordance with Article IX. The existence of the Partnership shall continue until cancellation of the Certificate in the manner required by the Act.

Section 2.04. Offices. The Partnership may have offices at such places either within or outside the State of Delaware as the General Partner from time to time may select. As of the date hereof, the principal place of business and office of the Partnership is located at 325 N. St. Paul Street, Suite 4850, Dallas, Texas 75201.

Section 2.05. Agent for Service of Process; Existence and Good Standing; Foreign Qualification.

(a) The Partnership's registered agent and registered office for service of process in the State of Delaware shall be as set forth in the Certificate, as the same may be amended by the General Partner from time to time.

(b) The General Partner may take all action which may be necessary or appropriate (i) for the continuation of the Partnership's valid existence as a limited partnership under the laws of the State of Delaware (and of each other jurisdiction in which such existence is necessary to enable the Partnership to conduct the business in which it is engaged) and (ii) for the maintenance, preservation and operation of the business of the Partnership in accordance with the provisions of this Agreement and applicable laws and regulations. The General Partner may file or cause to be filed for recordation in the proper office or offices in each other jurisdiction in which the Partnership is formed or qualified, such certificates (including certificates of limited partnership and fictitious name certificates) and other documents as are required by the applicable statutes, rules or regulations of any such jurisdiction or as are required to reflect the identity of the Partners.

The General Partner may cause the Partnership to comply, to the extent procedures are available and those matters are reasonably within the control of the Officers, with all requirements necessary to qualify the Partnership to do business in any jurisdiction other than the State of Delaware.

Section 2.06. Business Purpose. The Partnership was formed for the object and purpose of, and the nature and character of the business to be conducted by the Partnership is, engaging in any lawful act or activity for which limited partnerships may be formed under the Act.

Section 2.07. Powers of the Partnership. Subject to the limitations set forth in this Agreement, the Partnership will possess and may exercise all of the powers and privileges granted to it by the Act including, without limitation, the ownership and operation of the assets and other property contributed to the Partnership by the Partners, by any other Law or this Agreement, together with all powers incidental thereto, so far as such powers are necessary or convenient to the conduct, promotion or attainment of the purpose of the Partnership set forth in Section 2.06.

Section 2.08. Partners; Admission of New Partners. Each of the Persons listed in the books and records of the Partnership as a partner of the Partnership on the date hereof, by virtue of the execution of this Agreement, is admitted as a partner (general or limited, as applicable and noted in the books and records) of the Partnership. A list of the Partners of the Partnership reflecting their respective Capital Account balances (including Hypothetical Preferred Opening Capital Account Balances) as determined in accordance with this Agreement as of the date hereof is set forth in the books and records of the Partnership (the "Partnership Register"). The rights, duties and liabilities of the Partners shall be as provided in the Act, except as is otherwise expressly provided herein, and the Partners consent to the variation of such rights, duties and liabilities as provided herein. Subject to Section 8.07 with respect to substitute Limited Partners, a Person may be admitted from time to time as a new Limited Partner upon the issuance of Units in accordance with this Agreement. Each new Limited Partner shall execute and deliver to the General Partner an appropriate supplement, substantially in the form attached hereto as Annex A, to this Agreement pursuant to which the new Limited Partner agrees to be bound by the terms and conditions of the Agreement, as it may be amended from time to time. A new General Partner or substitute General Partner may be admitted to the Partnership solely in accordance with Section 8.06 or Section 9.02(e). The General Partner shall amend the books and records of the Partnership, including the Partnership Register of the Partnership, to reflect any changes to the current Partners or Transfers made subsequent to this Agreement, in each case in accordance with this Agreement.

Section 2.09. Withdrawal. No Partner shall have the right to withdraw as a Partner of the Partnership other than following the Transfer of all Units owned by such Partner in accordance with Article VIII or conversion of all their Units pursuant to an Exchange Transaction in accordance with this Agreement.

Section 2.10. Investment Representations of Partners. Each Partner hereby represents, warrants and acknowledges to the Partnership that: (a) such Partner has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Partnership and is making an informed investment decision with respect thereto; (b) such Partner is acquiring interests in the Partnership for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof; and

(c) the execution, delivery and performance of this Agreement have been duly authorized by such Partner.

ARTICLE III.

MANAGEMENT

Section 3.01. General Partner.

(a) The business, property and affairs of the Partnership shall be managed under the sole, absolute and exclusive direction of the General Partner, which may from time to time delegate authority to Officers or to others to act on behalf of the Partnership.

(b) Without limiting the foregoing provisions of this Section 3.01, the General Partner shall have the general power to manage or cause the management of the Partnership (which may be delegated to Officers of the Partnership), including, without limitation, the following powers:

- (i) to execute and deliver or to authorize the execution and delivery of contracts, deeds, leases, licenses, instruments of transfer and other documents on behalf of the Partnership;
- (ii) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, Indebtedness and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations;
- (iii) to establish and enforce limits of authority and internal controls with respect to all personnel and functions;
- (iv) to engage attorneys, consultants and accountants for the Partnership;
- (v) to develop or cause to be developed accounting procedures for the maintenance of the Partnership's books of account; and
- (vi) to do all such other acts as shall be authorized in this Agreement or by the Partners in writing from time to time.

Section 3.02. Compensation. The General Partner shall not be entitled to any compensation for services rendered to the Partnership in its capacity as General Partner.

Section 3.03. Expenses. The Partnership shall pay, or cause to be paid, all costs, fees, operating expenses and other expenses of the Partnership (including the costs, fees and expenses of attorneys, accountants or other professionals) incurred in pursuing and conducting, or otherwise related to, the activities of the Partnership. The Partnership shall also, in the reasonable discretion of the General Partner, bear and/or reimburse the General Partner for (a) any costs, fees or expenses incurred by the General Partner in connection with serving as the General Partner; (b) all other expenses allocable to the Partnership or otherwise incurred by the General Partner in connection

with operating the Partnership's business (including expenses allocated to the General Partner by its Affiliates) and (c) all costs, fees or expenses owed directly or indirectly by the Partnership or the General Partner to the Issuer General Partner pursuant to their reimbursement obligations under, or which are otherwise allocated to the General Partner pursuant to, the Issuer Partnership Agreement. To the extent that the General Partner determines in its reasonable discretion that such expenses are related to the business and affairs of the General Partner that are conducted through the Partnership and/or its Subsidiaries (including expenses that relate to the business and affairs of the Partnership and/or its Subsidiaries and that also relate to other activities of the General Partner), the General Partner may cause the Partnership to pay or bear all expenses of the General Partner, including, without limitation, compensation and meeting costs of any board of directors or similar body of the General Partner; any salary, bonus, incentive compensation and other amounts paid to any Person including Affiliates of the General Partner to perform services for the Partnership, litigation costs and damages arising from litigation, accounting and legal costs and franchise taxes, provided that the Partnership shall not pay or bear any income tax obligations of the General Partner. Reimbursements pursuant to this Section 3.03 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 10.02.

Section 3.04. Officers. Subject to the direction and oversight of the General Partner, the day-to-day administration of the business of the Partnership may be carried out by persons who may be designated in writing as Officers by the General Partner, with titles including but not limited to "assistant secretary," "assistant treasurer," "chairman," "chief executive officer," "chief financial officer," "chief operating officer," "chief risk officer," "director," "general counsel," "general manager," "managing director," "president," "principal accounting officer," "secretary," "senior chairman," "senior managing director," "treasurer," "vice chairman" or "vice president," and as and to the extent authorized by the General Partner. The Officers of the Partnership shall have such titles and powers and perform such duties as shall be determined from time to time by the General Partner and otherwise as shall customarily pertain to such offices. Any number of offices may be held by the same person. In its reasonable discretion, the General Partner may choose not to fill any office for any period as it may deem advisable. All Officers and other persons providing services to or for the benefit of the Partnership shall be subject to the supervision and direction of the General Partner and may be removed, with or without cause, from such office by the General Partner and the authority, duties or responsibilities of any employee, agent or officer of the Partnership may be suspended by the General Partner from time to time, in each case in the reasonable discretion of the General Partner. The General Partner shall not cease to be a general partner of the Partnership as a result of the delegation of any duties hereunder. No Officer of the Partnership, in its capacity as such, shall be considered a general partner of the Partnership by agreement, as a result of the performance of its duties hereunder or otherwise. Notwithstanding anything set forth herein or in any previous delegation to an Officer of the Partnership, all powers granted to the member of Parent pursuant to the Parent LLC Agreement relating to the Partnership or specifically granted to the General Partner under this Agreement are hereby specifically delegated to and retained by the General Partner in its reasonable discretion and shall not be, and are not, delegated to any Officer. Notwithstanding anything set forth herein or in any previous delegation to an Officer of the Partnership, no Officer may make any decisions for, or bind the Partnership unless such Officer has been specifically delegated such authority in writing by the General Partner.

Section 3.05. Additional Subsidiaries; Charities.

(a) Whenever the Partnership makes any determination relating to the formation, creation or other acquisition of (or permitting the formation, creation or acquisition of) any new or additional direct or indirect Subsidiary, such determination on behalf of the Partnership shall be made by the General Partner in its reasonable discretion and shall not be, and is not, delegated to any Officer. Without limitation of the foregoing, except as otherwise determined by the General Partner in its reasonable discretion, upon the formation, creation or acquisition of any new or additional direct or indirect Subsidiary, this Agreement shall be amended consistent with, and the Partnership shall cause the governing documents of such Subsidiary to reflect, the existing economic and other rights of the holders of Units, including the FLP Unit Accounts, in particular (i) with respect to any Subsidiary anticipated to produce unrelated business taxable income (UBTI), the amendment to the definition of "Subsidiary Revenue" to reflect such Subsidiary and (ii) with respect to any Subsidiary not anticipated to produce UBTI, the amendment to the definition of "Subsidiary Core Profit" and/or "Subsidiary Independent Profit" to reflect such Subsidiary. Without limitation of the foregoing, the Partnership shall cause the governing documents of any new or additional direct or indirect Subsidiary anticipated to produce UBTI to reflect, in connection with any allocation from such Subsidiary (including the allocation of proceeds from the sale, exchange or disposition of such Subsidiary), the provisions governing such allocations set out in the governing documents of the existing BTC Subsidiary Partnerships.

(b) Whenever the Partnership makes any determination relating to the Partnership, the Issuer or any Affiliate or Subsidiary thereof regarding any charitable contributions or any other use or involvement of a charity in the business of the Partnership, the Issuer or any Affiliate or Subsidiary thereof, such determination on behalf of the Partnership shall be made by the General Partner in its reasonable discretion and shall not be, and is not, delegated to any Officer.

Section 3.06. Authority of Partners.

(a) No Limited Partner, in its capacity as such, shall participate in or have any control over the business of the Partnership. Except as expressly provided herein, the Units do not confer any rights upon the Limited Partners to participate in the affairs of the Partnership described in this Agreement. Except as expressly provided herein, no Limited Partner shall have any right to vote on any matter involving the Partnership or any other matter that a limited partner might otherwise have the ability to vote on or consent with respect to under the Act, at law, in equity or otherwise. Notwithstanding the foregoing, Limited Partners, voting as a single class, shall have the right to vote on any merger, consolidation, combination or conversion of the Partnership. The conduct, control and management of the Partnership shall be vested exclusively in the General Partner. In all matters relating to or arising out of the conduct of the operation of the Partnership, the decision of the General Partner shall be the decision of the Partnership. Except as required or permitted by Law, or expressly provided in the ultimate sentence of this Section 3.06(a) or by separate agreement with the Partnership, no Partner who is not also a General Partner (and acting in such capacity) shall take any part in the management or control of the operation or business of the Partnership in its capacity as a Partner, nor shall any Partner who is not also a General Partner (and acting in such capacity) have any right, authority or power to act for or on behalf of or bind the Partnership in his or its capacity as a Partner in any respect or assume any obligation or

responsibility of the Partnership or of any other Partner. Notwithstanding the foregoing, the Partnership may from time to time appoint one or more Partners as officers or employ one or more Partners as employees, and such Partners, in their capacity as officers or employees of the Partnership (and not, for clarity, in their capacity as Limited Partners of the Partnership), may take part in the control and management of the business of the Partnership to the extent such authority and power to act for or on behalf of the Partnership has been delegated to them by the General Partner.

(b) Without the written consent of the Limited Partners holding a majority of the FLP Unit Accounts voting as a single class, the Partnership and its Subsidiaries may not directly or indirectly sell, modify any economic rights, dispose of, transfer, or otherwise hypothecate any Class P Interests or Class R Interests held by the Partnership (including with respect to any other economic interests held by the Partnership directly attributable to the Subsidiary or assets to which the Class P Interests or Class R Interest relate). In the event of any proposed sale, disposition, transfer, or other hypothecation of any Class P Interests or Class R Interests held by the Partnership, the allocation of total proceeds from such sale, disposition, transfer or hypothecation shall be made consistent with the allocation provisions of Section 5.04 and the request for the required consent shall include full disclosure of such allocation.

(c) Without the written consent of the Limited Partners holding a majority of the FLP Unit Accounts voting as a single class, the Partnership may not take any action or participate (including by failing to take an action) in any transaction (a "PEN Disposition") that would cause the Partnership to hold, directly or indirectly, less than 100% of the economic interests in PEN Issuer General Partner or a PEN Subsidiary LTD ("PEN Entities"). [*].

Section 3.07. Action by Written Consent or Ratification. Any action or ratification of any action required to be taken by the Partners or any action which may be taken at any meeting of such Partners, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the Partners having not less than the minimum number of votes that would be necessary to authorize or take such action, or ratify such action, at a meeting at which all Partners entitled to vote thereon were present and voted.

Section 3.08. Additional General Partner. Notwithstanding any other provision of this Agreement (including Section 8.06 hereof) or the Act, upon the occurrence of an Event of Default pursuant to, and as defined in, the Pledge Agreement (as defined in the Issuer Partnership Agreement) (a "Pledge Default"), the Secured Party (as defined in the Pledge Agreement) (or in the event that Counselors determines that the Secured Party should not serve in such capacity, a nominee selected by Counselors (other than Counselors itself or its members)) shall, without any action of any other Person, be automatically admitted as a general partner of the Partnership (an "Agent GP") upon the execution by such Agent GP of a counterpart signature page to this Agreement. The Agent GP shall have no interest in the profits, losses and capital of the Partnership and will have no right to receive any distributions of Partnership assets. Upon admission of an Agent GP in accordance with the foregoing: (a) such Agent GP is hereby authorized to, and elects to, carry on the business of the Partnership in accordance with the terms of this Agreement and the Act, and the Partnership shall continue without dissolution; and (b) the Person acting as General

Partner at the time of the Pledge Default shall no longer have any power to manage the business, property and affairs of the Partnership or have any general power to manage or cause the management of the Partnership under this Agreement or the Act; and (c) the Agent GP shall have all rights, power and authority as General Partner of the Partnership to manage the business, property and affairs of the Partnership and shall have general power to manage or cause the management of the Partnership in accordance with the terms of this Agreement and the Act.

ARTICLE IV.

