

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, 2019

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.)

**220 South Sixth Street, Suite 1200
Minneapolis, MN 55402**

(Address of principal executive offices, including zip code)

(612) 746-1944

(Registrant's telephone number, including area code)

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

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

Large accelerated filer	<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 30, 2019, GWG Holdings, Inc. had 33,033,420 shares of common stock outstanding.

GWG HOLDINGS, INC.

Index to Form 10-Q
for the Quarter Ended June 30, 2019

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	1
Condensed Consolidated Balance Sheets as of June 30, 2019, and December 31, 2018	1
Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019 and 2018	2
Condensed Consolidated Statements of Cash Flows for the three and six months ended June 30, 2019 and 2018	3
Condensed Consolidated Statements of Changes in Stockholders' Equity for the three and six months ended June 30, 2019 and 2018	5
Notes to Condensed Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	47
Item 4. Controls and Procedures	73
PART II. OTHER INFORMATION	
Item 5. Other Information	75
Item 6. Exhibits	75
SIGNATURES	76

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2019 (unaudited)	December 31, 2018
<u>ASSETS</u>		
Cash and cash equivalents	\$ 71,548,248	\$ 114,587,084
Restricted cash	5,336,425	10,849,126
Investment in life insurance policies, at fair value	799,266,174	747,922,465
Life insurance policy benefits receivable, net	5,576,397	16,460,687
Financing receivables from affiliates	238,678,993	184,768,874
Equity method investment	369,696,377	360,841,651
Other assets	51,121,238	45,437,164
TOTAL ASSETS	<u>\$ 1,541,223,852</u>	<u>\$ 1,480,867,051</u>
<u>LIABILITIES & STOCKHOLDERS' EQUITY</u>		
LIABILITIES		
Senior credit facility with LNV Corporation	\$ 129,936,091	\$ 148,977,596
L Bonds	782,447,640	651,402,663
Seller Trust L Bonds	366,891,940	366,891,940
Accounts payable	3,910,742	9,276,507
Interest and dividends payable	17,632,911	18,555,293
Other accrued expenses	6,870,823	4,705,170
TOTAL LIABILITIES	<u>1,307,690,147</u>	<u>1,199,809,169</u>
STOCKHOLDERS' EQUITY		
REDEEMABLE PREFERRED STOCK		
(par value \$0.001; shares authorized 100,000; shares outstanding 94,803 and 97,524; liquidation preference of \$95,355,000 and \$98,093,000 as of June 30, 2019 and December 31, 2018, respectively)	84,188,835	86,910,335
SERIES 2 REDEEMABLE PREFERRED STOCK		
(par value \$0.001; shares authorized 150,000; shares outstanding 147,845 and 148,359; liquidation preference of \$148,708,000 and \$149,225,000 as of June 30, 2019 and December 31, 2018, respectively)	128,548,958	129,062,704
COMMON STOCK		
(par value \$0.001; shares authorized 210,000,000; shares issued and outstanding 33,033,416 as of June 30, 2019 and 33,018,161 as of December 31, 2018)	33,033	33,018
Additional paid-in capital	241,317,803	249,662,168
Accumulated deficit	(220,554,924)	(184,610,343)
TOTAL STOCKHOLDERS' EQUITY	<u>233,533,705</u>	<u>281,057,882</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 1,541,223,852</u>	<u>\$ 1,480,867,051</u>

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
REVENUE				
Gain (loss) on life insurance policies, net	\$ 19,929,818	\$ 23,339,750	\$ 41,426,208	\$ 37,208,495
Interest and other income	4,080,557	975,198	7,801,107	1,648,125
TOTAL REVENUE	24,010,375	24,314,948	49,227,315	38,856,620
EXPENSES				
Interest expense	28,486,953	17,147,850	55,461,941	33,211,187
Employee compensation and benefits	6,794,009	3,235,699	11,947,991	6,978,368
Legal and professional fees	4,721,568	1,155,728	7,668,763	2,329,357
Other expenses	5,938,445	2,832,777	8,766,169	5,573,354
TOTAL EXPENSES	45,940,975	24,372,054	83,844,864	48,092,266
INCOME (LOSS) BEFORE INCOME TAXES	(21,930,600)	(57,106)	(34,617,549)	(9,235,646)
INCOME TAX EXPENSE (BENEFIT)	-	-	-	-
NET INCOME (LOSS) BEFORE EARNINGS (LOSS) FROM EQUITY METHOD INVESTMENT	(21,930,600)	(57,106)	(34,617,549)	(9,235,646)
Earnings (loss) from equity method investment	599,711	-	(1,327,032)	-
NET INCOME (LOSS)	(21,330,889)	(57,106)	(35,944,581)	(9,235,646)
Preferred stock dividends	4,278,218	4,338,487	8,574,532	8,042,971
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (25,609,107)	\$ (4,395,593)	\$ (44,519,113)	\$ (17,278,617)
NET INCOME (LOSS) PER COMMON SHARE				
Basic	\$ (0.78)	\$ (0.76)	\$ (1.35)	\$ (2.97)
Diluted	\$ (0.78)	\$ (0.76)	\$ (1.35)	\$ (2.97)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	33,011,603	5,813,555	32,998,246	5,813,555
Diluted	33,011,603	5,813,555	32,998,246	5,813,555