DISTRIBUTIONS

Section 4.01. Distributions in General. Prior to the Initial Public Listing, except pursuant to Section 4.02, the General Partner shall not authorize any distributions by the Partnership. Following the Initial Public Listing, except pursuant to Section 4.02, the General Partner, in its reasonable discretion, may authorize distributions by the Partnership as follows:

(a) first, to the extent of Available Cash Flow, to the holders of Class A Units and Class S Units, which distributions shall be made Pro Rata to the holders of such Class A Units and Class S Units, provided, that unless otherwise approved by the Executive Committee, in no event will the amount of Available Cash Flow distributed pursuant to this Section 4.01(a) exceed 2% of the aggregate book value of Class A Units and Class S Units (or, if such Equity Securities are listed on a national securities exchange or quoted in an automated quotation system, 2% of the aggregate market value of Class A Units and Class S Units);

(b) second, pro rata to the holders of Preferred Series A Subclass 0 Unit Accounts, up to the sum of the unpaid Total Preferred Series A Return applicable to such Preferred Series A Subclass 0 Unit Accounts until the cumulative amount of distributions under this Section 4.01(b) and Tax Distributions under Section 4.02 are equal to the unpaid Total Preferred Series A Return applicable to such Preferred Series A Unit Subclass 0 Accounts;

(c) third, pro rata to the holders of Preferred Series A Subclass 1 Unit Accounts and Preferred Series A Subclass 3 Unit Accounts, up to the sum of the unpaid Total Preferred Series A Return applicable to such Preferred Series A Unit Accounts until the cumulative amount of distributions under this Section 4.01(c) and Tax Distributions under Section 4.02 are equal to the unpaid Total Preferred Series A Return applicable to such Preferred Series A Unit Accounts;

(d) fourth, pro rata to the holders of Preferred Series C Unit Accounts, up to the sum of the unpaid Total Preferred Series C Return applicable to such Preferred Series C Unit Accounts until the cumulative amount of distributions under this Section 4.01(d) and Tax Distributions under Section 4.02 are equal to the unpaid Total Preferred Series C Return applicable to such Preferred Series C Unit Accounts;

(e) fifth, pro rata to the holders of Class S Preferred Units, up to the sum of the unpaid Total Class S Preferred Return applicable to such Class S Preferred Units, until the cumulative amount of distributions under this Section 4.01(e) and Tax Distributions under Section 4.02 are equal to the unpaid Total Class S Preferred Return; and

(f) thereafter, to the holders of Class S Units, Class A Units, Preferred Series A Subclass 0 Unit Accounts, Preferred Series A Subclass 1 Unit Accounts, Preferred Series A Subclass 3 Unit Accounts and Preferred Series C Unit Accounts, pro rata in accordance with their respective positive Capital Account balances in respect of such units; provided, however, that without the prior written consent of a majority of the Executive Committee, the General Partner shall not authorize distributions pursuant to this Section 4.01(f) to the extent such distributions would result in the amount of liquid assets of the Partnership being less than the Minimum Retained Earnings.

Section 4.02. Tax Distributions and Redemptions.

(a) If taxable income (including any income allocable under Section 704(c) of the Code) of the Partnership for a Fiscal Year will give rise to taxable income for Partners, including income derived as a result of allocations previously made to a Partner under Section 5.04(f) and, to the extent related to contributions made on or prior to June 30, 2018, including income resulting from a reduction in a Partner's share of liabilities under Section 752 of the Code or other constructive but not actual distribution to a Partner in excess of that Partner's basis in its Partnership interest ("Net Taxable Income"), the General Partner (i) will cause the Partnership to distribute to holders of FLP Unit Accounts, Class S Units and Preferred Series Unit Accounts other than Preferred Series A Subclass 2 Unit Accounts, and (ii) with the prior written consent of a majority of the Executive Committee, may cause the Partnership to distribute to holders of Class A Units, cash (the "Tax Distributions") with respect to each such Unit, Preferred Series Unit Account (other than Preferred Series A Subclass 2 Unit Accounts) or FLP Unit Account, as applicable, in an amount equal to the excess of the Tax Amount with respect to such Unit (or FLP Unit Account or Preferred Series Unit Account) over the amount of other distributions previously made with respect to such Unit or FLP Unit Account or Preferred Series Unit Account (other than Preferred Series A Subclass 2 Unit Accounts), as applicable, by the Partnership during such year; provided that, the General Partner may in its reasonable discretion (but subject to the prior written consent of the applicable Unit or Preferred Series Unit Account or FLP Unit Account holder) redeem an amount of Class A Units or Class S Units of any holder for cash representing up to that holder's Net Taxable Income on the holder's Class A Units or Class S Units, as appropriate, as such holder's Tax Distribution (any such redemption to occur after all adjustments required under Section 5.04 and Section 7.04 have been made). Any Units redeemed pursuant to the previous sentence shall be valued based on Unit Price as of the date of redemption. A redemption under this Section 4.02(a) shall not be considered a non-pro rata distribution to which Section 4.04 applies. The Tax Distributions payable with respect to any Fiscal Year shall be computed based upon the General Partner's estimate of the highest allocable Net Taxable Income to the Unit in the hands of the applicable Partner in accordance with Article V, multiplied by the Assumed Tax Rate (the "Tax Amount"). For purposes of computing the Tax Amount, the effect of any benefit under Section 734(b) or 743(b) of the Code will be ignored. Notwithstanding anything to the contrary in this Agreement, in the event that the Partnership or any taxing authority determines that any amount accrued but not paid to a Partner constitutes a "guaranteed payment" (within the meaning of Section 707(c) of the Code), the Partner shall be entitled to receive Tax Distributions under this Section 4.02(a) calculated using ordinary income tax rates rather than the Assumed Tax Rate which Tax Distribution shall be treated as an advance against the accrued but unpaid amount.

(b) To the extent related to contributions made on or prior to June 30, 2018, and without duplication of any distribution to be made to a Partner under Section 4.02(a) in respect of a reduction in a share of liabilities, to the extent that a Partner directly, indirectly or as part of an overall plan transfers outstanding indebtedness of the Partnership to the Partnership, such Partner shall be entitled to a distribution equal to the excess of (i) the product of a fraction, the numerator of which is one and the denominator of which is one minus the Assumed Tax Rate, and the amount of such indebtedness over (ii) the amount of such indebtedness.

(c) Tax Distributions with respect to any Unit shall be calculated and paid no later than one day prior to each quarterly due date for the payment by corporations on a calendar year of estimated taxes under the Code in the following manner: (i) for the first quarterly period, 25% of the Tax Amount with respect to such Unit; (ii) for the second quarterly period, 50% of the Tax Amount with respect to such Unit, less the prior Tax Distributions with respect to such Unit for the Fiscal Year; (iii) for the third quarterly period, 75% of the Tax Amount with respect to such Unit, less the prior Tax Distributions with respect to such Unit for the Fiscal Year; and (iv) for the fourth quarterly period, 100% of the Tax Amount with respect to such Unit, less the prior Tax Distributions with respect to such Unit for the Fiscal Year. Following each Fiscal Year, and no later than one day prior to the due date for the payment by corporations of income taxes for such Fiscal Year, the General Partner shall make an amended calculation of the Tax Amount with respect to each Unit for such Fiscal Year (the "Amended Tax Amount"), and shall cause the Partnership to distribute a cash Tax Distribution with respect to each Unit to the extent that the Amended Tax Amount with respect to such Unit so calculated (less other distributions made with respect to such Unit during such Fiscal Year) exceeds the cumulative Tax Distributions previously made by the Partnership with respect to such Unit in respect of such Fiscal Year. If the Amended Tax Amount with respect to such Unit is less than the cumulative Tax Distributions previously made with respect to such Unit by the Partnership in respect of the relevant Fiscal Year, then the difference (the "Credit Amount") shall be applied against, and shall reduce, the amount of Tax Distributions with respect to such Unit made for subsequent Fiscal Years. Within 30 days following the date on which the Partnership files a tax return on Form 1065, the General Partner shall make a final calculation of the Tax Amount with respect to each Unit of such Fiscal Year (the "Final Tax Amount") and shall cause the Partnership to distribute a cash Tax Distribution with respect to each Unit to the extent that the Final Tax Amount with respect to such Unit so calculated exceeds the Amended Tax Amount with respect to such Unit. If the Final Tax Amount with respect to any Unit is less than the Amended Tax Amount with respect to such Unit in respect of the relevant Fiscal Year, then the difference ("Additional Credit Amount") shall be applied against, and shall reduce, the amount of Tax Distributions with respect to such Unit made for subsequent Fiscal Years. Any Credit Amount and Additional Credit Amount applied against future Tax Distributions shall be treated as an amount actually distributed pursuant to this Section 4.02(c) for purposes of the computations herein.

Section 4.03. Liquidation Distribution. Distributions made upon dissolution of the Partnership shall be made as provided in Section 9.03.

Section 4.04. Disproportionate Distributions. If there is a non-liquidating distribution that is not pro rata among Class A Units, Class S Ordinary Units and Class S Preferred Units (on an as-converted basis), then the number of outstanding Units will be increased or decreased, as

appropriate, to reflect such disproportionate distribution as determined by the General Partner in its reasonable discretion. Neither a distribution pursuant to Section 4.01(c) nor a redemption pursuant to Section 4.02(a) shall be considered a non-pro rata distribution to which this Section 4.04 applies.

Section 4.05. Limitations on Distribution. Notwithstanding any provision to the contrary contained in this Agreement, (i) the General Partner shall not make a Partnership distribution to any Partner if such distribution would violate the Act or other applicable Law and (ii) until such time that there are no Preferred Series C Unit Accounts outstanding, without the prior consent of a majority in interest of the holders of Preferred Series C Unit Accounts, the General Partner shall not authorize any distributions by the Partnership, and the Partnership shall not make any distribution to any Partner, other than distributions pursuant to Section 4.02, Section 4.03 and Section 4.06.

Section 4.06. Distribution of Sales Proceeds. Any distribution of net consideration received from a Partnership Sale (the "Sales Proceeds") shall be made in the following order after application of Section 5.04 through Section 5.07 (applied (i) after increasing each Partner's Capital Account and Sub-Capital Account by the amount of such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, and (ii) taking into account any Profit and Loss of the Partnership through the date of the Distribution (including any gains or losses from the event giving rise to the Sales Proceeds)) and Section 7.04:

(a)

- (i) first, pro rata to the holders of Preferred Series A Subclass 0 Unit Accounts in an amount equal to the positive Sub-Capital Account balances attributable to such Preferred Series A Subclass 0 Unit Accounts;
- (ii) second, pro rata to the holders of Preferred Series B Unit Accounts in an amount equal to the positive Sub-Capital Accounts attributable to such Preferred Series B Unit Accounts;
- (iii) third, pro rata to the holders of Preferred Series A Subclass 1 Unit Accounts, Preferred Series A Subclass 3 Unit Accounts and Preferred Series C Unit Accounts in an amount equal to the positive Sub-Capital Account attributable to such Preferred Series Unit Accounts; and
- (iv) fourth, pro rata to the holders of Class S Preferred Units in an amount equal to the positive Capital Account balances attributable to such Class S Preferred Units.

(b) Following the distributions made pursuant to Section 4.06(a), any remaining Sales Proceeds shall be distributed pro rata to the holders of the Class A Units and Class S Ordinary Units in an amount equal to the positive Capital Account balances attributable to such Units.

ARTICLE V.

CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS; TAX ALLOCATIONS; TAX MATTERS

Section 5.01. Capital Contributions. The Partnership has issued to the Partners who have made, on or prior to the date hereof, Capital Contributions, in exchange therefor, the number and type of Class A Units, Class S Units, Preferred Series Unit Accounts and Subclass 1 FLP Unit Accounts as specified in the books and records of the Partnership.

Section 5.02. Capital Accounts.

(a) Notwithstanding anything herein to the contrary, a separate capital account (a "Capital Account") shall be established and maintained for each Partner in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv). Sub-Capital Accounts shall be established for each holder of Units other than Class A Units to reflect the allocations to the holder's Capital Account for the FLP Unit Account, the Class S Ordinary Units, the Class S Preferred Units or the Preferred Series Unit Account, as appropriate. The Capital Account of each Partner shall be credited with such Partner's Capital Contributions, if any, all Profits allocated to such Partner pursuant to Section 5.04, any items of income or gain which are specially allocated pursuant to Section 5.05, and any amount as indicated in Section 7.04; and shall be debited with all Losses allocated to such Partner pursuant to Section 5.04, any items of loss or deduction of the Partnership specially allocated to such Partner pursuant to Section 5.05, and all cash and the Carrying Value of any property (net of liabilities assumed by such Partner and the liabilities to which such property is subject) distributed by the Partnership to such Partner, and by any amount as indicated in Section 7.04. Any references in any section of this Agreement to the Capital Account of a Partner shall be deemed to refer to such Capital Account as the same may be credited or debited from time to time as set forth above. In the event of any Transfer of any interest in the Partnership in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(b) The General Partner shall make such adjustments to Capital Accounts as it determines in its reasonable discretion to be appropriate to ensure allocations are made in accordance with the terms of this Agreement. Interest shall not be payable on Capital Account balances. The Partnership Capital Accounts shall be maintained in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv) and, to the extent not inconsistent with such regulations, the provisions of this Agreement.

Section 5.03. Additional Capital Contributions. Except as otherwise provided in this Agreement, no Partner shall be required to make additional Capital Contributions to the Partnership without the written consent of such Partner or permitted to make additional capital contributions to the Partnership without the written consent of the General Partner. The Partnership may admit additional Partners from time to time as provided in Section 7.01(d) or otherwise.

Section 5.04. Allocations of Profits and Losses.

(a) Profit of the Partnership Excluding Excluded Amounts. Notwithstanding any other provision herein, the General Partner may make any adjustments to the allocations in this Section 5.04 so as to cause the allocations to comply with Treasury Regulations Section 1.704-2 or to correct any errors, ambiguities, inconsistencies or omissions. Subject to Section 5.04(h), Profit of the Partnership (excluding Excluded Amounts) shall be allocated on the last day of each Fiscal Quarter; and the day before an event giving rise to Sales Proceeds will be treated as the last day of a Fiscal Quarter:

- (i) first, (x) Pro Rata among the Preferred Series A Subclass 0 Unit Accounts until the cumulative Profit allocated to such Preferred Series A Subclass 0 Unit Accounts is equal to the excess of (A) the aggregate amount of Loss previously allocated to such Preferred Series A Subclass 0 Unit Accounts pursuant to Section 5.04(b)(vii) over (B) the aggregate amount of Profit previously allocated to the Preferred Series A Subclass 0 Unit Accounts pursuant to this Section 5.04(a)(i), then (y) Pro Rata among the Preferred Series A Unit Accounts (other than the Preferred Series A Subclass 0 Unit Accounts) until the cumulative amount of Profits allocated to such Preferred Series A Unit Accounts is equal to the excess of (A) the aggregate amount of Loss previously allocated to such Preferred Series A Unit Accounts pursuant to Section 5.04(b)(vi) over (B) the aggregate amount of Profit previously allocated to the Preferred Series A Unit Accounts pursuant to this Section 5.04(a)(i), and then (z) Pro Rata among the Preferred Series C Unit Accounts until the cumulative amount of Profits allocated to such Preferred Series C Unit Accounts is equal to the excess of (A) the aggregate amount of Loss previously allocated to such Preferred Series C Unit Accounts pursuant to Section 5.04(b)(v) over (B) the aggregate amount of Profit previously allocated to the Preferred Series C Unit Accounts pursuant to this Section 5.04(a)(i);
- (ii) second, Pro Rata among the Preferred Series A Subclass 0 Unit Accounts until the cumulative Profit allocated to such Preferred Series A Subclass 0 Unit Accounts is equal to the Total Preferred Series A Return applicable to such Preferred Series A Subclass 0 Unit Account;
- (iii) third, Pro Rata among the Preferred Series A Subclass 1 Unit Accounts and Preferred Series A Subclass 3 Unit Accounts until the cumulative Profit allocated to such Preferred Series A Unit Accounts is equal to the Total Preferred Series A Return with respect to each such Preferred Series A Unit Account;
- (iv) fourth, Pro Rata among the Preferred Series A Subclass 2 Unit Accounts until the cumulative Profit allocated to such Preferred Series A Subclass 2 Unit Accounts is equal to the Total Preferred Series A Return with respect to each such Preferred Series A Subclass 2 Unit Account;

- (v) fifth, Pro Rata among the Preferred Series C Unit Accounts until the cumulative Profit allocated to such Preferred Series C Unit Accounts is equal to the Total Preferred Series C Return applicable to such Preferred Series C Unit Account;
- (vi) sixth, Pro Rata among the Class S Preferred Units until the cumulative amount of Profits allocated to such Units is equal to the excess of (A) the aggregate amount of Loss previously allocated to the Class S Preferred Units pursuant to Section 5.04(b)(iv) and Section 5.04(b)(viii) over (B) the aggregate amount of Profit previously allocated to the Class S Preferred Units pursuant to this Section 5.04(a)(vi) and Section 5.04(c)(ii);
- (vii) seventh, Pro Rata among the Class S Preferred Units until the cumulative Profit allocated to such Units is equal to the Total Class S Preferred Return with respect to such Class S Preferred Unit;
- (viii) eighth, Pro Rata among the Class A Units and Class S Ordinary Units until the cumulative amount of Profits allocated to such Units is equal to the excess of (A) the aggregate amount of Loss previously allocated to the Class A Units and Class S Ordinary Units pursuant to Section 5.04(b)(iii) and Section 5.04(b)(viii) over (B) the aggregate amount of Profit previously allocated to the Class A Units and Class S Ordinary Units pursuant to this Section 5.04(a)(viii);
- (ix) ninth, Pro Rata among the Class A Units, Class S Ordinary Units and Class S Preferred Units, until the cumulative amount of Profits allocated to such Units is equal to the excess of (A) the aggregate amount of Loss previously allocated to the Class A Units, Class S Ordinary Units, and Class S Preferred Units pursuant to Section 5.04(b)(i) over (B) the aggregate amount of Profit previously allocated to the Class A Units, Class S Ordinary Units, and Class S Preferred Units pursuant to this Section 5.04(a)(ix); and
- (x) tenth, Pro Rata among the Class A Units, Class S Ordinary Units, and Class S Preferred Units.