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$ (21,330,889)	\$ (57,106)	\$ (35,944,581)	\$ (9,235,646)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:				
Change in fair value of life insurance policies	(18,279,420)	(14,573,175)	(33,850,225)	(31,218,769)
Amortization of deferred financing and issuance costs	3,421,779	2,402,773	6,521,768	4,665,961
Accretion of discount on financing receivables from affiliates	(445,909)	-	(864,520)	-
(Earnings) loss from equity method investment	(599,711)	-	1,327,032	-
Stock-based compensation	(169,278)	47,480	664,531	260,404
(Increase) decrease in operating assets:				
Life insurance policy benefits receivable	3,623,603	(14,732,270)	10,884,290	(10,376,239)
Accrued interest on financing receivables	(1,494,841)	-	(3,045,599)	-
Other assets	(1,004,700)	(1,732,765)	(4,946,637)	(1,809,206)
Increase (decrease) in operating liabilities:				
Accounts payable and other accrued expenses	(1,424,888)	494,610	(4,752,847)	(1,263,522)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(37,704,254)</u>	<u>(28,150,453)</u>	<u>(64,006,788)</u>	<u>(48,977,017)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in life insurance policies	(4,145,903)	(30,248,939)	(31,538,534)	(55,548,764)
Carrying value of matured life insurance policies	5,343,880	6,148,349	14,045,048	11,231,643
Financing receivables from affiliates issued	(50,000,000)	-	(50,000,000)	-
Equity method investment acquired	(10,000,000)	-	(10,000,000)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(58,802,023)</u>	<u>(24,100,590)</u>	<u>(77,493,486)</u>	<u>(44,317,121)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowings on senior debt	-	3,266,221	-	12,903,166
Repayments of senior debt	(17,195,880)	(32,347,036)	(19,569,015)	(45,038,316)
Proceeds from issuance of L Bonds	45,241,850	60,536,446	171,226,542	97,197,545
Payments for issuance and redemption of L Bonds	(23,003,851)	(13,710,821)	(46,977,530)	(25,956,269)
Issuance (repurchase) of common stock	326,306	-	57,518	-
Proceeds from issuance of preferred stock	-	14,372,959	-	56,238,128
Payments for issuance of preferred stock	-	(984,599)	-	(4,142,294)
Payments for redemption of preferred stock	(2,395,329)	(1,212,690)	(3,214,246)	(1,539,914)
Preferred stock dividends	(4,278,218)	(4,338,487)	(8,574,532)	(8,042,971)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(1,305,122)</u>	<u>25,581,993</u>	<u>92,948,737</u>	<u>81,619,075</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(97,811,399)	(26,669,050)	(48,551,537)	(11,675,063)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH				
BEGINNING OF PERIOD	174,696,072	157,765,163	125,436,210	142,771,176
END OF PERIOD	<u>\$ 76,884,673</u>	<u>\$ 131,096,113</u>	<u>\$ 76,884,673</u>	<u>\$ 131,096,113</u>

* The line items Borrowings on senior debt and Repayments of senior debt for the three and six months ended June 30, 2018 have been revised to present gross activity that was previously reported net as discussed in Note 2 Correction of an Immaterial Error.

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

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

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2019	2018	2019	2018
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Interest paid	\$ 25,830,000	\$ 13,776,000	\$ 49,434,000	\$ 27,251,000
Premiums paid, including prepaid	\$ 15,789,000	\$ 12,393,000	\$ 34,902,000	\$ 24,226,000
Payments for exercised stock options	\$ -	\$ -	\$ -	\$ 37,000
NON-CASH INVESTING AND FINANCING ACTIVITIES				
L Bonds:				
Conversion of accrued interest and commissions payable to principal	\$ 238,000	\$ 219,000	\$ 872,000	\$ 562,000
Conversion of L Bonds to redeemable preferred stock	\$ -	\$ 125,000	\$ -	\$ 4,546,000
Investment in life insurance policies included in accounts payable	\$ 788,000	\$ 990,000	\$ 788,000	\$ 990,000

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
(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 Equity
Balance, March 31, 2019	<u>245,064</u>	<u>\$215,154,122</u>	<u>32,992,606</u>	<u>\$ 32,993</u>	<u>\$245,294,858</u>	<u>\$(199,224,035)</u>	<u>\$261,257,938</u>
Net income (loss)	—	—	—	—	—	(21,330,889)	(21,330,889)
Issuance of common stock	—	—	40,874	41	326,266	—	326,307
Repurchase of common stock	—	—	(60)	(1)	—	—	(1)
Redemption of redeemable preferred stock	(2,416)	(2,416,329)	—	—	—	—	(2,416,329)
Preferred stock dividends	—	—	—	—	(4,278,218)	—	(4,278,218)
Stock-based compensation	—	—	—	—	(25,103)	—	(25,103)
Balance, June 30, 2019	<u>242,648</u>	<u>\$212,737,793</u>	<u>33,033,420</u>	<u>\$ 33,033</u>	<u>\$241,317,803</u>	<u>\$(220,554,924)</u>	<u>\$233,533,705</u>
Balance, December 31, 2018 (audited)	<u>245,883</u>	<u>\$215,973,039</u>	<u>33,018,161</u>	<u>\$ 33,018</u>	<u>\$249,662,168</u>	<u>\$(184,610,343)</u>	<u>\$281,057,882</u>
Net income (loss)	—	—	—	—	—	(35,944,581)	(35,944,581)
Issuance of common stock	—	—	58,009	58	418,954	—	419,012
Repurchase of common stock	—	—	(42,750)	(43)	(361,451)	—	(361,494)
Redemption of redeemable preferred stock	(3,235)	(3,235,246)	—	—	—	—	(3,235,246)
Preferred stock dividends	—	—	—	—	(8,574,532)	—	(8,574,532)
Stock-based compensation	—	—	—	—	172,664	—	172,664
Balance, June 30, 2019	<u>242,648</u>	<u>\$212,737,793</u>	<u>33,033,420</u>	<u>\$ 33,033</u>	<u>\$241,317,803</u>	<u>\$(220,554,924)</u>	<u>\$233,533,705</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 - CONTINUED
(unaudited)

For the three and six months ended June 30, 2018:

	Preferred Stock Shares	Preferred Stock	Common Shares	Common Stock (par)	Additional Paid-in Capital	Accumulated Deficit	Total Equity
Balance, March 31, 2018	<u>233,309</u>	<u>\$212,369,231</u>	<u>5,813,555</u>	<u>\$ 5,813</u>	<u>\$ —</u>	<u>\$ (48,628,057)</u>	<u>\$163,746,987</u>
Net income (loss)	—	—	—	—	—	(57,106)	(57,106)
Issuance of redeemable preferred stock	14,704	13,718,667	—	—	—	—	13,718,667
Redemption of redeemable preferred stock	(1,213)	(1,212,690)	—	—	—	—	(1,212,690)
Preferred stock dividends	—	(4,338,487)	—	—	—	—	(4,338,487)
Stock-based compensation	—	164,980	—	—	—	—	164,980
Balance, June 30, 2018	<u>246,800</u>	<u>\$220,701,701</u>	<u>5,813,555</u>	<u>\$ 5,813</u>	<u>\$ —</u>	<u>\$ (48,685,163)</u>	<u>\$172,022,351</u>
Balance, December 31, 2017 (audited)	<u>187,319</u>	<u>\$173,115,447</u>	<u>5,813,555</u>	<u>\$ 5,813</u>	<u>\$ —</u>	<u>\$ (39,449,517)</u>	<u>\$133,671,743</u>
Net income (loss)	—	—	—	—	—	(9,235,646)	(9,235,646)
Issuance of redeemable preferred stock	61,021	56,878,238	—	—	—	—	56,878,238
Redemption of redeemable preferred stock	(1,540)	(1,539,914)	—	—	—	—	(1,539,914)
Preferred stock dividends	—	(8,042,971)	—	—	—	—	(8,042,971)
Stock-based compensation	—	290,901	—	—	—	—	290,901
Balance, June 30, 2018	<u>246,800</u>	<u>\$220,701,701</u>	<u>5,813,555</u>	<u>\$ 5,813</u>	<u>\$ —</u>	<u>\$ (48,685,163)</u>	<u>\$172,022,351</u>

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 and Summary of Significant Accounting Policies

Nature of Business — 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. GWG Holdings owns a significant equity interest in The Beneficient Company Group, L.P. (“BEN LP,” including all of the subsidiaries it may have from time to time — “Beneficient”). 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”) size institutions, which previously had few options to obtain early liquidity for their alternative assets holdings. Beneficient has closed a limited number of these transactions to date, and intends to significantly expand its operations. All of the GWG Holdings’ entities are legally organized in Delaware, other than GWG Life Trust, which is governed by the laws of the state of Utah. GWG Holdings’ wholly owned subsidiary, Life Epigenetics Inc. (formerly named Actua Life & Annuity Ltd.) (“Life Epigenetics”) was formed to engage in various life insurance related businesses and activities related to its development of epigenetic technology. Through its wholly owned subsidiary, youSurance General Agency, LLC (“youSurance”), GWG Holdings offers life insurance directly to customers from a variety of life insurance carriers. 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 currently in Minneapolis, Minnesota.

Beneficient was formed in 2003 but began its alternative asset business 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) ACE Portal, L.L.C. (“ACE”), through which Beneficient plans to provide an online portal for direct access to Beneficient’s financial services and products.

In 2018 and early 2019, we consummated a series of transactions (as more fully described below) with Beneficient that has resulted in a significant reorientation of our business and capital allocation strategy in addition to a change in our Board of Directors and executive management team.

The Exchange Transaction

On August 10, 2018 (the “Initial Transfer Date”), we completed the first of two closings (the “Initial Transfer”) contemplated by a Master Exchange Agreement with 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 issued to the Seller Trust L Bonds due 2023 (the “Seller Trust L Bonds”) in an aggregate principal amount of \$403,234,866, as more fully described below;
- Beneficient purchased 5,000,000 shares of GWG’s 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 \$50,000,000, which shares were subsequently transferred to the Seller Trusts, as more fully described below;
- in consideration for GWG 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 \$200,000,000 (the “Commercial Loan”);
- BEN LP delivered to GWG a promissory note (the “Exchangeable Note”) in the principal amount of \$162,911,379; and
- the Seller Trusts delivered to GWG 4,032,349 common units of BEN LP at an assumed value of \$10 per common unit.

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

On December 28, 2018, the final closing of the transaction occurred and the following actions took place (the “Final Closing” and the date upon which the Final Closing occurs, 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 Commercial Loan was reduced to \$181,974,314, (ii) the principal amount of the Exchangeable Note was reduced to \$148,228,432, and (iii) the principal amount of the Seller Trust L Bonds was reduced to \$366,892,000;
- the Seller Trusts refunded to GWG \$840,430 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;
- 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 \$192,507,946;
- the Seller Trusts transferred to GWG an aggregate of 21,650,087 common units of BEN LP and GWG received 14,822,843 common units of BEN LP in exchange for the Exchangeable Note, upon completion of which GWG owned (including the 4,032,349 common units received by GWG on the Initial Transfer Date) 40,505,279 common units of BEN LP;
- BEN LP issued to GWG an option (the “Option Agreement”) to acquire the number of common units of BEN LP, interests or other property that would be received by a holder of the NPC-A Prime limited partnership interests of Beneficient Company Holdings, L.P., an affiliate of BEN LP (“Beneficient Holdings”); and
- GWG issued to the Seller Trusts 27,013,516 shares of GWG 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 to repurchase, in whole but not in part, the Seller Trust L Bonds held by such holder. The repurchase may be paid, at GWG’s 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) BEN LP common units, or a combination of cash and such property.

The Seller Trust L Bonds (see Note 11) are senior secured obligations of GWG, ranking junior only to all senior debt of GWG (see Note 9), pari passu in right of payment and in respect of collateral with all “L Bonds” of GWG (see Note 10), and senior in right of payment to all subordinated indebtedness of GWG. Payments under the Seller Trust L Bonds are guaranteed by GWG Life (see Note 23).

Series B Convertible Preferred Stock

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

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

Commercial Loan

The \$192,508,000 principal amount under the Commercial Loan is due on August 9, 2023; however, is extendable for two five-year terms. See Note 6 for a full description of the terms of the Commercial Loan. 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 (ii) one-half of the interest, or 2.5% per year, accrues and 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 issuing the Seller Trust L Bonds, upon a redemption event or at the maturity date of the Seller Trust L Bonds, the Company, 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.

Exchangeable Note

The Exchangeable Note accrued interest at a rate of 12.4% per year, compounded annually. Interest was payable in cash on the earlier to occur of the maturity date or the Final Closing Date; provided that Beneficient had the option to add to the outstanding principal balance under the Commercial Loan the accrued interest in lieu of payment in cash of such accrued interest thereon at the Final Closing Date. At the Final Closing date, the principal amount of the Exchangeable Note was exchanged for 14,822,843 common units of BEN LP, 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, the Company entered into the Option Agreement with BEN LP. The Option Agreement gives us the option to acquire the number of common units in BEN LP that would be received by the holder of NPC-A Prime limited partnership interests of Beneficient Holdings, 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.

Common Units of BEN LP

In connection with the Initial Transfer and Final Closing, the Seller Trusts and Beneficient delivered to us 40,505,279 common units of BEN LP. This represented an approximate 89.9% interest in the common units of BEN LP as of the Final Closing Date (although, on a fully diluted basis, our ownership interest in common units of BEN LP would be reduced significantly below a majority of those issued and outstanding).

Purchase and Contribution Agreement

On April 15, 2019, Jon R. Sabes, GWG's former Chief Executive Officer and a former director, and Steven F. Sabes, GWG's former Executive Vice President and a former director, entered into a Purchase and Contribution Agreement (the "Purchase and Contribution Agreement") with, among others, Beneficient. Under the Purchase and Contribution Agreement, Jon and Steven Sabes agreed to transfer all 3,952,155 of the shares of GWG's outstanding common stock held directly or indirectly by them to BCC (a subsidiary of BEN LP) and AltiVerse Capital Markets, L.L.C. ("AltiVerse"). GWG 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 taking, or refraining from taking, certain actions.

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

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

- GWG's bylaws were amended to increase the maximum number of directors of GWG from nine to 13, and the actual number of directors comprising the Board of Directors was increased from seven to 11.
- All seven members of GWG's Board of Directors prior to the closing resigned as directors of GWG, and 11 individuals designated by Beneficient were appointed as directors of GWG, leaving two board seats vacant after the closing.
- Jon R. Sabes resigned from all officer positions he held with GWG or any of its subsidiaries prior to the closing, other than his position as Chief Executive Officer of GWG's technology focused wholly owned subsidiaries, Life Epigenetics and youSurance.
- Steven F. Sabes resigned from all officer positions he held with GWG or any of its subsidiaries prior to the closing, except as Chief Operating Officer of Life Epigenetics.
- The resignations of Messrs. Jon and Steven Sabes included a full waiver and forfeit of (i) any severance that may be payable by GWG or any of its subsidiaries in connection with such resignations or the Purchase and Contribution Transaction and (ii) all equity awards of GWG held by either of them.
- Murray T. Holland was appointed as Chief Executive Officer of GWG.
- GWG entered into performance share unit agreements with certain employees of GWG pursuant to which such employees will collectively receive up to \$4.5 million in bonuses under certain terms and conditions, including, among others, that such employees remain employed by GWG or one of its subsidiaries (or, if no longer employed, such employment was terminated by GWG 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 the Company, GWG Life, LLC, Messrs. Jon and Steven Sabes and the Bank of Utah, which provides that the shares of GWG's common stock acquired by BCC and AltiVerse pursuant to the Purchase and Contribution Agreement will continue to be pledged as collateral security for GWG's obligations owing in respect of the L Bonds and Seller Trust L Bonds.

Indemnification Agreements

On April 26, 2019, GWG 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 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's bylaws and generally provide that GWG 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.

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the 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 our 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, 2018. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

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

Principles of Consolidation — The condensed consolidated financial statements include the accounts of GWG Holdings, Inc. and all its wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated upon consolidation.

The Company has interests in various entities including corporations and limited partnerships. For each such entity, the Company evaluates its ownership interest to determine whether the entity is a variable interest entity (“VIE”) and, if so, whether it is the primary beneficiary of the VIE. The Company would consolidate any entity for which it was the primary beneficiary, regardless of its ownership or voting interests. Upon inception of a variable interest or the occurrence of a reconsideration event, the Company makes judgments in determining whether entities in which it invests are VIEs. If so, the Company makes judgments to determine whether it is the primary beneficiary and is thus required to consolidate the entity.

If it is concluded that an entity is not a VIE, then the Company considers its proportional voting interests in the entity. The Company consolidates majority-owned subsidiaries in which a controlling financial interest is maintained. A controlling financial interest is determined by majority ownership and the absence of significant third-party participating rights. Ownership interests in entities for which the Company has significant influence that are not consolidated under the Company’s consolidation policy are accounted for as equity method investments. SEC Staff Announcement: Accounting for Limited Partnership Investments (codified in Accounting Standards Codification (“ASC”) 323-30-S99-1) guidance requires the use of the equity method unless the investor’s interest “is so minor that the limited partner may have virtually no influence over partnership operating and financial policies.” The SEC staff’s position is that investments in limited partnerships of greater than 3% to 5% are considered more than minor and, therefore, should be accounted for using the equity method.

Related party transactions between the Company and its equity method investee have not been eliminated.

Use of Estimates — The preparation of our 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. We regularly evaluate estimates and assumptions, which are based on current facts, historical experience, management’s judgment, and various other factors that we believe to be reasonable under the circumstances. Our actual results may differ materially and adversely from our estimates. The most significant estimates with regard to these condensed consolidated financial statements relate to (1) the determination of the assumptions used in estimating the fair value of our investments in life insurance policies, (2) the assessment of potential impairment of our equity method investment and our equity security investment and determination of the allowance for credit losses on our financing receivables, and (3) the value of our deferred tax assets and liabilities. Periodically, we make significant estimates in assessing the fair value of assets acquired and consideration given in return for those assets, which are used to establish the initial recorded values of such assets in accordance with ASC 805, *Business Combinations*. Under ASC 805, the consideration paid in an asset acquisition is allocated among the assets acquired based on their relative fair values at acquisition date. In relation to the Exchange Transaction, relative fair values obtained from a third-party valuation firm were used to calculate the amounts recorded for the Commercial Loan, the Exchangeable Note, the equity method investment and the option agreement at their acquisition dates.

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

Cash, cash equivalents and restricted cash on our condensed consolidated statements of cash flows include cash and cash equivalents of \$71.6 million and restricted cash of \$5.3 million as of June 30, 2019, and \$124.4 million and \$6.7 million, respectively, as of June 30, 2018.

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

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

In a case where our acquisition of a policy is not complete as of a reporting date, but we have nonetheless advanced direct costs and deposits for the acquisition, those costs and deposits are recorded as other assets on our condensed consolidated balance sheets until the acquisition is complete and we have secured title to the policy. On both June 30, 2019 and December 31, 2018, none of our other assets comprised direct costs and deposits that we had advanced for life insurance policy acquisitions.