(b) Loss of the Partnership Excluding Excluded Amounts. Subject to Section 5.04(i), remaining Loss of the Partnership shall be allocated on the last day of each Fiscal Quarter, and the day before an event giving rise to Sales Proceeds will be treated as the last day of a Fiscal Quarter:

- (i) first, Pro Rata among the Class A Units, Class S Ordinary Units, and Class S Preferred Units until they have been allocated aggregate Losses equal to the excess of the aggregate Profits previously allocated to them under Section 5.04(a)(ix) and Section 5.04(a)(x) over the aggregate Losses previously allocated to them under this Section 5.04(b)(i);
- (ii) second, Pro Rata among the Class S Preferred Units until they have been allocated aggregate Losses equal to the excess of the aggregate Profits

previously allocated to them under Section 5.04(a)(vii) over the aggregate Losses previously allocated to them under this Section 5.04(b)(ii);

- (iii) third, Pro Rata among the Class A Units and Class S Ordinary Units in an amount equal to their remaining positive Capital Account balances;
- (iv) fourth, Pro Rata among the Class S Preferred Units in an amount equal to their remaining positive Capital Account balances;
- (v) fifth, Pro Rata among the Preferred Series C Unit Accounts in an amount equal to their remaining Capital Account balances;
- (vi) sixth, Pro Rata among the Preferred Series A Unit Accounts (other than Preferred Series A Subclass 0 Unit Accounts) in an amount equal to their remaining positive Capital Account balances;
- (vii) seventh, Pro Rata among the Preferred Series A Subclass 0 Unit Accounts in an amount equal to their remaining Capital Account balances; and
- (viii) eighth, Pro Rata among the Class A Units and Class S Units.

(c) Allocation of Excluded Amounts. BTC Subsidiary Profit and Loss shall be allocated on the last day of each Fiscal Quarter as follows, and the day before an event giving rise to Sales Proceeds will be treated as the last day of a Fiscal Quarter:

- (i) the Subsidiary Class S/P Tax Amount shall be allocated Pro Rata to the Class S Ordinary Units and Class S Preferred Units;
- (ii) the Subsidiary Class S/P Post-Tax Amount shall be allocated Pro Rata to the Class S Ordinary Units and Class S Preferred Units; and
- (iii) Subsidiary Class A Profit and Subsidiary Class A Loss shall be allocated Pro Rata to Class A Units.

(d) On the last day of each Fiscal Quarter, Subsidiary Revenue shall be allocated Pro Rata to the FLP Unit Accounts, and the day before an event giving rise to Sales Proceeds will be treated as the last day of a Fiscal Quarter.

(e) On the last day of each Fiscal Quarter, and the day before an event giving rise to Sales Proceeds will be treated as the last day of a Fiscal Quarter, [*]% of Subsidiary Core Profit and Subsidiary Independent Profit shall be allocated Pro Rata to the FLP Unit Accounts until the FLP Unit Accounts have been allocated the sum of (i) [*]% of Subsidiary Core Profit for each Fiscal Year of the Partnership and (ii)(A) 100% of Subsidiary Independent Profit for each Fiscal Year of the Partnership over (B) the amount of Subsidiary Core Profit and Subsidiary Independent Profit previously allocated under this Section 5.04(e), net of any Excess under Section 7.04(b).

(f) Except as provided herein, upon an upward adjustment to the Carrying Value of any asset pursuant to the definition of Carrying Value, such adjustment (which, for the avoidance of doubt, shall not include (A) the value of property or cash contributed to the Partnership in connection with the event giving rise to the adjustment to Carrying Value; or (B) any property or cash contributed to the Partnership prior to June 1, 2018) shall be allocated:

- (i) first, [*];
- (ii) second, based on a methodology reasonably determined by the General Partner, among the Class A Units and Class S Units (on an as-converted basis) in the amount necessary to cause the Capital Account balances of each series of Class A Units to be equal and to cause the Capital Account balances of each series of Class S Units (on an as-converted basis) to be equal; and
- (iii) third, as to all upward adjustments not allocated pursuant to clauses (i) and (ii) of this Section 5.04(f), Pro Rata among all Units, [*], issued and outstanding immediately prior to the adjustment to Carrying Value.

(g) Losses attributable to a downward adjustment to the Carrying Value of any asset shall be allocated Pro Rata among all holders of Units (except the Preferred Series Unit Accounts and the FLP Unit Accounts).

(h) Notwithstanding any other provision herein except for Section 5.04(j) below, Profits generated in connection with Sales Proceeds shall be allocated as follows:

- (i) first, Pro Rata among the Preferred Series B Unit Accounts up to and in proportion to the amounts necessary to cause the applicable holder's Sub-Capital Account Balance attributable to each such Preferred Series B Unit Account to equal its Hypothetical Preferred Opening Capital Account Balance;
- (ii) second, Pro Rata among the FLP Unit Accounts up to, in aggregate, a proportion of the Sale Proceeds equal to the proportion that aggregate allocations to all Units under Section 5.04(a)(x), Section 5.04(c), Section 5.04(d) and Section 5.04(e) were made to FLP Unit Accounts, in each case during the four Fiscal Quarters (not including the deemed Fiscal Quarter end pursuant to Section 5.04(a) through Section 5.04(e)) preceding the sale, exchange or disposition giving rise to such Sales Proceeds, provided, that (A) the FLP Unit Accounts shall not be allocated Profits and Losses generated in connection with Sales Proceeds in an amount greater than an amount equal to [*] of such Sales Proceeds, (B) notwithstanding this Section 5.04(h)(ii), FLP Unit Accounts shall be allocated an amount equal to no less than [*] of the Profits generated in connection with the Sales Proceeds and (C) any amounts allocable to FLP Units pursuant to this Section 5.04(h)(ii) shall be allocable solely to the Subclass 1 FLP Unit Accounts;

- (iii) third, (x) Pro Rata among the Preferred Series A Subclass 0 Unit Accounts until the cumulative amount of Profits allocated to such Preferred Series A Subclass 0 Unit Accounts is equal to the excess of (A) the aggregate amount of Loss previously allocated to such Preferred Series A Subclass 0 Unit Accounts pursuant to Section 5.04(b)(vii) over (B) the aggregate amount of Profit previously allocated to the Preferred Series A Subclass 0 Unit Accounts pursuant to Section 5.04(a)(i), then (y) Pro Rata among the Preferred Series A Subclass 1 Unit Accounts and Preferred Series A Subclass 3 Unit Accounts until the cumulative amount of Profits allocated to such Preferred Series A Unit Accounts is equal to the excess of (A) the aggregate amount of Loss previously allocated to such Preferred Series A Unit Accounts pursuant to Section 5.04(b)(vi) over (B) the aggregate amount of Profit previously allocated to such Preferred Series A Unit Accounts pursuant to Section 5.04(a)(i), and then (z) Pro Rata among the Preferred Series C Unit Accounts until the cumulative amount of Profits allocated to such Preferred Series C Unit Accounts is equal to the excess of (A) the aggregate amount of Loss previously allocated to such Preferred Series C Unit Accounts pursuant to Section 5.04(b)(v) over (B) the aggregate amount of Profit previously allocated to the Preferred Series C Unit Accounts pursuant to Section 5.04(a)(i);
- (iv) fourth, (A) Pro Rata among the Preferred Series A Subclass 0 Unit Accounts up to and in proportion to the amounts necessary to cause the applicable Sub-Capital Account Balance attributable to such Preferred Series A Subclass 0 Unit Account to equal the Hypothetical Preferred Opening Capital Account Balance of such Preferred Series A Subclass 0 Unit Account, then (B) Pro Rata among the Preferred Series A Subclass 1 Unit Accounts and Preferred Series A Subclass 3 Unit Accounts up to and in proportion to the amounts necessary to cause the applicable Sub-Capital Account Balance attributable to such Preferred Series A Unit Accounts to equal the Hypothetical Preferred Opening Capital Account Balance of such Preferred Series A Unit Accounts, and then (C) Pro Rata among the Preferred Series C Unit Accounts up to and in proportion to the amounts necessary to cause the applicable Sub-Capital Account Balance attributable to such Preferred Series C Unit Account to equal the Hypothetical Preferred Opening Capital Account Balance of such Preferred Series C Unit Account;
- (v) fifth, Pro Rata among the Class S Preferred Units up to and in proportion to the greater of (A) the amounts necessary to cause the applicable holder's Sub-Capital Account Balance attributable to such Class S Preferred Units to equal the Hypothetical Class S Preferred Opening Capital Account Balance related to such Class S Preferred Units and (B) an amount equal to the sum of (1) the applicable holder's Hypothetical Class S Preferred Opening Capital Account Balance, minus such holder's Capital Contribution, minus any amounts previously allocated to such holders

pursuant to Section 5.04(a)(vii), and (2) any amounts previously allocated pursuant to Section 5.04(b)(ii); and

- (vi) sixth, any remainder Pro Rata among the Class A Units and Class S Ordinary Units equal to the proportion that aggregate allocations to Class A Units and Class S Ordinary Units under Section 5.04(a)(x) and Section 5.04(c) were made to Class A Units and Class S Ordinary Units, in each case during the four Fiscal Quarters (not including the deemed Fiscal Quarter end pursuant to Section 5.04(a) and Section 5.04(c)) preceding the sale, exchange or disposition giving rise to such Sales Proceeds.

(i) Notwithstanding any other provision herein except for Section 5.04(j) below, Losses generated in connection with Sales Proceeds shall be allocated as follows:

- (i) first, Pro Rata among the Class A Units and Class S Ordinary Units in an amount equal to their remaining positive Capital Account balances;
- (ii) second, Pro Rata among the Class S Preferred Units in an amount equal to their remaining positive Capital Account balances;
- (iii) third, (A) Pro Rata among the Preferred Series C Unit Accounts in an amount equal to their remaining Capital Account balances, and then (B) Pro Rata among the Preferred Series A Subclass 1 Unit Accounts and Preferred Series A Subclass 3 Unit Accounts in an amount equal to their remaining Capital Account balances of such Preferred Series A Unit Accounts;
- (iv) fourth, (A) Pro Rata among the Preferred Series A Subclass 0 Unit Accounts in an amount equal to their remaining Capital Account balances and then (B) Pro Rata among the Preferred Series B Unit Accounts in an amount equal to their remaining Capital Account balances; and
- (v) fifth, Pro Rata among the Class A Units and Class S Ordinary Units.

(j) Cancellation of Indebtedness Income. The General Partner shall first allocate items of cancellation of indebtedness income (within the meaning of Section 61(a)(12) of the Code) to the Class A Units and to the extent that any such allocation is restricted by the principles set forth in Internal Revenue Service Revenue Ruling 92-97, 1992-2 C.B. 124, the remainder shall be allocated among the Classes of Units in such manner as the General Partner deems appropriate and in accordance with the Partners' interest in the Partnership.

Section 5.05. Special Allocations. Notwithstanding any other provision in this Article V:

(a) Minimum Gain Chargeback. If there is a net decrease in Partnership Minimum Gain or Partner Nonrecourse Debt Minimum Gain (determined in accordance with the principles of Treasury Regulations Sections 1.704-2(d) and 1.704-2(i)) during any Partnership taxable year, the Partners shall be specially allocated items of Partnership income and gain for such year (and, if

necessary, subsequent years) in an amount equal to their respective shares of such net decrease during such year, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). This Section 5.05(a) is intended to comply with the minimum gain chargeback requirements in such Treasury Regulations Sections and shall be interpreted consistently therewith; including that no chargeback shall be required to the extent of the exceptions provided in Treasury Regulations Sections 1.704-2(f) and 1.704-2(i)(4).

(b) Qualified Income Offset. If any Partner unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate the deficit balance in such Partner's Adjusted Capital Account Balance created by such adjustments, allocations or distributions as promptly as possible; provided that an allocation pursuant to this Section 5.05(b) shall be made only to the extent that a Partner would have a deficit Adjusted Capital Account Balance in excess of such sum after all other allocations provided for in this Article V have been tentatively made as if this Section 5.05(b) were not in this Agreement. This Section 5.05(b) is intended to comply with the "qualified income offset" requirement of the Code and shall be interpreted consistently therewith.

(c) Gross Income Allocation. If any Partner has a deficit Capital Account at the end of any Fiscal Year which is in excess of the sum of (i) the amount such Partner is obligated to restore, if any, pursuant to any provision of this Agreement, and (ii) the amount such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Section 1.704-2(g)(1) and 1.704-2(i)(5), each such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible; provided that an allocation pursuant to this Section 5.05(c) shall be made only if and to the extent that a Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article V have been tentatively made as if Section 5.05(b) and this Section 5.05(c) were not in this Agreement.

(d) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated to the Partners in accordance with their respective Total Percentage Interests.

(e) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated to the Partner who bears the economic risk of loss with respect to the liability to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(j).

(f) Creditable Non-U.S. Taxes. Creditable Non-U.S. Taxes for any taxable period attributable to the Partnership, or an entity owned directly or indirectly by the Partnership, shall be allocated to the Partners in proportion to the partners' distributive shares of income (including income allocated pursuant to Section 704(c) of the Code) to which the Creditable Non-U.S. Tax relates (under principles of Treasury Regulations Section 1.904-6). The provisions of this Section 5.05(f) are intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(4)(viii), and shall be interpreted consistently therewith.

(g) Ameliorative Allocations. Any special allocations of income or gain pursuant to Section 5.05(b) or Section 5.05(c) shall be taken into account in computing subsequent allocations pursuant to Section 5.04 and this Section 5.05(g), so that the net amount of any items so allocated and all other items allocated to each Partner shall, to the extent possible, be equal to the net amount that would have been allocated to each Partner if such allocations pursuant to Section 5.05(b) or Section 5.05(c) had not occurred.