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

Life Insurance Policy Benefits Receivable, Net — Our policy benefit receivables represent amounts due from insurance carriers for claims submitted on matured life insurance policies. Policy benefit receivables are recorded at the policy benefit amounts less reserves for estimated uncollectible amounts. Uncollectible policy benefits can result from challenges by the insurance carrier to the legal validity of the policy, typically related to the concept of insurable interest, or from liquidity or solvency problems at the insurance carrier (although policy benefits are senior to any other obligations of a carrier).

We reserve for policy benefits when it becomes probable that we will not collect the full amount of the policy benefit. The reserve requirements are based on the best facts available to us and are re-evaluated and adjusted as additional information becomes available. Uncollectible policy benefits are written off against the reserves when it is deemed that a policy amount is uncollectible. As of June 30, 2019, the balance of the allowance for uncollectible receivables was \$4.3 million, relating to a single life insurance policy claim where collection is doubtful.

Other Assets — Included in other assets at June 30, 2019 are \$38.6 million of equity security investment (see below), \$6.5 million of prepaid expenses, \$1.4 million of net fixed assets, \$0.6 million of security deposits with states for life settlement provider licenses, \$0.1 million net secured merchant cash advances and \$3.9 million of other miscellaneous assets. At December 31, 2018, other assets included \$38.6 million of equity security investment, \$1.2 million of prepaid expenses, \$1.5 million of net fixed assets, \$0.6 million of security deposits with states for life settlement provider licenses, \$0.5 million net secured merchant cash advances and \$3.1 million of other miscellaneous assets.

In December 2018, in connection with the Final Closing of the Exchange Transaction, the Company entered into an Option Agreement with Beneficient. The agreement gives GWG the option to acquire the number of common units in BEN LP that would be received by the holder of NPC-A Prime limited partnership interests of Beneficient Holdings. 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 Option Agreement is recorded in other assets at a value of \$38.6 million at both June 30, 2019 and December 31, 2018. The Option Agreement is considered an equity security investment and the Company has elected the measurement alternative for equity securities without a readily determinable fair value. Under this measurement alternative, we record the Option Agreement at its cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investments of Beneficient. As at June 30, 2019, there were no indications of impairment. The instrument earns a preferred return that we accrue to the investment balance and record in interest and other income in the condensed consolidated statement of operations.

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

Financing Receivables — ASC 310, Receivables, provides guidance for receivables and notes that arise from credit sales, loans or other transactions. Financing receivables includes loans and notes receivable. Originated loans we hold for which we have the intent and ability to hold for the foreseeable future or to maturity (or payoff) are classified as held for investment. Financing receivables held for investment are reported in our condensed consolidated balance sheets at the outstanding principal balance adjusted for any write-offs, allowance for loan losses, deferred fees or costs, and any unamortized premiums or discounts. Interest income is accrued on outstanding principal as earned. Unamortized discounts and premiums are amortized using the effective interest method with the amortization recognized as part of interest income in the condensed consolidated statements of operations.

Losses on financing receivables are recognized when they are incurred, which requires us to make our best estimate of probable losses. Specific allowances are recorded for individually impaired loans to the extent we determine it is probable we will be unable to collect all amounts due according to original contractual terms of the loan agreement. Certain loans classified as impaired may not require an allowance for loan loss because we believe we will ultimately collect the unpaid balance (through collection or collateral repossession). The method for calculating the best estimate of losses depends on the type and risk characteristics of the related financing receivables. Such an estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of market sectors, and the present and expected future levels of interest rates. The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current conditions. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible we will experience credit losses that are different from our current estimates. We have no allowance for losses at June 30, 2019 or December 31, 2018. Write-offs are deducted from the allowance for losses when we judge the principal to be uncollectible and subsequent recoveries are added to the allowance at the time cash is received on a written-off account.

Equity Method Investment — We account for investments in common stock or in-substance common stock in which we have the ability to exercise significant influence, but do not own a controlling financial interest, under the equity method of accounting. Investments within the scope of the equity method of accounting are initially measured at cost, including the cost of the investment itself and direct transaction costs incurred to acquire the investment. After the initial recognition of the investment at cost, we recognize income and losses from our investment by adjusting upward or downward the balance of our equity method investment on our condensed consolidated balance sheet with such adjustments, if any, flowing through earnings (loss) from equity method investment on our condensed consolidated statement of operations, in all cases adjusted to reflect amortization of basis differences, if any, and the elimination of intercompany gains and losses, if any. Cash distributions received from equity method investees are recorded as reductions to the investment balance and classified on the statement of cash flows using the cumulative earnings approach.

Our equity method investment is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the investment might not be recoverable. These circumstances can include, but are not limited to: evidence that we do not have the ability to recover the carrying amount, the inability of the investee to sustain earnings, a current fair value of the investment that is less than the carrying amount, and other investors ceasing to provide support or reducing their financial commitment to the investee. If the fair value of the investment is less than the carrying amount, and the investment will not recover in the near term, then an other-than-temporary impairment may exist. We recognize a loss in value of an investment deemed other-than-temporary in the period the conclusion is made.

The Company reports its share of the income or loss of the equity method partner companies on a one-quarter lag where we do not expect financial information to be consistently available on a timely basis.

For more information on equity method investment, see Note 7.

Leases – The Company currently has one significant lease relating to office space that is classified as an operating lease. We assess whether an arrangement is a lease at inception. Leases with an initial term of twelve months or less are not recorded on the balance sheet. We have elected the practical expedient to not separate lease and non-lease components for all assets. Operating lease assets and operating lease liabilities are calculated based on the present value of the future minimum lease payments over the lease term at the lease start date. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease start date in determining the present value of future payments. The operating lease asset is increased by any lease payments made at or before the lease start date and reduced by lease incentives and initial direct costs incurred. The lease term includes options to renew or terminate the lease when it is reasonably certain that we will exercise that option. The exercise of lease renewal options is at our sole discretion. The depreciable life of lease assets and leasehold improvements are limited by the lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

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

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

Deferred Financing and Issuance Costs — Loans advanced to us under our amended and restated senior credit facility with LNV Corporation, as described in Note 9, are reported net of financing costs, including issuance costs, sales commissions and other direct expenses, which are amortized using the straight-line method over the term of the facility. The L Bonds, as described in Note 10, are reported net of financing costs, which are amortized using the effective interest method over the term of those borrowings. Selling and issuance costs of Redeemable Preferred Stock (“RPS”) and Series 2 Redeemable Preferred Stock (“RPS 2”), described in Notes 12 and 13, are netted against additional paid-in capital, until depleted, and then against the outstanding balance of the preferred stock. The offerings of our RPS and RPS 2 closed in March 2017 and April 2018, respectively. There were no issuance costs associated with the August 2018 issuance of the Series B Convertible Preferred Stock, described in Note 14.