(h) Preferred Series C Unit Account Capital Accounts; Special Provisions

- (i) A separate account shall be maintained with respect to the Preferred Series C Unit Accounts (the "Conversion Capital Account"). The Conversion Capital Account shall be maintained in an identical manner to the Capital Account, subject to the adjustments set forth in this Clause 5.05(h).
- (ii) The allocations of Profits, Losses and items of income, gain, loss and deduction set forth in this Section 5.05, other than this clause 5.05(h), shall be used solely to maintain the Conversion Capital Account. Such allocations shall not be used for purposes of maintaining the Capital Accounts, or allocations of taxable amounts, to the holders of the Preferred C Unit Accounts.
- (iii) For all purposes of this Agreement, other than maintaining the Conversion Capital Account, including maintaining the Capital Account of the Preferred C Unit Account holders, and the tax allocations set forth in Section 5.06 hereof, Profit, Losses and items of income, gain, loss and deduction shall be allocated in the same amounts and proportions to the holders of the Preferred C Unit Accounts as if the Preferred C Unit Accounts were Preferred Series A Subclass 1 Unit Accounts.
- (iv) Following the exchange of any Preferred C Unit Account for BCH Common Units (as such term is defined in the UPA) pursuant to the terms of the UPA, the excess of the Capital Account of such Preferred C Unit Account over the Conversion Capital Account of such Preferred C Unit Account shall be referred to as an "Excess Amount". For each Tax period following the creation of an Excess Amount, Profit, or income or gain, shall be specially allocated, pursuant to the principals of Treasury Regulation Section 1.704-1(b)(4)(x), to the Preferred Series A Subclass 1 Units Accounts, prior to any amount of Profit, income or gain being allocated to any other class of Units (other than the Preferred Series A Subclass 0 Unit Accounts) or Limited Partners until such special allocations equal, in the aggregate, such Excess Amount.

Section 5.06. Tax Allocations. For income tax purposes, each item of income, gain, loss and deduction of the Partnership shall be allocated among the Partners in the same manner as the corresponding items of Profits and Losses and specially allocated items are allocated for Capital Account purposes; provided that in the case of any asset the Carrying Value of which differs from its adjusted tax basis for U.S. federal income tax purposes, income, gain, loss and deduction with

respect to such asset shall be allocated solely for income tax purposes in accordance with the principles of Sections 704(b) and (c) of the Code (in any manner determined by the General Partner and permitted by the Code and Treasury Regulations) so as to take account of the difference between the Carrying Value and adjusted basis of such asset; provided, further, that (i) book-tax disparities inherent in the Preferred Series A Subclass 2 Unit Accounts shall be reduced prior to any reduction in book-tax disparities inherent in the Preferred Series A Subclass 1 Unit Accounts, (ii) deductions and losses that arises from an upwards adjustment to Carrying Value of any Partnership asset [*] and (iii) the Partnership shall use the traditional method with curative allocations (as provided in Treasury Regulations Section 1.704-3(c)) for all Section 704(c) allocations, limited to allocations of income or gain from the disposition of Partnership property where allocations of depreciation deductions have been limited by the ceiling rule throughout the term of the Partnership). If, as a result of an exercise of a Noncompensatory Option to acquire an interest in the Company, a Capital Account reallocation is required under Treasury Regulations Section 1.704-1(b)(2)(iv)(s)(3), the Partnership shall make corrective allocations pursuant to Treasury Regulations Section 1.704- 1(b)(4)(x).

Section 5.07. Tax Advances. To the extent the General Partner reasonably believes that the Partnership is required by law to withhold or to make tax payments on behalf of or with respect to any Partner or the Partnership is subjected to tax itself by reason of the status of any Partner ("Tax Advances"), the General Partner may withhold such amounts and make such tax payments as so required. All Tax Advances made on behalf of a Partner shall be repaid by reducing the amount of the current or next succeeding distribution or distributions which would otherwise have been made to such Partner or, if such distributions are not sufficient for that purpose, by so reducing the proceeds of liquidation otherwise payable to such Partner. For all purposes of this Agreement such Partner shall be treated as having received the amount of the distribution that is equal to the Tax Advance. Unless otherwise agreed in writing by the General Partner, each Partner hereby agrees to indemnify and hold harmless the Partnership and the other Partners from and against any liability (including, without limitation, any liability for taxes, penalties, additions to tax or interest other than any penalties, additions to tax or interest imposed as a result of the Partnership's failure to withhold or make a tax payment on behalf of such Partner which withholding or payment is required pursuant to applicable Law but only to the extent amounts sufficient to pay such taxes were not timely distributed to the Partner pursuant to Section 4.02) with respect to income attributable to or distributions or other payments to such Partner.

Section 5.08. Tax Matters.

(a) The General Partner shall be the initial "tax matters partner" within the meaning of Section 6231(a)(7) of the Code, and the General Partner, or its designee shall be the "partnership representative" within the meaning of Section 6223 of the Code for tax years commencing after December 31, 2017 (each of the "tax matters partner" and the "partnership representative", the "Tax Matters Partner"). The Partnership shall file as a partnership for federal, state, provincial and local income tax purposes, except where otherwise required by Law. All elections required or permitted to be made by the Partnership, and all other tax decisions and determinations relating to federal, state, provincial or local tax matters of the Partnership, shall be made by the Tax Matters Partner, in consultation with the Partnership's attorneys and/or accountants. Tax audits, controversies and litigations shall be conducted under the direction of the Tax Matters Partner. The

Tax Matters Partner shall keep the other Partners reasonably informed as to any tax actions, examinations or proceedings relating to the Partnership and shall submit to the other Partners, for their review and comment, any settlement or compromise offer with respect to any disputed item of income, gain, loss, deduction or credit of the Partnership. As soon as reasonably practicable after the end of each Fiscal Year, the Partnership shall send to each Partner a copy of U.S. Internal Revenue Service Schedule K-1, and any comparable statements required by applicable U.S. state or local income tax Law as a result of the Partnership's activities or investments, with respect to such Fiscal Year. The Partnership also shall provide the Partners with such other information as may be reasonably requested for purposes of allowing the Partners to prepare and file their own tax returns.

(b) In respect of tax years commencing after December 31, 2017, the Partners acknowledge and agree that it is the intention of the Partners to minimize any obligations of the Partnership to pay taxes and interest in connection with any audit of the Partnership, including, by means of any available elections under Section 6226 of the Code and/or the Partners filing amended returns under Section 6225(c)(2) of the Code, in each case as amended by the Revised Partnership Audit Procedures. The Partners agree to cooperate in good faith, including without limitation by timely providing information reasonably requested by the Tax Matters Partner and making elections and filing amended returns reasonably requested by the Tax Matters Partner; and the Tax Matters Partner shall make such elections as it determines in its discretion, to give effect to the preceding sentence. The Partnership shall make any payments it may be required to make under the Revised Partnership Audit Procedures and, in the Tax Matters Partner's reasonable discretion, allocate any such payment among the current or former Partners of the Partnership for the "reviewed year" to which the payment relates in a manner that reflects the current or former Partners' respective interests in the Partnership for such "reviewed year" and any other factors taken into account in determining the amount of the payment (with the intent of apportioning the payment in the same manner as if the Partnership had made the election under Section 6226 of the Code and the payment had been assessed directly against such Partner).

Section 5.09. Other Allocation Provisions. Certain of the foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such regulations. In addition to amendments effected in accordance with Section 11.12 or otherwise in accordance with this Agreement, Section 5.03, Section 5.04 and Section 5.05 may also, so long as any such amendment does not materially change the relative economic interests of the Partners, be amended at any time by the General Partner if necessary, in the opinion of tax counsel to the Partnership, to comply with such regulations or any applicable Law.

Section 5.10. Subclass 2 FLP Unit Accounts. Subclass 2 FLP Unit Accounts are intended to qualify as "profits interests" within the meaning of Revenue Procedure 93-27 as clarified by Revenue Procedure 2001-43. None of the Partners being issued Subclass 2 FLP Unit Accounts shall make Capital Contributions in connection with the acquisition of such Subclass 2 FLP Unit Accounts and the Partnership shall treat such Partners as holding "profits interests" for all purposes of this Agreement with respect to such Subclass 2 FLP Unit Accounts. In the event that the Internal Revenue Service issues any additional guidance concerning the taxation of the

Subclass 2 FLP Unit Accounts that are intended to qualify as “profits interests” after the execution of this Agreement, the General Partner shall take any action required by such guidance, including the filing of tax elections thereunder and the adoption of additional provisions to this Agreement that are binding on the Partnership and the Partners under Delaware Law, to achieve the same tax treatment for such Subclass 2 FLP Unit Accounts as is applicable on the date of execution of this Agreement.

ARTICLE VI.

BOOKS AND RECORDS; REPORTS

Section 6.01. Books and Records.

(a) At all times during the continuance of the Partnership, the Partnership shall prepare and maintain separate books of account for the Partnership in accordance with GAAP.

(b) Except as limited by Section 6.01(c), each Limited Partner shall have the right to receive, for a purpose reasonably related to such Limited Partner’s interest as a Limited Partner in the Partnership, upon reasonable written demand stating the purpose of such demand and at such Limited Partner’s own expense:

- (i) a copy of the Certificate and this Agreement and all amendments thereto and hereto, together with a copy of the executed copies of all powers of attorney pursuant to which the Certificate and this Agreement and all amendments thereto and hereto have been executed; and
- (ii) promptly after their becoming available, copies of the Partnership’s federal income tax returns for the three most recent years.

(c) The General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its reasonable discretion, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner believes is not in the best interests of the Partnership, could damage the Partnership or its business or that the Partnership is required by Law or by agreement with any third party to keep confidential. In addition, notwithstanding any provision in this Agreement to the contrary, no Limited Partner shall have any right to, and the General Partner may in its reasonable discretion keep confidential, all books and records and any other information of the Partnership or its Affiliates or their equity owners that was generated prior to September 1, 2017 or that otherwise relates to facts, circumstances, events, actions or communications occurring prior to September 1, 2017.

ARTICLE VII.

PARTNERSHIP UNITS

Section 7.01. Units.

(a) Interests in the Partnership shall be represented by Units. The Units initially are comprised of five Classes hereby designated as "Class A Units", "Class S Ordinary Units", "Class S Preferred Units", "FLP Unit Accounts" and "Preferred Series Unit Accounts" and the FLP Unit Accounts are further subdivided into subclass 1 ("Subclass 1 FLP Unit Accounts"), with such rights as expressly set forth herein and which shall initially represent 50.5% of the FLP Unit Accounts, with the balance, initially representing 49.5% of the FLP Unit Accounts, being deemed subclass 2 ("Subclass 2 FLP Unit Accounts"). The Preferred Series Unit Accounts are further subdivided into Series A subclass 0 ("Preferred Series A Subclass 0 Unit Accounts"), Series A subclass 1 ("Preferred Series A Subclass 1 Unit Accounts"), Series A subclass 2 ("Preferred Series A Subclass 2 Unit Accounts") and Series A subclass 3 (the "Preferred Series A Subclass 3 Unit Accounts"), Series B (the "Preferred Series B Unit Accounts") and Series C (the "Preferred Series C Unit Accounts"), in each case, with such rights as expressly set forth herein. The Class A Units are further subdivided into subclass 1 (the "Subclass 1 Class A Units") and subclass 2 (the "Subclass 2 Class A Units"), in each case, with such rights as expressly set forth herein. The Subclass 1 Class A Units and the Subclass 2 Class A Units shall each have the same designations, preferences, rights, powers and duties as the Class A Units under this Agreement except that only the Subclass 1 Class A Units shall track to the Common Units of Issuer in accordance with Section 7.01(c).

(b) In connection with each issuance of a Class of Units, the General Partner shall issue a new series of such Class. The General Partner in its reasonable discretion may establish and issue, from time to time in accordance with such procedures as the General Partner shall determine from time to time, additional Units, in one or more Classes or series of Units, or other Partnership securities, at such price, and with such designations, preferences and relative, participating, optional or other special rights, powers and duties (which may be senior to existing Units, Classes and series of Units or other Partnership securities), as shall be determined by the General Partner without the approval of any Partner or any other Person who may acquire an interest in any of the Units, including (i) the right of such Units to share in Profits and Losses or items thereof; (ii) the right of such Units to share in Partnership distributions; (iii) the rights of such Units upon dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may or shall be required to redeem such Units (including sinking fund provisions); (v) whether such Units are issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which such Units will be issued, evidenced by certificates and assigned or transferred; (vii) the method for determining the Total Percentage Interest as to such Units; (viii) the terms and conditions of the issuance of such Units (including, without limitation, the amount and form of consideration, if any, to be received by the Partnership in respect thereof, the General Partner being expressly authorized, in its reasonable discretion, to cause the Partnership to issue such Units for less than fair market value); and (ix) the right, if any, of the holder of such Units to vote on

Partnership matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Units.

(c) Notwithstanding anything else in this Agreement to the contrary, the Partnership shall issue a Subclass 1 Class A Unit for each Common Unit outstanding, and each such Subclass 1 Class A Unit shall track, on a one-to-one basis, the corresponding Common Unit. Without limitation of the foregoing, the Partnership (i) shall cause the redemption or cancellation, as appropriate, of Subclass 1 Class A Units to reflect the redemption or cancellation of any Common Units (with appropriate adjustments, if necessary, made pursuant to Section 4.04), and (ii) shall not permit any Subclass 1 Class A Unit to be redeemed or cancelled unless and until corresponding Common Units are first redeemed or cancelled.

(d) The General Partner in its reasonable discretion, without the approval of any Partner or any other Person, is authorized (i) to issue Units or other Partnership securities of any newly established Class or any existing Class to Partners or other Persons who may acquire an interest in the Partnership and admit such Persons as limited partners of the Partnership and (ii) to amend this Agreement to reflect the creation of any such new Class, the issuance of Units or other Partnership securities of such Class, and the admission of any Person as a Partner which has received Units or other Partnership securities.

(e) Except as expressly provided in this Agreement to the contrary, any reference to "Units" shall include the Class A Units, Class S Units, FLP Unit Accounts, Preferred Series Unit Accounts and Units of any other Class, subclass or series that may be established in accordance with this Agreement. All Units of a particular Class or subclass shall have identical rights in all respects as all other Units of such Class or subclass, except in each case as otherwise specified in this Agreement.

Section 7.02. Register. The register of the Partnership shall be the definitive record of ownership of each Unit and all relevant information with respect to each Partner. Unless the General Partner shall determine otherwise, Units shall be uncertificated and recorded in the books and records of the Partnership.

Section 7.03. Registered Partners. The Partnership shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Act or other applicable Law.

Section 7.04. Issuance of Additional Class S Units.

(a) Immediately after an allocation pursuant to [*] and prior to an allocation pursuant to [*], the Sub-Capital Account balance associated with the Subclass 1 FLP Unit Account of each holder thereof shall be reduced by the amount so allocated, [*]

(b) On a quarterly basis, after the application of Section 7.04(a), or immediately preceding a distribution of Sales Proceeds under Section 4.06 or any distribution under [*], and after any allocations under [*] have been made, [*]

- (i) notwithstanding anything to the contrary elsewhere in this Agreement, the Class S Units issued pursuant to this Section 7.04(b) may not be disposed of by any holder thereof before April 1 of the year following the year in which such Class S Units are issued;
- (ii) if the total Profit allocated during the four Fiscal Quarters of a Fiscal Year under Section 5.04(d) and Section 5.04(e) exceeds the cumulative Profit for such Fiscal Year that would have been allocated under Section 5.04(d) and Section 5.04(e) had Profit been allocated on an annual, rather than quarterly, basis (such excess, the "Excess"), then Class S Ordinary Units and Class S Preferred Units (an equal number of each) with an aggregate Unit Price (as of the date such Units were issued under this Section 7.04(b)) equal to the Excess shall be cancelled no later than March 31 of the year following such Fiscal Year; and
- (iii) any Tax Distributions made under Section 4.02 that are attributable to the excess described in Section 7.04(b)(iv) shall be considered to create negative Sub-Capital Account balances associated with the FLP Unit Accounts and such balances shall first be offset by future allocations of Profit prior to conversion of the FLP Unit Accounts into Class S Ordinary Units and Class S Preferred Units.