Earnings (Loss) per Share — Basic earnings (loss) per share attributable to common shareholders are calculated using the weighted-average number of shares outstanding during the reported period. Diluted earnings (loss) per share are calculated based on the potential dilutive impact of our RPS, RPS 2, restricted stock units, warrants and stock options. Due to our net loss attributable to common shareholders for the three and six months ended June 30, 2019 and 2018, there are no dilutive securities.

Reclassification — Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. See Note 23 for an explanation of certain reclassifications we recorded in comparative periods on the guarantor financial statements.

Newly Adopted Accounting Pronouncements — On January 1, 2019, we adopted Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842). ASU 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for all leases with a term greater than twelve months. We elected to adopt the standard using the modified retrospective method, without restatement of prior periods’ financial information. The impact to the balance sheet was the addition of approximately \$0.9 million in right-of-use assets, a reduction to deferred rent of \$0.7 million, and a net increase to lease liabilities of \$1.6 million for our operating lease. The adoption of the new standard did not materially affect our condensed consolidated statements of operations, condensed consolidated statements of cash flows or condensed consolidated statements of changes in stockholders’ equity.

Recently Issued Accounting Pronouncements — 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. 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, 2019, including interim periods within those years, but early adoption is permitted. The Company is evaluating the potential impact of this guidance on our condensed consolidated financial statements.

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

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. Early adoption is allowed either for the entire standard or only the provisions that eliminate or modify the requirements. The Company is currently evaluating the potential impact of this guidance on our condensed consolidated financial statements.

(2) Correction of an Immaterial Error

In the condensed consolidated statement of cash flows for the three and six months ended June 30, 2018, we have separated the gross borrowings and repayments on our senior credit facility with LNV Corporation that were previously erroneously reported on a net basis in cash flows from financing activities.

For the three and six months ended June 30, 2018, we previously reported net repayments of senior debt of \$29.1 million and \$32.1 million, respectively. We have revised the comparative information for the three and six months ended June 30, 2018 to report gross borrowings on senior debt of \$3.3 million and \$12.9 million, respectively, and gross repayments of senior debt of \$32.3 million and \$45.0 million, respectively, in the condensed consolidated statements of cash flows. This revision had no effect on the total cash flows from financing activities.

(3) Restrictions on Cash

Under the terms of our amended and restated senior credit facility with LNV Corporation (discussed in Note 9), we are required to maintain collection and payment accounts that are used to collect policy benefits from pledged policies, pay annual policy premiums, interest and other charges under the facility, and distribute funds to pay down the facility.

The agents for the lender authorize the disbursements from these accounts. At June 30, 2019 and December 31, 2018, there was a balance of \$4,719,000 and \$4,164,000, respectively, in these collection and payment accounts.

To fund the Company's acquisition of life insurance policies, we are required to maintain escrow accounts. Distributions from these accounts are made according to life insurance policy purchase contracts. At June 30, 2019 and December 31, 2018, there was a balance of \$617,000 and \$6,685,000, respectively, in the Company's escrow accounts.

(4) Investment in Life Insurance Policies

Our investments in life insurance policies are valued based on unobservable inputs that are significant to their overall fair value. Changes in the fair value of these policies, net of premiums paid, are recorded in gain (loss) on life insurance policies, net in our condensed consolidated statements of operations. Fair value is determined on a discounted cash flow basis that incorporates life expectancy assumptions generally derived from reports obtained from widely accepted life expectancy providers (other than insured lives covered under small face amount policies — those with \$1 million in face value benefits or less — 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, 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 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, 2019 and December 31, 2018.

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

Portfolio Information

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2019, is summarized below:

Life Insurance Portfolio Summary

Total life insurance portfolio face value of policy benefits	\$ 2,088,445,000
Average face value per policy	\$ 1,755,000
Average face value per insured life	\$ 1,885,000
Average age of insured (years) *	82.0
Average life expectancy estimate (years) *	7.4
Total number of policies	1,190
Number of unique lives	1,108
Demographics	77% Male; 23% Female
Number of smokers	50
Largest policy as % of total portfolio face value	0.63%
Average policy as % of total portfolio face value	0.08%
Average annual premium as % of face value	3.1%

* Averages presented in the table are weighted averages.

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

Years Ending December 31,	As of June 30, 2019			As of December 31, 2018		
	Number of Policies	Estimated Fair Value	Face Value	Number of Policies	Estimated Fair Value	Face Value
2019	3	\$ 3,183,000	\$ 3,375,000	9	\$ 6,380,000	\$ 7,305,000
2020	28	31,327,000	38,245,000	41	46,338,000	59,939,000
2021	67	61,605,000	87,216,000	81	68,836,000	108,191,000
2022	112	107,554,000	183,851,000	104	97,231,000	177,980,000
2023	118	111,219,000	211,639,000	109	93,196,000	185,575,000
2024	118	98,149,000	223,730,000	107	84,150,000	211,241,000
Thereafter	744	386,229,000	1,340,389,000	703	351,791,000	1,297,761,000
Totals	1,190	\$ 799,266,000	\$ 2,088,445,000	1,154	\$ 747,922,000	\$ 2,047,992,000