(c) Immediately after an allocation pursuant to [*], the Sub-Capital Account balance associated with [*] of each holder thereof shall be reduced by the amount so allocated, and in exchange therefor:

- (i) [*], in the aggregate, equal (A) the amount of such reduction divided by (B) the Unit Price; and
- (ii) [*].

(d) Issuance of Additional Class S Preferred Units. On a quarterly basis, the Sub-Capital Account balance associated with the Class S Preferred Units of each holder thereof shall be reduced by the amount of Profit (if any) allocated to such holder pursuant to Section 5.04(a)(v) for that quarter, and in exchange therefor such holder shall be issued the number of Class S Preferred Units (including, if applicable, fractional Units) equal to (i) the amount of such reduction divided by (ii) the Unit Price.

Section 7.05. Conversion of Class S Preferred Units. Class S Preferred Units may be converted into Class S Ordinary Units (including, if applicable, fractional Units) on a quarterly basis upon the election of a holder of Class S Preferred Units by written notice to the Partnership. Upon such an election, such holder shall receive 1.0 Class S Ordinary Unit for every 1.2 Class S Preferred Units converted. In connection with such conversion, each converted Class S Preferred Unit shall be cancelled and its Capital Account reduced to zero, and the Capital Account of such newly issued Class S Ordinary Unit shall be credited with an amount equal to the amount by which the Capital Accounts of the applicable Class S Preferred Units were reduced. For the avoidance of

doubt, Class S Ordinary Units issued pursuant to this Section 7.05 may be contemporaneously converted into Common Units in accordance with Section 7.06.

Section 7.06. Conversion of Class S Ordinary Units. Following the Initial Public Listing or with the approval of a majority in interest of the Class A Units, whole Class S Ordinary Units may be converted into Common Units of the Issuer on a quarterly basis upon the election of a holder of Class S Ordinary Units by written notice to the Partnership. Upon such an election, each Class S Ordinary Unit shall be converted into one Common Unit of the Issuer. In connection with such conversion, each converted Class S Ordinary Unit shall be cancelled and its Capital Account reduced to zero, and the Partnership shall issue a number of Class A Units to the Issuer (or other party as determined by the General Partner as appropriate) equal to the number of converted Class S Ordinary Units and the Capital Account of such newly issued Class A Units shall be credited with an amount equal to the amount by which the Capital Accounts of the converted Class S Ordinary Units were reduced. Any conversion of Class S Ordinary Units into Common Units of the Issuer shall also be subject to the Exchange Agreement. Fractional Class S Ordinary Units may be surrendered to the Partnership in exchange for cash in an amount equal to the Unit Price upon the election of a direct or indirect holder of Class S Ordinary Units that holds no whole Class S Ordinary Units, subject to the approval of the Issuer General Partner.

Section 7.07. Combinations of Fractional Class S Units. At any time that the outstanding fractional Class S Preferred Units or Class S Ordinary Units, calculated separately, associated with a holder of such Class S Units equal, in the aggregate, greater than a whole Class S Unit, then the Partnership shall combine such Class S Units to give the holder whole Class S Units and a fractional Class S Unit representing the remainder of the combined Class S Units. After any such combination, each Partner shall have the same Total Percentage Interest in the Partnership as before such event, and any amounts calculated on a per Unit basis or stated as a number of Units shall not be adjusted.

Section 7.08. Conversion of Preferred Series Unit Accounts.

(a) Preferred Series A Subclass 0 Unit Accounts. With respect to any Preferred Series A Subclass 0 Unit Accounts, the holder of such Preferred Series A Subclass 0 Unit Account may convert an amount of the Sub-Capital Account associated with such Preferred Series A Subclass 0 Unit Account, in whole or in part (a "Preferred Series A Subclass 0 Unit Conversion Amount"), into Class S Ordinary Units (including, if applicable, fractional Units) on the next Quarterly Exchange Date upon the holder's written notice to the Partnership 60 days prior to the applicable Quarterly Exchange Date; provided that, 60 days prior notice is not required for conversion into Class S Ordinary Units and the contemporaneous conversion into Common Units in accordance with Section 7.08(d) on the first Quarterly Exchange Date that such Preferred Series A Subclass 0 Unit Account is eligible to be converted.

(b) Preferred Series A Subclass 1 Unit Accounts and Preferred Series A Subclass 3 Unit Accounts. At any time on or after January 1, 2021, a holder of Preferred Series A Subclass 1 Unit Accounts or Preferred Series A Subclass 3 Unit Accounts may, in any calendar year, elect to convert an amount of Preferred Series A Subclass 1 Unit Accounts or Preferred Series A Subclass 3 Unit Accounts, as applicable, with a Sub-Capital Account equal to such holder's

Annual Conversion Amount (the amount of any Preferred Series A Unit Accounts so converted, the "Preferred Series A Subclass 1/3 Unit Conversion Amount"), into Class S Ordinary Units (including, if applicable, fractional Units) on the next Quarterly Exchange Date upon the holder's written notice to the Partnership 60 days prior to the applicable Quarterly Exchange Date; provided that, 60 days prior notice is not required for conversion into Class S Ordinary Units and the contemporaneous conversion into Common Units in accordance with Section 7.08(d) on the first Quarterly Exchange Date that such Preferred Series A Subclass 1 Unit Accounts or Preferred Series A Subclass 3 Unit Accounts, as applicable, is eligible to be converted.

(c) Preferred Series A Subclass 2 Unit Accounts and Preferred Series B Unit Accounts. With respect to any Preferred Series A Subclass 2 Unit Accounts or Preferred Series B Unit Account, following the 48 month anniversary of the date such Preferred Series Unit Account was issued, or with the approval of a majority in interest of the Class A Units, the holder of such Preferred Series Unit Account may convert an amount of the Sub-Capital Account associated with such Preferred Series Unit Account (provided, that, in the case of a Preferred Series B Unit Account, if the Hypothetical Preferred Opening Capital Account Balance associated with such Preferred Series B Unit Account is higher than its Sub-Capital Account balance, then the holder of such Preferred Series B Unit Account may elect to convert such additional amount), in whole or in part (a "Preferred Series A Subclass 2/Series B Unit Conversion Amount" and collectively with a Preferred Series A Subclass 0 Unit Conversion Amount and a Preferred Series A Subclass 1/3 Unit Conversion Amount, a "Conversion Amount"), into Class S Ordinary Units (including, if applicable, fractional Units) on the next Quarterly Exchange Date upon the holder's written notice to the Partnership 60 days prior to the applicable Quarterly Exchange Date; provided that, 60 days prior notice is not required for conversion into Class S Ordinary Units and the contemporaneous conversion into Common Units in accordance with Section 7.08(d) on the first Quarterly Exchange Date that such Preferred Series Unit Account is eligible to be converted.

(d) Upon a conversion of a Preferred Series Unit Account pursuant to this Section 7.08, the holder of such Preferred Series Unit Account shall be issued Class S Ordinary Units in an amount equal to (i) the Conversion Amount divided by (ii) either (A) in the case of the Preferred Series A Subclass 0 Unit Account, the Preferred Series A Subclass 0 Unit Conversion Price, (B) in the case of the Preferred Series A Unit Account (other than the Preferred Series A Subclass 0 Unit Account), the Preferred Series A Subclass 1/2/3 Unit Conversion Price, and (C) in the case of the Preferred Series B Unit Account, the Preferred Series B Unit Conversion Price. In connection with the conversion, each of the Sub-Capital Account balance and the Hypothetical Preferred Opening Capital Account Balance associated with such Preferred Series Unit Accounts shall be reduced by the Conversion Amount and the newly issued Class S Ordinary Units shall be credited Pro Rata with the Conversion Amount. For the avoidance of doubt, Class S Ordinary Units issued pursuant to this Section 7.08 may be contemporaneously converted into Common Units in accordance with Section 7.06.

(e) Notwithstanding anything else in this Agreement to the contrary, the holder of a Preferred Series A Subclass 1 Unit Account may convert a Conversion Amount into an equal amount of a Preferred Series A Subclass 3 Unit Account. In connection with the conversion, the Sub-Capital Account balance associated with a holder of a Preferred Series A Subclass 1 Unit

Account shall be reduced by the Conversion Amount and the newly issued Preferred Series A Subclass 3 Unit Account shall be credited with the Conversion Amount.

(f) Notwithstanding anything else in this Agreement to the contrary, upon the exercise of the option to acquire Common Units under that certain Participating Option to Acquire Common Units, dated as of December 27, 2018 (the "Option Agreement"), the holder of the Preferred Series A Subclass 2 Unit Accounts may convert any amount of such Preferred Series A Subclass 2 Unit Accounts (such amount shall constitute a "Conversion Amount" with respect to such Preferred Series A Subclass 2 Unit Accounts being converted for purposes of Section 7.08(c)) in accordance with Section 7.08(c) (and subject to the terms of the Option Agreement) up to an amount equal to the positive Sub-Capital Account balance associated with such Preferred Series A Subclass 2 Unit Accounts.

(g) The Preferred Series C Unit Accounts shall have no conversion or exchange rights herein; provided, however, that the Preferred Series C Unit Accounts may be exchanged for Common Units to the extent provided in and in accordance with that certain Unit Purchase Agreement, dated as of July 15, 2020, by and among GWG Holdings, Inc., the Issuer and the Partnership (as amended, in accordance with its terms), or any similar agreement(s) entered into after the date hereof (as amended, in accordance with its (their) terms).

Section 7.09. Optional Redemption of Preferred Series B Unit Accounts and Preferred Series A Subclass 3 Unit Accounts. Upon a Redemption Event, each holder of Preferred Series B Unit Accounts and Preferred Series A Subclass 3 Unit Accounts may, within 30 days of such Redemption Event, make an irrevocable election to require the Partnership to redeem such holder's Preferred Series B Unit Accounts or Preferred Series A Subclass 3 Unit Accounts, as applicable, in whole or in part. Upon such election, the General Partner shall use Available Redeeming Cash to redeem on a pro rata basis such Preferred Series B Unit Accounts as promptly as practicable until all electing holders of Preferred Series B Unit Accounts have been redeemed for cash in full in accordance with their respective Hypothetical Preferred Opening Capital Account Balances. Any remaining Available Redeeming Cash, following redemption in full of all Preferred Series B Unit Accounts, shall then be used to redeem on a pro rata basis (i) the Preferred Series A Subclass 3 Unit Accounts of electing holders up to their Hypothetical Preferred Opening Capital Account Balance and (ii) any other holders of Units or Common Units with similar redemption rights following a Redemption Event until they are redeemed in full in accordance with the instrument that provides such Persons with such redemption rights. Notwithstanding anything herein to the contrary, for purposes of this Section 7.09 and Section 7.10, "Available Redeeming Cash" shall be an amount equal to no less than 50% of the Partnership's distributable cash flow, calculated quarterly, derived from cash flows from operations, plus cash inflows from financings less Tax Distributions required to be made pursuant to Section 4.02.

Section 7.10. Mandatory Redemption of Preferred Series Unit Accounts. Notwithstanding anything else in this Agreement to the contrary and without the written consent of any Partner or other Person, the Partnership shall mandatorily redeem the (i) Preferred Series A Subclass 1 Unit Accounts on December 31, 2030, and (ii) Preferred Series B Unit Accounts, Preferred Series A Subclass 3 Unit Accounts, and Preferred Series A Subclass 2 Unit Accounts on December 31, 2033. In exchange for the redemption of the Preferred Series Unit Accounts, the

Partnership shall distribute Available Redeeming Cash (or, provided that there has been an Initial Public Listing, in the case of Preferred Series A Subclass 3 Unit Accounts and Preferred Series B Unit Accounts, Available Redeeming Cash and/or Common Units) Pro Rata to the holders of the Preferred Series Unit Accounts then being redeemed until such time as the Sub-Capital Accounts associated with Preferred Series Unit Accounts have been reduced to zero. In the event that Available Redeeming Cash is insufficient to redeem all applicable Preferred Series Unit Accounts that are to be redeemed for cash, the Partnership shall, on a quarterly basis, redeem additional Preferred Series Unit Accounts until all such Preferred Series Unit Accounts have been redeemed. For purposes of this Section 7.10, all Class A Units shall be valued at an amount equal to the Unit Price.

Section 7.11. Preemptive Rights.

(a) Except for the issuance or sale of Equity Securities (i) to officers, employees, directors or consultants of the Partnership or its Subsidiaries pursuant to an incentive equity plan, agreement or arrangement approved by the Board of Directors of the Parent, (ii) in connection with the conversion of any of the Partnership's outstanding Equity Securities into another class of Equity Securities on terms made available to all holders of the same class of such outstanding Equity Securities, (iii) in connection with an acquisition of another company, business or assets (whether by merger, recapitalization, consolidation, reorganization, combination or otherwise) by the Partnership or any of its Subsidiaries, (iv) upon the exercise or conversion of any options, warrants, rights or securities outstanding on the date hereof or issued after the date hereof in compliance with the provisions of this Section 7.11, (v) in connection with obligations of the Company to any exchange trust or any other product of the Company that requires the issuance of a Common Unit, or (vi) on or prior to the date hereof and, if the Partnership authorizes the issuance or sale of any Equity Securities of the Partnership (other than as a dividend on outstanding Equity Securities of the Partnership), the Partnership shall offer to sell to each holder of a Preferred Series A Unit Account (other than Preferred Series A Subclass 2 Unit Accounts) or a Preferred Series B Unit Account (each, a "Preemptive Holder"), a portion of such Equity Securities equal to the Preemptive Investor Portion. Each such Preemptive Holder shall be entitled to purchase such Equity Securities at the same price and on the same terms as such Equity Securities are to be offered to the prospective purchaser. The purchase price for all Equity Securities offered to each such Preemptive Holder shall be payable in cash by wire transfer of immediately available funds.

(b) In connection with the issuance or sale of any Equity Securities to which the preemptive rights described in this Section 7.11 apply, the Partnership will deliver to each Preemptive Holder, as soon as reasonably practicable under the circumstances giving rise to the preemptive rights described in this Section 7.11, a written notice (the "Preemptive Rights Notice") describing (i) the Equity Securities being offered, (ii) the purchase price and the payment terms of the Equity Securities being offered (including the date the Partnership is requesting delivery of funds with respect thereto), and (iii) such holder's percentage allotment.

(c) In order to exercise its preemptive rights under this Section 7.11, each Preemptive Holder must deliver a written notice to the Partnership describing its election hereunder (which election may be with respect to all or any portion of the Equity Securities it has a right to purchase

hereunder) no later than twenty (20) days after receipt of the Preemptive Rights Notice (the "Election Period").

(d) Notwithstanding anything to the contrary set forth herein, in lieu of offering to any Preemptive Holder any Equity Securities to which the preemptive rights described in this Section 7.11 apply at the time such Equity Securities are offered, the Partnership may comply with the provisions of this Section 7.11 by making an offer to sell to each such Preemptive Holder the number of such Equity Securities that such holder would be entitled to purchase under Section 7.11(a) promptly after a sale is effected. In such event, for all purposes of this Section 7.11, the number of such Equity Securities that each such Preemptive Holder shall be entitled to purchase under Section 7.11(a) shall be determined taking into consideration the actual number of Equity Securities sold so as to achieve the same economic effect as if such offer would have been made prior to such sale.

(e) The rights under this Section 7.11 will terminate upon the date the Preferred Series A Unit Accounts (other than the Preferred Series A Subclass 0 Unit Accounts) or the Preferred Series B Unit Accounts, as applicable, are redeemed in full.

Section 7.12. Additional Issuances and Indebtedness. Without the prior written consent of holders of a majority of then outstanding Preferred Series A Unit Accounts or Preferred Series B Unit Accounts, as applicable:

(a) none of the Partnership nor any of its Subsidiaries shall (i) issue any Equity Securities or (ii) incur, create, issue, assume, guarantee or otherwise become liable for any indebtedness that, in any such case, is senior in any respect to, or (except to the extent permitted pursuant to Section 7.12(b)) pari passu with, any right of distribution, redemption, repayment, repurchase or other payment relating to the Preferred Series A Unit Accounts or the Preferred Series B Unit Accounts, as applicable; provided, however, that nothing in this Section 7.11(a) shall prevent the issuance of up to \$700.0 million of Preferred Series B Unit Accounts; and

(b) prior to the conversion of all the Preferred Series B Unit Accounts and the Preferred Series A Unit Accounts, the Partnership shall not directly or indirectly incur any additional long-term indebtedness, unless (i) after giving effect to the incurrence thereof on a pro forma basis, the sum of all Preferred Series B Unit Accounts, Indebtedness and such long-term indebtedness would not exceed 55% of the Partnership's NAV plus cash on hand at the Issuer, the Partnership and its subsidiaries, and (ii) at the time of incurrence, the aggregate balance of the Partnership's (including controlled Subsidiaries) Indebtedness plus such additional long-term indebtedness does not exceed 40% of the sum of the net asset value of the collateral underlying the loan portfolio of the Partnership and its Subsidiaries plus cash on hand at the Issuer, Partnership and its Subsidiaries.

Section 7.13. Adjustments to Conversion Price; Elective Conversion Upon Partnership Sale or Dissolution.

(a) If the Partnership at any time subdivides (by any stock split, dividend, recapitalization or otherwise) one or more classes of its respective outstanding Units into a greater number of Units, the applicable conversion price in effect immediately prior to such subdivision will be proportionately reduced. If the Partnership at any time combines (by combination, reverse

stock split or otherwise) one or more classes of its respective outstanding Units into a smaller number of Units, the applicable conversion price in effect immediately prior to such combination will be proportionately increased.

(b) Subject to the terms of this Section 7.13(b), Class S Preferred Units may be converted into Class S Ordinary Units immediately prior to consummation of a Partnership Sale or an event giving rise to Liquidation Proceeds. The General Partner or Liquidation Agent, as the case may be, shall use commercially reasonable efforts to provide each holder of Class S Preferred Units with at least ten days' notice of a Partnership Sale or an event giving rise to Liquidation Proceeds, which notice shall include a summary of the material terms of such Partnership Sale or event to allow such holder to make a decision regarding whether to elect to convert its, his or her Class S Preferred Units. Holders of Class S Preferred Units may irrevocably elect to convert all (but not less than all) of the Conversion Amount into Class S Ordinary Units (including, if applicable, fractional Units) pursuant to Section 7.05 or Section 7.08(b), as applicable, by delivering a written notice to the General Partner or Liquidation Agent, as the case may be, within five days of delivery of the notice referenced in the immediately preceding sentence.

Section 7.14. Redemption Limitation. Without the prior written consent of holders of a majority of then outstanding Preferred Series A Unit Accounts or Preferred Series B Unit Accounts, as applicable, and except as otherwise provided herein, the Partnership shall not redeem any other class or series of equity securities, whether pursuant to optional or mandatory redemption rights or otherwise, unless and until the holders of Preferred Series A Unit Accounts or Preferred Series B Unit Accounts, as applicable, have been paid or redeemed in full an amount equal to the Hypothetical Preferred Opening Capital Account Balances associated with such Preferred Series A Unit Accounts or Preferred Series B Unit Accounts, as applicable. Notwithstanding the foregoing, this Section 7.14 shall not prevent the Company from redeeming (a) Units in connection with obligations of the Company to any exchange trust, (b) Class S Units, so long as the consideration used to redeem such Class S Units is a publicly traded security of an Affiliate or (c) redemptions pursuant to and in accordance with Section 4.02 and Section 4.04 and any conversion, exchange or redemption of any Units in which the redeemed party retains the same economic interest (other than any tax-related differences) in the Partnership or the Issuer, as the case may be, and in which the holders of Preferred Series A Unit Accounts or Preferred Series B Unit Accounts, as applicable, retain priority in redemption and distributions (in each case to the maximum extent contemplated by this Agreement) over any such new economic interest.

ARTICLE VIII.

TRANSFER RESTRICTIONS

Section 8.01. Limited Partner Transfers. Each Limited Partner may Transfer Units in Exchange Transactions pursuant to, and in accordance with, the Exchange Agreement; provided that such Exchange Transactions shall be effected in compliance with policies that the General Partner may adopt or promulgate from time to time (including policies requiring the use of designated administrators or brokers). Each holder of a Preferred Series Unit Account may further Transfer all or any portion of its Preferred Series Unit Account to an estate-planning vehicle or other Person without the consent of the General Partner.

Section 8.02. Mandatory Exchanges. The General Partner may not cause to be Transferred in an Exchange Transaction any Limited Partner Units without the written consent of the holder of such Units.

Section 8.03. Encumbrances. No Limited Partner or Assignee may create an Encumbrance with respect to all or any portion of its Units (or any beneficial interest therein) other than Encumbrances that run in favor of the Limited Partner unless the General Partner consents in writing thereto, which consent may be given or withheld, or made subject to such conditions as are determined by the General Partner, in the General Partner's reasonable discretion. Consent of the General Partner shall be withheld until the holder of the Encumbrance acknowledges the terms and conditions of this Agreement. Any purported Encumbrance that is not in accordance with this Agreement shall be, to the fullest extent permitted by law, null and void. Notwithstanding any other provision of this Agreement to the contrary and in furtherance of the foregoing, no holder of a Subclass 1 Class A Unit may Encumber or Transfer, in whole or in part, such Subclass 1 Class A Unit to the extent such Encumbrance or Transfer would cause such Subclass 1 Class A unit to cease to track to a corresponding Common Unit.

Section 8.04. Further Restrictions.

(a) Notwithstanding any contrary provision in this Agreement, the General Partner may impose such forfeiture provisions, Transfer restrictions or other similar provisions with respect to any Units that are outstanding as of the date of this Agreement or are created thereafter; with the written consent of the holder of such Units or pursuant to an amendment to this Agreement adopted in accordance with Section 11.12. Such requirements, provisions and restrictions need not be uniform and may be waived or released by the General Partner in its reasonable discretion with respect to all or a portion of the Units owned by any one or more Limited Partners at any time and from time to time, and shall not constitute the breach of any duty hereunder or otherwise existing at law, in equity or otherwise.

(b) Notwithstanding any contrary provision in this Agreement, in no event may any Transfer of a Unit be made by any Limited Partner or Assignee if:

- (i) such Transfer is made to any Person who lacks the legal right, power or capacity to own such Unit;
- (ii) such Transfer would require the registration of such transferred Unit or of any Class of Unit pursuant to any applicable United States federal or state securities laws (including, without limitation, the Securities Act or the Exchange Act) or other non-U.S. securities laws (including Canadian provincial or territorial securities laws) or would constitute a non-exempt distribution pursuant to applicable provincial or state securities laws;
- (iii) such Transfer would cause (i) all or any portion of the assets of the Partnership to (A) constitute "plan assets" (under ERISA, the Code or any applicable Similar Law) of any existing or contemplated Limited Partner; or (B) be subject to the provisions of ERISA, Section 4975 of the Code or any applicable Similar Law, or (ii) the General Partner to become a

fiduciary with respect to any existing or contemplated Limited Partner, pursuant to ERISA, any applicable Similar Law, or otherwise;

- (iv) to the extent requested by the General Partner, the Partnership does not receive such legal and/or tax opinions and written instruments (including, without limitation, copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as an Assignee) that are in a form satisfactory to the General Partner, as determined in the General Partner's reasonable discretion; or
- (v) the General Partner shall determine in its reasonable discretion that such Transfer would pose a material risk that the Partnership would be a "publicly traded partnership" as defined in Section 7704 of the Code.

In addition, notwithstanding any contrary provision in this Agreement, to the extent the General Partner shall determine that interests in the Partnership do not meet the requirements of Treasury Regulation Section 1.7704-1(h), the General Partner may impose such restrictions on the Transfer of Units or other interests in the Partnership as the General Partner may determine in its reasonable discretion to be necessary or advisable so that the Partnership is not treated as a publicly traded partnership taxable as a corporation under Section 7704 of the Code.

(c) Any Transfer in violation of this Article VIII shall, to the fullest extent permitted by law, be deemed null and void ab initio and of no effect.

Section 8.05. Rights of Assignees. Subject to Section 8.04(b), the Transferee of any permitted Transfer pursuant to this Article VIII will be an assignee only ("Assignee"), and only will receive, to the extent transferred, the distributions and allocations of income, gain, loss, deduction, credit or similar item to which the Partner which transferred its Units would be entitled, and such Assignee will not be entitled or enabled to exercise any other rights or powers of a Partner, such other rights, and all obligations relating to, or in connection with, such interest remaining with the transferring Partner. The transferring Partner will remain a Partner even if it has transferred all of its Units to one or more Assignees until such time as the Assignee(s) is admitted to the Partnership as a Partner pursuant to Section 8.07.

Section 8.06. Admissions, Withdrawals and Removals.

(a) No Person may be admitted to the Partnership as an additional General Partner or substitute General Partner without the prior written consent of each incumbent General Partner, which consent may be given or withheld, or made subject to such conditions as are determined by each incumbent General Partner, in each case in the reasonable discretion of each incumbent General Partner. A General Partner will not be entitled to Transfer all of its Units or to withdraw from being a General Partner of the Partnership unless another General Partner shall have been admitted hereunder (and not have previously been removed or withdrawn).

(b) No Limited Partner will be removed or entitled to withdraw from being a Partner of the Partnership except in accordance with Section 8.08. Any additional General Partner or

substitute General Partner admitted as a general partner of the Partnership pursuant to this Section 8.06 is hereby authorized to, and shall, continue the Partnership without dissolution.

(c) Except as otherwise provided in Article IX or the Act, no admission, substitution, withdrawal or removal of a Partner will cause the dissolution of the Partnership. To the fullest extent permitted by law, any purported admission, withdrawal or removal that is not in accordance with this Agreement shall be null and void.

Section 8.07. Admission of Assignees as Substitute Limited Partners. An Assignee will become a substitute Limited Partner only if and when each of the following conditions is satisfied:

(a) the General Partner consents in writing to such admission, which consent may be given or withheld, or made subject to such conditions as are determined by the General Partner, in each case in the General Partner's reasonable discretion;

(b) if required by the General Partner, the General Partner receives written instruments (including, without limitation, copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as a substitute Limited Partner) that are in a form satisfactory to the General Partner (as determined in its reasonable discretion);

(c) if required by the General Partner, the General Partner receives an opinion of counsel satisfactory to the General Partner to the effect that such Transfer is in compliance with this Agreement and all applicable Law; and

(d) if required by the General Partner, the parties to the Transfer, or any one of them, pays all of the Partnership's reasonable expenses connected with such Transfer (including, but not limited to, the reasonable legal and accounting fees of the Partnership).

Section 8.08. Withdrawal and Removal of Limited Partners. Subject to Section 8.05, if a Limited Partner ceases to hold any Units, then such Limited Partner shall cease to be a Limited Partner and to have the power to exercise any rights or powers of a Limited Partner (hereunder or under applicable law), and shall be deemed to have withdrawn from the Partnership.

Section 8.09. Indirect Transfer to an Equity Holder. For the avoidance of doubt, subject to Section 8.04(b), in order to effectuate a Transfer of Units by a Limited Partner to an equity holder of such Limited Partner, a Limited Partner may Transfer Units to a Subsidiary of such Limited Partner and transfer its ownership in such Subsidiary to the Limited Partner's equity holder. Notwithstanding Section 8.07(a), Section 8.07(b) and Section 8.07(c), but subject to Section 8.07(d), upon the Transfer of the Units by a Limited Partner to a Subsidiary thereof, such Subsidiary shall be automatically admitted as a Limited Partner upon its execution of a counterpart signature page to this Agreement.

ARTICLE IX.

DISSOLUTION, LIQUIDATION AND TERMINATION

Section 9.01. No Dissolution. Except as required by the Act, the Partnership shall not be dissolved solely by reason of the admission of additional Partners or withdrawal of Partners in accordance with the terms of this Agreement. The Partnership may be dissolved, liquidated, wound up and terminated only pursuant to the provisions of this Article IX, and the Partners, to the fullest extent permitted by law, hereby irrevocably waive any and all other rights they may have to cause a dissolution of the Partnership or a sale or partition of any or all of the Partnership assets.

Section 9.02. Events Causing Dissolution. The Partnership shall be dissolved and its affairs shall be wound up upon the occurrence of any of the following events (each, a "Dissolution Event"):

(a) the entry of a decree of judicial dissolution of the Partnership under Section 17-802 of the Act upon the finding by a court of competent jurisdiction that it is not reasonably practicable to carry on the business of the Partnership in conformity with this Agreement;

(b) any event which makes it unlawful for the business of the Partnership to be carried on by the Partners;

(c) the written consent of all Partners;

(d) at any time there are no limited partners, unless the Partnership is continued in accordance with the Act;

(e) the Incapacity or removal of the General Partner or the occurrence of a Disabling Event with respect to the General Partner; provided that the Partnership will not be dissolved or required to be wound up in connection with any of the events specified in this Section 9.02(e) if: (i) at the time of the occurrence of such event there is at least one other general partner of the Partnership who is hereby authorized to, and elects to, carry on the business of the Partnership; or (ii) all remaining Limited Partners consent to or ratify the continuation of the business of the Partnership and the appointment of another general partner of the Partnership, effective as of the event that caused the General Partner to cease to be a general partner of the Partnership, within 120 days following the occurrence of any such event, which consent shall be deemed (and if requested each Limited Partner shall provide a written consent or ratification) to have been given for all Limited Partners if the holders of more than 50% of the Units then outstanding agree in writing to so continue the business of the Partnership; or

(f) the determination of the General Partner in its reasonable discretion.

Notwithstanding any other provision of this Agreement (including Section 8.06 hereof) or the Act, upon the Incapacity or removal of the General Partner, the occurrence of a Disabling Event with respect to the General Partner, or upon the occurrence of any other event that causes the General Partner to withdraw as, or cease to be, the general partner of the Partnership (each, a "Triggering Event"), Parent (or in the event that Counselors determines that Parent should not

serve in such capacity, a nominee selected by Counselors (other than Counselors itself or its members)) shall, without any action of any other Person, be automatically admitted as a general partner of the Partnership (a "Substitute GP") upon the execution by such Substitute GP of a counterpart signature page to this Agreement. Such Substitute GP shall be deemed admitted to the Partnership as a general partner of the Partnership effective immediately prior to the occurrence of such Triggering Event. The Substitute GP shall have no interest in the profits, losses and capital of the Partnership and will have no right to receive any distributions of Partnership assets. Upon admission of a Substitute GP in accordance with the foregoing, such Substitute GP is hereby authorized to, and elects to, carry on the business of the Partnership in accordance with the terms of this Agreement and the Act, and the Partnership shall continue without dissolution.