We recognized life insurance benefits of \$22,998,000 and \$27,623,000 during the three months ended June 30, 2019 and 2018, respectively, related to policies with a carrying value of \$5,344,000 and \$6,148,000, respectively, and as a result recorded realized gains of \$17,655,000 and \$21,475,000. We recognized life insurance benefits of \$53,457,000 and \$42,127,000 during the six months ended June 30, 2019 and 2018, respectively, related to policies with a carrying value of \$14,045,000 and \$11,232,000, respectively, and as a result recorded realized gains of \$39,412,000 and \$30,895,000.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Change in estimated probabilistic cash flows ⁽¹⁾	\$ 17,122,000	\$ 17,409,000	\$ 34,253,000	\$ 36,414,000
Unrealized gain on acquisitions ⁽²⁾	1,844,000	5,795,000	6,303,000	12,769,000
Premiums and other annual fees	(16,004,000)	(12,708,000)	(31,836,000)	(24,906,000)
Change in discount rates ⁽³⁾	-	-	-	-
Change in life expectancy evaluation ⁽⁴⁾	-	(95,000)	-	(4,963,000)
Face value of matured policies	22,998,000	27,623,000	53,457,000	42,127,000
Fair value of matured policies	(6,030,000)	(14,684,000)	(20,751,000)	(24,233,000)
Gain (loss) on life insurance policies, net	\$ 19,930,000	\$ 23,340,000	\$ 41,426,000	\$ 37,208,000

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

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

- (2) Gain resulting from fair value in excess of the purchase price for life insurance policies acquired during the reporting period.
- (3) The discount rate applied to estimate the fair value of the portfolio of life insurance policies we own was 8.25% at June 30 and March 31, 2019 and December 31, 2018, and was 10.45% at June 30 and March 31, 2018 and December 31, 2017.
- (4) The change in fair value due to updating life expectancy estimates on certain life insurance policies in our portfolio.

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:

Years Ending December 31,	Premiums	Servicing	Total
Six months ending December 31, 2019	\$ 33,928,000	\$ 829,000	\$ 34,757,000
2020	77,911,000	1,658,000	79,569,000
2021	90,331,000	1,658,000	91,989,000
2022	103,573,000	1,658,000	105,231,000
2023	115,898,000	1,658,000	117,556,000
2024	125,937,000	1,658,000	127,595,000
	<u>\$ 547,578,000</u>	<u>\$ 9,119,000</u>	<u>\$ 556,697,000</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 amended and restated senior credit facility with LNV Corporation as described in Note 9, 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 the purchase, policy premiums and servicing costs of additional life insurance policies, working capital and financing expenditures including paying principal, interest and dividends.

(5) Fair Value Definition and Hierarchy

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

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

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

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

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuations are based on quoted prices that are readily and regularly available in an active market.

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

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

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

Level 3 Valuation Process

The estimated fair value of our portfolio of life insurance policies is determined on a quarterly basis by management taking into consideration a number of factors, including changes in discount rate assumptions, estimated premium payments and life expectancy estimate assumptions, as well as any changes in economic and other relevant conditions. The discount rate incorporates current information about discount rates observed in the life insurance secondary market, 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 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.

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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Beginning balance	\$ 782,185,000	\$ 687,389,000	\$ 747,922,000	\$ 650,527,000
Purchases	4,146,000	30,249,000	31,539,000	55,549,000
Maturities (initial cost basis)	(5,344,000)	(6,148,000)	(14,045,000)	(11,232,000)
Net change in fair value	18,279,000	14,573,000	33,850,000	31,219,000
Ending balance	<u>\$ 799,266,000</u>	<u>\$ 726,063,000</u>	<u>\$ 799,266,000</u>	<u>\$ 726,063,000</u>

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

Historically, for life insurance policies with face amounts greater than \$1 million and that are not pledged as collateral under our amended and restated senior credit facility with LNV Corporation (approximately 25.0% of our portfolio by face amount of policy benefits), we attempted to obtain updated life expectancy reports on a continuous rotating three year cycle. For life insurance policies that are pledged under our amended and restated senior credit facility with LNV Corporation (approximately 62.8% of our portfolio by face amount of policy benefits), we are presently required to begin to update the life expectancy estimates every two years beginning from the closing date of the amended and restated senior credit facility with LNV Corporation. For the remaining small face insurance policies (i.e., a policy with \$1 million in face value benefits or less), we historically employed other methods and timeframes to update life expectancy estimates.

With the adoption of the Longest Life Expectancy method in the fourth quarter of 2018 (as described under “Fair Value Components — Life Expectancies” within the Management Discussion and Analysis section), we discontinued the practice of obtaining updated life expectancy reports (or updating specific life expectancies in any manner) except as may be required by lenders to comply with existing and future covenants within credit facilities. This change was accounted for as a change in accounting estimate and affects current and future periods. To the extent such updated life expectancy reports are available, we do not expect to incorporate these life expectancy reports into our revised valuation methodology; however, we will monitor this data to determine over time if there exists any additive predictive value in relation to the basis of its mortality projections.

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

	As of June 30, 2019	As of December 31, 2018
Weighted-average age of insured, years*	82.0	82.1
Weighted-average life expectancy, months*	89.1	93.2
Average face amount per policy	\$ 1,755,000	\$ 1,775,000
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:

Change in Fair Value of the Investment in Life Insurance Policies

	Change in Life Expectancy Estimates			
	minus 8 months	minus 4 months	plus 4 months	plus 8 months
June 30, 2019	\$ 117,337,000	\$ 59,607,000	\$ (57,479,000)	\$ (114,531,000)
December 31, 2018	\$ 113,410,000	\$ 57,611,000	\$ (55,470,000)	\$ (110,473,000)

	Change in Discount Rate			
	minus 2%	minus 1%	plus 1%	plus 2%
June 30, 2019	\$ 96,556,000	\$ 45,890,000	\$ (41,699,000)	\$ (79,708,000)
December 31, 2018	\$ 95,747,000	\$ 45,440,000	\$ (41,179,000)	\$ (78,615,000)

Other Fair Value Considerations

The carrying value of policy benefit receivables, prepaid expenses, accounts payable and accrued expenses approximate fair value due to their short-term maturities and low credit risk. Using the income-based valuation approach, the estimated fair value of our L Bonds and Seller Trust L Bonds, largely containing the same terms, having an aggregate face value of \$1,164,810,000 as of June 30, 2019, is approximately \$1,231,921,000 based on a weighted-average market interest rate of 6.30%.