Section 9.03. Distribution upon Dissolution. Upon dissolution, the Partnership shall not be terminated and shall continue until the winding up of the affairs of the Partnership is completed. Upon the winding up of the Partnership, the General Partner, or any other Person designated by the General Partner (the "Liquidation Agent"), shall take full account of the assets and liabilities of the Partnership and shall, unless the General Partner determines otherwise, liquidate the assets of the Partnership as promptly as is consistent with obtaining the fair value thereof. [*]. Then, the proceeds of any liquidation shall be applied and distributed in the following order:

(a) first, to the satisfaction of debts and liabilities of the Partnership (including satisfaction of all indebtedness to Partners and/or their Affiliates to the extent otherwise permitted by law) including the expenses of liquidation, and including the establishment of any reserve which the Liquidation Agent shall deem reasonably necessary for any contingent, conditional or unmatured liabilities or obligations of the Partnership ("Contingencies"). Any such reserve may be paid over by the Liquidation Agent to any attorney-at-law, or acceptable party, as escrow agent, to be held for disbursement in payment of any Contingencies and, at the expiration of such period as shall be deemed advisable by the Liquidation Agent for distribution of the balance in the manner hereinafter provided in this Section 9.03; and

(b) second, the remaining proceeds, if any (the "Liquidating Proceeds"), shall be distributed pursuant to Section 4.06 (substituting "Liquidating Proceeds" for "Sales Proceeds").

Section 9.04. Time for Liquidation. A reasonable amount of time shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of liabilities to creditors so as to enable the Liquidation Agent to minimize the losses attendant upon such liquidation.

Section 9.05. Termination. The Partnership shall terminate when all of the assets of the Partnership, after payment of or due provision for all debts, liabilities and obligations of the Partnership, shall have been distributed to the holders of Units in the manner provided for in this Article IX, and the Certificate shall have been cancelled in the manner required by the Act.

Section 9.06. Claims of the Partners. The Partners shall look solely to the Partnership's assets for the return of their Capital Contributions, and if the assets of the Partnership remaining after payment of or due provision for all debts, liabilities and obligations of the Partnership are insufficient to return such Capital Contributions, the Partners shall have no recourse against the Partnership or any other Partner or any other Person. No Partner with a negative balance in such Partner's Capital Account shall have any obligation to the Partnership or to the other Partners or

to any creditor or other Person to restore such negative balance during the existence of the Partnership, upon dissolution or termination of the Partnership or otherwise, except to the extent required by the Act.

Section 9.07. Survival of Certain Provisions. Notwithstanding anything to the contrary in this Agreement, this Section 9.07 and the provisions of Section 10.01, Section 10.02, Section 11.09 and Section 11.10 shall survive the termination of the Partnership.

ARTICLE X.

LIABILITY AND INDEMNIFICATION

Section 10.01. Liability of Partners.

(a) No Limited Partner and no Affiliate, manager, member, employee or agent of a Limited Partner shall be liable for any debt, obligation or liability of the Partnership or of any other Partner or have any obligation to restore any deficit balance in its Capital Account solely by reason of being a Partner of the Partnership, except to the extent required by the Act.

(b) Notwithstanding any other provision of this Agreement, to the extent that, at law or in equity, the General Partner or any other Indemnitee would have duties (including fiduciary duties) to the Partnership, to another Partner, to any Person who acquires an interest in a Partnership interest or to any other Person bound by this Agreement, all such duties (including fiduciary duties) are hereby eliminated, to the fullest extent permitted by law, and replaced with the duties expressly set forth herein. The elimination of duties (including fiduciary duties) and replacement thereof with the duties or standards expressly set forth herein are approved by the Partnership, each of the Partners and each other Person bound by this Agreement. Whenever in this Agreement or any other agreement contemplated hereby one or more Indemnitees or other Persons are permitted to or required to make a decision (i) in their "discretion" or (ii) pursuant to any provision not subject to an express standard of "good faith" (regardless of whether there is a reference to "discretion" or any other standard), then the Indemnitee(s) or such other Person(s), as applicable, in making such decision, shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting the Partnership, the Partners, or any other Person (including any creditor of the Partnership), and shall not be subject to any other or different standards imposed by this Agreement or otherwise existing at law, in equity or otherwise. Notwithstanding the immediately preceding sentence, if a decision or action under this Agreement is to be made or taken by one or more Indemnitees or other Persons in "good faith", the Indemnitee(s) or such other Person(s) shall act in "good faith" and shall not be subject to any other or different standard under this Agreement or otherwise existing at law, in equity or otherwise and any decision or action made or taken or omitted to be made or taken in good faith shall not be a breach of this Agreement or any other agreement contemplated hereby or otherwise applicable provision of law or in equity. For all purposes of this Agreement and notwithstanding any applicable provision of law or in equity, a determination or other action or failure to act by one or more Indemnitees or other Persons conclusively will be deemed to be made, taken or omitted to be made or taken in "good faith" unless the Indemnitee(s) or such other Person(s), as applicable,

subjectively believed such determination, action or failure to act was adverse to the interests of the Partnership. The belief of a majority of the Board of Directors of Parent or committee thereof shall be deemed to be the belief of the Board of Directors of Parent or such committee. In any proceeding brought by the Partnership, any Limited Partner or any other Person who is bound by this Agreement challenging an action, determination or failure to act, notwithstanding any provision of law or equity to the contrary, the Person bringing or prosecuting such proceeding shall have the burden of proving that such determination, action or failure to act did not satisfy the applicable standard of conduct pursuant to this Agreement. To the fullest extent permitted by law, any action or determination taken or made by one or more Indemnitees or other Persons which is not in breach of this Agreement shall be deemed taken or determined in compliance with this Agreement, the Act and any other applicable fiduciary requirements.

(c) To the extent that, at law or in equity, any Partner (including without limitation, the General Partner) has duties (including fiduciary duties) and liabilities relating thereto to the Partnership, to another Partner or to another Person who is a party to or is otherwise bound by this Agreement, the Partners (including without limitation, the General Partner) acting under this Agreement will not be liable to the Partnership, to any such other Partner or to any such other Person who is a party to or is otherwise bound by this Agreement, for their good faith reliance on the provisions of this Agreement.

(d) The General Partner and any other Indemnitees may consult with legal counsel, accountants and financial or other advisors and any act or omission suffered or taken by such Person on behalf of the Partnership in accordance with the advice or opinion of such counsel, accountants or financial or other advisors shall be conclusively presumed to have been done or omitted in good faith in accordance with such advice or opinion so long as such counsel or accountants or financial or other advisors were selected with reasonable care.

Section 10.02. Indemnification.

(a) Indemnification. To the fullest extent permitted by law, as the same exists or may hereafter be amended (but in the case of any such amendment, only to the extent that such amendment permits the Partnership to provide broader indemnification rights than such law permitted the Partnership to provide prior to such amendment), the Partnership shall indemnify any Indemnitee who was or is made or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding (brought in the right of the Partnership or otherwise), whether civil, criminal, administrative, arbitrative or investigative, and whether formal or informal, including appeals, by reason of his or her or its status as an Indemnitee or by reason of any action alleged to have been taken or omitted to be taken by Indemnitee in such capacity, from and against all loss and liability suffered and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement reasonably incurred by such Indemnitee in connection with such action, suit or proceeding, including appeals; provided that such Indemnitee shall not be entitled to indemnification hereunder if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is seeking indemnification pursuant to this Section 10.02, the Indemnitee acted in bad faith or engaged in fraud or willful misconduct; provided, further, that if any employee of the Partnership, the Issuer or any Affiliate brings any action, suit or proceedings against the

Partnership, the General Partner or any Affiliate of the foregoing, such employee shall not be entitled to indemnification under this Section 10.02, unless the General Partner in its reasonable discretion consents thereto. The indemnification of an Indemnitee of the type identified in clause (d) of the definition of Indemnitee shall be secondary to any and all indemnification to which such Indemnitee is entitled from the relevant other Person (including any payment made to such Indemnitee under any insurance policy issued to or for the benefit of such Person or Indemnitee) (the "Primary Indemnification"), and will only be paid to the extent the Primary Indemnification is not paid and/or does not provide coverage (e.g., a self-insured retention amount under an insurance policy). No such Person shall be entitled to contribution or indemnification from or subrogation against the Partnership. The indemnification of any other Indemnitee shall, to the extent not in conflict with such policy, be secondary to any and all payment to which such Indemnitee is entitled from any relevant insurance policy issued to or for the benefit of the Partnership or any Indemnitee.

(b) Advancement of Expenses. To the fullest extent permitted by law, the Partnership shall promptly pay expenses (including attorneys' fees) incurred by any Indemnitee in appearing at, participating in or defending any action, suit or proceeding in advance of the final disposition of such action, suit or proceeding, including appeals, upon presentation of an undertaking on behalf of such Indemnitee to repay such amount if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified under this Section 10.02 or otherwise.

(c) Unpaid Claims. If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Section 10.02 is not paid in full within 30 days after a written claim therefor by any Indemnitee has been received by the Partnership, such Indemnitee may file proceedings to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Partnership shall have the burden of proving that such Indemnitee is not entitled to the requested indemnification or advancement of expenses under applicable Law.

(d) Insurance.

- (i) To the fullest extent permitted by law, the Partnership may purchase and maintain insurance on behalf of any person described in Section 10.02(a) against any liability asserted against such person, whether or not the Partnership would have the power to indemnify such person against such liability under the provisions of this Section 10.02 or otherwise.
- (ii) In the event of any payment by the Partnership under this Section 10.02, the Partnership shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee from any relevant other Person or under any insurance policy issued to or for the benefit of the Partnership, such relevant other Person, or any Indemnitee. Each Indemnitee agrees to execute all papers required and take all action necessary to secure such rights, including the execution of such documents as are necessary to enable the Partnership to bring suit to enforce any such rights in accordance with the terms of such insurance policy or other relevant document. The

Partnership shall pay or reimburse all expenses actually and reasonably incurred by the Indemnitee in connection with such subrogation.

- (iii) The Partnership shall not be liable under this Section 10.02 to make any payment of amounts otherwise indemnifiable hereunder (including, but not limited to, judgments, fines and amounts paid in settlement, and excise taxes with respect to an employee benefit plan or penalties) if and to the extent that the applicable Indemnitee has otherwise actually received such payment under this Section 10.02 or any insurance policy, contract, agreement or otherwise.

(e) Non-Exclusivity of Rights. The provisions of this Section 10.02 shall be applicable to all actions, claims, suits or proceedings made or commenced after the date of this Agreement, whether arising from acts or omissions to act occurring before or after its adoption. The provisions of this Section 10.02 shall be deemed to be a contract between the Partnership and each person entitled to indemnification under this Section 10.02 (or legal representative thereof) who serves in such capacity at any time while this Section 10.02 and the relevant provisions of applicable Law, if any, are in effect, and any amendment, modification or repeal hereof shall not affect any rights or obligations then existing with respect to any state of facts or any action, suit or proceeding then or theretofore existing, or any action, suit or proceeding thereafter brought or threatened based in whole or in part on any such state of facts. If any provision of this Section 10.02 shall be found to be invalid or limited in application by reason of any law or regulation, it shall not affect the validity of the remaining provisions hereof. The rights of indemnification provided in this Section 10.02 shall neither be exclusive of, nor be deemed in limitation of, any rights to which any person may otherwise be or become entitled or permitted by contract, this Agreement or as a matter of law, both as to actions in such person's official capacity and actions in any other capacity, it being the policy of the Partnership that indemnification of any person whom the Partnership is obligated to indemnify pursuant to Section 10.02(a) shall be made to the fullest extent permitted by law.

(f) Notwithstanding anything to the contrary set forth in this Section 10.02, any indemnification or advancement obligation of the Partnership under this Agreement shall only be satisfied to the extent that the Partnership will remain solvent, as determined by the General Partner in its reasonable discretion, after payment of such obligations, and thereafter any such obligation shall terminate.

For purposes of this Section 10.02, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Partnership" shall include any service as a director, officer, employee or agent of the Partnership which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries.

This Section 10.02 shall not limit the right of the Partnership, to the extent and in the manner permitted by law, to indemnify and to advance expenses to, and purchase and maintain insurance on behalf of, persons other than persons described in Section 10.02(a).

Section 10.03. Exculpation.

Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable to the Partnership, the Partners or any other Persons who are bound by this Agreement, for any losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising as a result of any act or omission of an Indemnitee, or for any breach of contract (including breach of this Agreement) or any breach of duties (including breach of fiduciary duties, if any) whether arising hereunder, at law, in equity or otherwise, unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnitee acted in bad faith or engaged in fraud or willful misconduct.

ARTICLE XI.

MISCELLANEOUS

Section 11.01. Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 11.02. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given and made (i) the date such notice, request, claim, demand or other communication is served by delivery in person upon the Person for whom it is intended, (ii) the date sent if delivered by electronic mail (provided, that for such electronic mail to be deemed to have been given on the date it is sent, a copy of such notice, request, claim, demand or other communication is also furnished on such date to a nationally recognized overnight courier for next business day delivery), (iii) three business days after mailing if sent by certified or registered mail, return receipt requested, or (iv) one business day after being furnished to a nationally recognized overnight courier for next business day delivery, in each case to the Person at the applicable address or electronic mail address set forth below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.02):

(a) If to the Partnership, to:

Beneficient Company Holdings, L.P.
c/o The Beneficient Company Group, L.P.
325 N. St. Paul Street, Suite 4850
Dallas, Texas 75201
Attention: General Counsel
Electronic mail: notice@beneficient.com

(b) If to any Partner, to:

c/o The Beneficient Company Group, L.P.
325 N. St. Paul Street, Suite 4850
Dallas, Texas 75201
Attention: General Counsel
Electronic mail: notice@beneficient.com

The Beneficient Company Group, L.P. shall use commercially reasonable efforts to forward any such communication to the applicable Partner's address or electronic mail address as shown in the Partnership's books and records.

(c) If to the General Partner, to:

The Beneficient Company Group, L.P.
325 N. St. Paul Street, Suite 4850
Dallas, Texas 75201
Attention: General Counsel
Electronic mail: notice@beneficient.com

Section 11.03. Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by Law.

Section 11.04. Binding Effect. This Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Agreement, their successors, executors, administrators, heirs, legal representatives and assigns.

Section 11.05. Interpretation. Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine, neuter, singular or plural, whichever shall be applicable. Unless otherwise specified, all references herein to "Articles," "Sections" and paragraphs shall refer to corresponding provisions of this Agreement. Each party hereto acknowledges and agrees that the parties hereto have participated collectively in the negotiation and drafting of this Agreement and that he or she or it has had the opportunity to draft, review and edit the language of this Agreement; accordingly, it is the intention of the parties that no presumption for or against any party arising out of drafting all or any part of this Agreement will be applied in any dispute relating to, in connection with or involving this Agreement. Accordingly, the parties hereby waive to the fullest extent permitted by law the benefit of any rule of law or any legal decision that would require that in cases of uncertainty, the language of a contract should be interpreted most strongly against the party who drafted such language.

Section 11.06. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Copies of executed

counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts for purposes of this Section 11.06.

Section 11.07. Further Assurances. Each Limited Partner shall perform all other acts and execute and deliver all other documents as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

Section 11.08. Entire Agreement. This Agreement and the September Amendment constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto. For the avoidance of doubt, the September Amendment shall continue in effect and shall amend this Agreement until the termination of the September Amendment in accordance with its terms.

Section 11.09. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware, without regard to the principles of conflicts of law.

Section 11.10. Dispute Resolution.

(a) The Partnership, and each Partner, each other Person who acquires a Unit or other interest in the Partnership and each other Person who is bound by this Agreement (collectively, the "Consenting Parties" and each a "Consenting Party") (i) irrevocably agrees that, unless the General Partner shall otherwise agree in writing, any claims, suits, actions or proceedings arising out of or relating in any way to this Agreement or any interest in the Partnership (including, without limitation, any claims, suits or actions under or to interpret, apply or enforce (A) the provisions of this Agreement, including without limitation the validity, scope or enforceability of this Section 11.10(a) or the arbitrability of any Dispute (as defined below), (B) the duties, obligations or liabilities of the Partnership to the Partners, or of the Partners to the Partnership, or among Partners, (C) the rights or powers of, or restrictions on, the Partnership, or any Partner, (D) any provision of the Act or other similar applicable statutes, (E) any other instrument, document, agreement or certificate contemplated either by any provision of the Act relating to the Partnership or by this Agreement or (F) the federal securities laws of the United States or the securities or antifraud laws of any international, national, state, provincial, territorial, local or other governmental or regulatory authority, including, in each case, the applicable rules and regulations promulgated thereunder (regardless of whether such Disputes (x) sound in contract, tort, fraud or otherwise, (y) are based on common law, statutory, equitable, legal or other grounds, or (z) are derivative or direct claims)) (a "Dispute") shall be finally settled by arbitration conducted by three arbitrators (or, in the event the amount of quantified claims and/or estimated monetary value of other claims contained in the applicable request for arbitration is less than \$3.0 million, by a sole arbitrator) in Wilmington, Delaware in accordance with the Rules of Arbitration of the International Chamber of Commerce (including the rules relating to costs and fees) existing on the date of this Agreement except to the extent those rules are inconsistent with the terms of this Section 11.10, and that such arbitration shall be the exclusive manner pursuant to which any Dispute shall be resolved; (ii) agrees that this Agreement involves commerce and is governed by the Federal Arbitration Act, 9 U.S.C. Section 1, et seq. and any applicable treaties governing the recognition and enforcement of international arbitration agreements and awards; (iii) agrees to take all steps necessary or advisable, including

the execution of documents to be filed with the International Court of Arbitration or the International Centre for ADR in order to properly submit any Dispute for arbitration pursuant to this Section 11.10(a); (iv) irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter have to the submission of any Dispute for arbitration pursuant to this Section 11.10(a) and any right to lay claim to jurisdiction in any venue; (v) agrees that (A) the arbitrator(s) shall be U.S. lawyers, U.S. law professors and/or retired U.S. judges and all arbitrators, including the president of the arbitral tribunal, may be U.S. nationals and (B) the arbitrator(s) shall conduct the proceedings in the English language; (vi) agrees that except as required by law (including any disclosure requirement to which the Partnership may be subject under any securities law, rule or regulation or applicable securities exchange rule or requirement) or as may be reasonably required in connection with ancillary judicial proceedings to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm or challenge an arbitration award, the arbitration proceedings, including any hearings, shall be confidential, and the parties shall not disclose any awards, any materials in the proceedings created for the purpose of the arbitration, or any documents produced by another party in the proceedings not otherwise in the public domain; (vii) irrevocably agrees that, unless the General Partner and the relevant named party or parties shall otherwise mutually agree in writing, (A) the arbitrator(s) may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim, (B) SUCH CONSENTING PARTY MAY BRING CLAIMS ONLY IN ITS INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF, CLASS REPRESENTATIVE OR CLASS MEMBER, OR AS A PRIVATE ATTORNEY GENERAL, IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING, and (C) the arbitrator(s) may not consolidate more than one person's claims, and shall not have authority otherwise to preside over any form of a representative or class or consolidated proceeding or entertain any claim on behalf of a person who is not a named party, nor shall any arbitrator have authority to make any award for the benefit of, or against, any person who is not a named party; and (viii) agrees that if a Dispute that would be arbitrable under this Agreement is brought against a Consenting Party or its Affiliates (other than Disputes brought by the employer or principal of any such employee, officer, director, agent or indemnitee) for alleged actions or omissions of such employee, officer, director, agent or indemnitee undertaken as an employee, officer, director, agent or indemnitee of such Consenting Party or its Affiliates, such employee, officer, director, agent or indemnitee shall be entitled to invoke this arbitration agreement. Notwithstanding Section 11.01, each provision of this Section 11.10(a) shall be deemed material, and shall not be severable and this Section 11.10(a) shall be enforced only in its entirety. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of Section 11.10(a), any Consenting Party may bring an action or special proceeding for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, or enforcing an arbitration award and, for the purposes of this paragraph (b), each Consenting Party (i) irrevocably agrees that, unless the General Partner consents in writing to the selection of an alternative forum, any such action or special proceeding shall be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction; (ii) irrevocably submits to the exclusive

jurisdiction of such courts in connection with any such action or special proceeding; (iii) irrevocably agrees not to, and waives any right to, assert in any such action or special proceeding that (A) it is not personally subject to the jurisdiction of such courts or any other court to which proceedings in such courts may be appealed, (B) such action or special proceeding is brought in an inconvenient forum, or (C) the venue of such action or special proceeding is improper; (iv) expressly waives any requirement for the posting of a bond by a party bringing such action or special proceeding; (v) consents to process being served in any such action or special proceeding by mailing, certified mail, return receipt requested, a copy thereof to such party at the address in effect for notices hereunder, and agrees that such service shall constitute good and sufficient service of process and notice thereof; provided that nothing in clause (v) hereof shall affect or limit any right to serve process in any other manner permitted by law; (VI) IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUCH CLAIM, SUIT, ACTION OR PROCEEDING; and (vii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate.

(c) If the arbitrator(s) shall determine that any Dispute is not subject to arbitration, or the arbitrator(s) or any court or tribunal of competent jurisdiction shall refuse to enforce any provision of Section 11.10(a) or shall determine that any Dispute is not subject to arbitration as contemplated thereby, then, and only then, shall the alternative provisions of this Section 11.10(c) be applicable. Each Consenting Party, to the fullest extent permitted by law, (i) irrevocably agrees that unless the General Partner consents in writing to the selection of an alternative forum, any Dispute shall be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction over such Dispute; (ii) irrevocably submits to the exclusive jurisdiction of such courts in connection with any such claim, suit, action or proceeding; (iii) irrevocably agrees not to, and waives any right to, assert in any such claim, suit, action or proceeding that (A) it is not personally subject to the jurisdiction of such courts or any other court to which proceedings in such courts may be appealed, (B) such claim, suit, action or proceeding is brought in an inconvenient forum, or (C) the venue of such claim, suit, action or proceeding is improper; (iv) expressly waives any requirement for the posting of a bond by a party bringing such claim, suit, action or proceeding; (v) consents to process being served in any such claim, suit, action or proceeding by mailing, certified mail, return receipt requested, a copy thereof to such party at the address in effect for notices hereunder, and agrees that such service shall constitute good and sufficient service of process and notice thereof; provided that nothing in clause (v) hereof shall affect or limit any right to serve process in any other manner permitted by law; and (VI) IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUCH CLAIM, SUIT, ACTION OR PROCEEDING; and (vii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate. The parties acknowledge that the fora designated by this Section 11.10(c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

Section 11.11. Expenses. Except as otherwise specified in this Agreement, the Partnership shall be responsible for all costs and expenses, including, without limitation, fees and

disbursements of counsel, financial advisors and accountants, incurred in connection with its operation.

Section 11.12. Amendments and Waivers.

(a) Subject to this Section 11.12, this Agreement may be amended, supplemented, waived or modified by the General Partner in its reasonable discretion without the approval of any Limited Partner or other Person; provided that no amendment may materially and adversely affect the rights of a holder of Units, as such, other than on a pro rata basis with other holders of Units of the same Class without the prior written consent of such holder (or, if there is more than one such holder that is so affected, without the prior written consent of a majority in interest of such affected holders in accordance with their holdings of such Class of Units); provided, further, that no amendment may be made that would materially and adversely affect the rights of a particular Class without the prior written consent of a majority in interest of the holders of such Class; provided, further, however, that notwithstanding the foregoing, the General Partner may, without the written consent of any Limited Partner or any other Person, amend, supplement, waive or modify any provision of this Agreement or the Partnership Register and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect: (i) any amendment, supplement, waiver or modification that the General Partner determines to be necessary or appropriate in connection with the creation, authorization or issuance of Units or any Class or series of equity interest in the Partnership pursuant to Section 7.01 (and subject to compliance with Section 7.11); (ii) the admission, substitution, withdrawal or removal of Partners in accordance with this Agreement, including pursuant to Section 7.01; (iii) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership; (iv) any amendment, supplement, waiver or modification that the General Partner determines in its reasonable discretion to be necessary or appropriate to address changes in U.S. federal income tax regulations, legislation or interpretation; and/or (v) a change in the Fiscal Year or taxable year of the Partnership and any other changes that the General Partner determines to be necessary or appropriate as a result of a change in the Fiscal Year or taxable year of the Partnership including a change in the dates on which distributions are to be made by the Partnership. For the avoidance of doubt, any amendment to Section 4.01, Section 4.02, the first sentence of Section 5.03, Section 5.04, Section 5.06, Section 7.02 (to the extent such amendment requires Units to be certificated), Section 7.08, Section 7.09, Section 7.10, Section 7.11, Section 7.12, Section 7.13, Section 7.14, or, to the extent related to any of the foregoing, Section 1.01, in each case that in any way affects the rights of the holder(s) of any class of Preferred Series Unit Accounts shall be deemed to materially affect the rights of the holder(s) of such Class. Subject to any requirement herein to seek the consent of a particular Class, if consent from multiple holders is required to be obtained pursuant to this Section 11.12(a), then the consent of a majority in interest (calculated on an as converted basis, assuming all such holders had converted the Equity Interests held by them to Class A Units) of all such holders shall constitute the consent of all such holders. If an amendment has been approved in accordance with this Agreement, such amendment shall be adopted and effective with respect to all Partners. Upon obtaining such approvals as may be required by this Agreement, and without further action or execution on the part of any other Partner or other Person, any amendment to this Agreement may be implemented and reflected in a writing executed solely by

the General Partner and the Limited Partners shall be deemed a party to and bound by such amendment.

(b) Notwithstanding anything in this Agreement to the contrary, in addition to any required approval of any holder or Class pursuant to Section 11.12(a), any amendment, supplement, waiver or modification of the definitions of "Available Cash Flow" or "Minimum Retained Earnings" or Section 4.01(d), shall require the approval of the Executive Committee.

(c) No failure or delay by any party in exercising any right, power or privilege hereunder (other than a failure or delay beyond a period of time specified herein) shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

(d) Except as may be otherwise required by law in connection with the winding-up, liquidation, or dissolution of the Partnership, each Partner hereby irrevocably waives any and all rights that it may have to maintain an action for judicial accounting or for partition of any of the Partnership's property.

Section 11.13. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and successors and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement (other than pursuant to Section 10.02); provided, however, that each employee, officer, director, agent or indemnitee of any Consenting Party or its Affiliates is an intended third party beneficiary of Section 11.10(a) and shall be entitled to enforce its rights thereunder.

Section 11.14. Headings. The headings and subheadings in this Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

Section 11.15. Power of Attorney. Each Limited Partner, by its execution hereof, hereby makes, constitutes and appoints the General Partner as its true and lawful agent and attorney in fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file: (a) this Agreement and any amendment to this Agreement that has been adopted as herein provided; (b) the original certificate of limited partnership of the Partnership and all amendments thereto required or permitted by law or the provisions of this Agreement; (c) all certificates and other instruments (including consents and ratifications which the Limited Partners have agreed to provide upon a matter receiving the agreed support of Limited Partners) deemed advisable by the General Partner to carry out the provisions of this Agreement (including the provisions of Section 8.03) and Law or to permit the Partnership to become or to continue as a limited partnership or partnership wherein the Limited Partners have limited liability in each jurisdiction where the Partnership may be doing business; (d) all instruments that the General Partner deems appropriate to reflect a change or modification of this Agreement or the Partnership in accordance with this Agreement, including, without limitation, the admission of additional Limited Partners or substituted Limited Partners pursuant to the provisions of this Agreement; (e) all conveyances and other instruments or papers deemed

advisable by the General Partner to effect the liquidation and termination of the Partnership; and (f) all fictitious or assumed name certificates required or permitted (in light of the Partnership's activities) to be filed on behalf of the Partnership. It is expressly intended by each Limited Partner that the power of attorney granted by this Section 11.15 is coupled with an interest, shall be irrevocable, and shall survive and not be affected by the subsequent death, disability or incapacity of such Limited Partner (or if such Limited Partner is a corporation, partnership, trust, association, limited liability company or other legal entity, by the dissolution or termination thereof).

Section 11.16. Separate Agreements; Schedules. Notwithstanding any other provision of this Agreement, including Section 11.12, the General Partner may, or may cause the Partnership to, without the approval of any Limited Partner or other Person, enter into separate subscription, letter or other agreements with individual Limited Partners with respect to any matter, which have the effect of establishing rights under, or altering, supplementing or amending the terms of, this Agreement. The parties hereto agree that any terms contained in any such separate agreement shall govern with respect to such Limited Partner(s) party thereto notwithstanding the provisions of this Agreement. The General Partner may from time to time execute and deliver to the Limited Partners schedules which set forth information contained in the books and records of the Partnership and any other matters deemed appropriate by the General Partner. Such schedules shall be for information purposes only and shall not be deemed to be part of this Agreement for any purpose whatsoever.

Section 11.17. Partnership Status. The parties intend to treat the Partnership as a partnership for U.S. federal income tax purposes.

Section 11.18. Delivery by Email. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of an email with scan attachment, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument shall raise the use of an email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of an email as a defense to the formation or enforceability of a contract, and each such party forever waives any such defense.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement or have caused this Agreement to be duly executed by their respective authorized officers, in each case as of the date first above stated.

GENERAL PARTNER:
THE BENEFICIENT COMPANY GROUP, L.P.

By: Beneficient Management, L.L.C., its general
partner

By: /s/ Art Damoulakis
Name: Art Damoulakis
Title: General Counsel

[Signature Page to 5th A&R LPA of Beneficient Company Holdings, L.P.]

Annex A

JOINDER AGREEMENT

Reference is made to the Fifth Amended and Restated Limited Partnership Agreement of Beneficient Company Holdings, L.P. (the "Partnership"), dated as of July 15, 2020, (as amended, the "Agreement"). All capitalized, but undefined terms used in this joinder agreement (this "Joinder Agreement") shall have the meanings assigned to them in the Agreement.

By executing this Joinder Agreement, [Insert Name of New Limited Partner] (the "New Limited Partner"), hereby agrees that effective upon the execution of this Joinder Agreement by each of the parties hereto, it shall be bound by all of the terms and conditions of the Agreement and shall become a party to the Agreement. The execution by the New Limited Partner of this Joinder Agreement shall constitute its execution of a counterpart signature page to the Agreement.

Upon the execution of this Joinder Agreement by each of the parties hereto, the New Limited Partner shall be admitted as a Limited Partner of the Partnership effective as of [Insert Date].

IN WITNESS WHEREOF, the parties hereto have executed this Joinder Agreement as of _____, 20__.

[SIGNATURE BLOCK OF NEW LIMITED PARTNER]

Accepted and Agreed by:

GENERAL PARTNER:
THE BENEFICIENT COMPANY GROUP, L.P.

By: Beneficient Management, L.L.C., its general partner

By: _____
Name:
Title:

Annex A

Exhibit A

Exchange Fund Portfolio Interests

(See attached.)

Exhibit A

Schedule A

Quarterly Rate Cap

For any measurement period the Quarterly Rate Cap shall be as follows:

Annualized Revenues * (in millions)		Quarterly Rate Cap
More Than	Less Than or Equal To	
\$ 0.0	\$ 80.0	0.25%
80.0	105.0	0.50%
105.0	125.0	0.75%
125.0	135.0	1.00%
135.0	140.0	1.25%
140.0	N/A	If Annualized Revenues exceed \$140.0 million, no Quarterly Rate Cap

*“Annualized Revenue” means four times the sum of (1) total interest, fee, and dividend income, and (2) total non-interest revenues (in the case of (1) and (2), as reflected in the then applicable quarterly financial statements of the Partnership).

Schedule A