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

The Commercial Loan receivable from BEN LP has a below-market interest rate of 5.0% per year; provided that the accrued interest from the date of the Initial Transfer to the Final Closing Date of the Exchange Transaction was added to the principal balance of the Commercial Loan. 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 (ii) one-half of the interest, or 2.5% per year, accrues and compounds annually on each anniversary date of the Final Closing Date and becomes due and payable in full in cash on the maturity date. Utilizing an implied yield of 6.75%, we estimate the fair value of the Commercial Loan to be approximately \$187,047,000 as of June 30, 2019 based on a market yield analysis for similar instruments with similar credit profiles. The Commercial Loan had an outstanding principal amount of \$192,508,000 as of June 30, 2019.

The Promissory Note receivable from the LiquidTrusts (see Note 6) earns interest at 7.0% per year, payable upon maturity in 2023. Utilizing an implied yield of 7.0%, we estimate the fair value of the Promissory Note to be approximately \$49,100,000 as of June 30, 2019 based on a market yield analysis for similar instruments with similar credit profiles. The Promissory Note had an outstanding principal balance of \$50,000,000 as of June 30, 2019.

The carrying value of the amended and restated senior credit facility with LNV Corporation reflects interest charged at 12-month LIBOR plus an applicable margin. The margin represents our credit risk, and the strength of the portfolio of life insurance policies collateralizing the debt. The overall rate reflects the current interest rate market, and the carrying value of the facility approximates fair value.

GWG MCA Capital, Inc. ("GWG MCA") participated in the merchant cash advance industry by directly advancing sums to merchants and lending money, on a secured basis, to companies that advance sums to merchants. Each quarter, we review the carrying value of these cash advances, determine if an impairment exists and establish or adjust an allowance for loan loss as necessary. At June 30, 2019, one of our secured cash advances was impaired. Specifically, the secured loan to Nulook Capital LLC had an outstanding balance of \$1,879,000 and an allowance for loan loss of \$1,879,000 at June 30, 2019. We deem fair value to be the estimated collectible value on each loan or advance made from GWG MCA. Secured merchant cash advances, net of allowance for loan loss, of \$121,000 and \$547,000 are included within other assets on our condensed consolidated balance sheets as of June 30, 2019 and December 31, 2018, respectively. Where we estimate the collectible amount to be less than the outstanding balance, we record an allowance for the difference. Provision for merchant cash advances are recorded within other expenses on our condensed consolidated statements of operations (see Note 18). GWG MCA no longer advances cash to merchants, nor does it lend money to companies that advance sums to merchants.

Certain assets are subject to periodic impairment testing by comparing the respective carrying value of the asset to its estimated fair value. In the event we determine these assets to be impaired, we would recognize an impairment loss equal to the amount by which the carrying value of the impaired asset exceeds its estimated fair value. These periodic impairment tests utilize company-specific assumptions involving significant unobservable inputs, or Level 3, in the fair value hierarchy.

The following table summarizes outstanding common stock warrants (discussed in Note 16) as of June 30, 2019:

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

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

(6) Financing Receivables from Affiliates

Commercial Loan

On August 10, 2018, in connection with the Initial Transfer of the Exchange Transaction, GWG Life, as lender, and BEN LP, as borrower, entered into the Commercial Loan Agreement. On December 28, 2018, the Final Closing Date of the Exchange Transaction, the agreement was amended to adjust the principal to \$192,508,000. The principal amount under the Commercial Loan is due on August 9, 2023, but is extendable for two five-year terms under certain circumstances. The extensions are available to the borrower provided that (a) in the event BEN LP completes at least one public offering of its common units raising at least \$50,000,000, which on its own or together with any other public offering of BEN LP's common units results in Beneficient raising at least \$100,000,000, then the maturity date will be extended to August 9, 2028; and (b) in the event that BEN LP (i) completes at least one public offering of its common units raising at least \$50,000,000, which on its own or together with any other public offering of BEN LP's common units results in Beneficient raising at least \$100,000,000 and (ii) at least 75% of Beneficient Holding's total outstanding NPC-B limited partnership interests, if any, have been converted to shares of BEN LP's common units, then the maturity date will be extended to August 9, 2033.

Repayment of the Commercial Loan is subordinated in right of payment to other Beneficient obligations, including (i) Beneficient's exiting senior debt obligations, (ii) any of Beneficient's commercial bank debt and (iii) any Beneficient obligations that may arise in connection with the issuance of Preferred Series B Unit Accounts of Beneficient Holdings. BEN LP's obligations under the Commercial Loan Agreement are unsecured.

The Commercial Loan Agreement contains negative covenants that limit or restrict, subject to certain exceptions, the incurrence of liens and indebtedness by Beneficient, fundamental changes to its business and transactions with affiliates. The Commercial Loan Agreement also contains customary affirmative covenants, including, but not limited to, preservation of corporate existence, compliance with applicable law, payment of taxes, notice of material events, financial reporting and keeping of proper books of record and account.

The Commercial Loan Agreement includes customary events of default, including, but not limited to, non-payment of principal or interest, failure to comply with covenants, failure to pay other indebtedness when due, cross-acceleration to other debt, material adverse effects, events of bankruptcy and insolvency, and unsatisfied judgments. The borrower was in violation of certain of its financial reporting covenants in the Commercial Loan Agreement as of June 30, 2019. GWG Life agreed to a forbearance of its rights and remedies under the Commercial Loan Agreement relating to such noncompliance until July 31, 2019. As of the date of this filing, the borrower is current on its financial reporting covenants.

The principal amount of the Commercial Loan bears interest at 5.00% per year from the Final Closing Date. One-half of the interest, or 2.50% per year, is due and payable monthly in cash, and (ii) one-half of the interest, or 2.50% per year, accrues and compounds annually on each anniversary date of the Final Closing Date and becomes due and payable in full in cash on the maturity date. The accrued interest from the Initial Transfer to the Final Closing Date was added to the principal amount of the Commercial Loan. The Commercial Loan was recorded at a discount as a result of the relative fair value allocations for the assets received in the Initial Transfer of the Exchange Transaction. Under ASC 805, *Business Combinations*, the consideration paid in an asset acquisition is allocated among the assets acquired based on their relative fair values at acquisition date. The discount is being amortized to interest income over the term of the loan.

In accordance with the Supplemental Indenture issuing the Seller Trust L Bonds, upon a redemption event or at the maturity date of the Seller Trust L Bonds, the Company, 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 (see Note 11).

Promissory Note

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") in the principal amount of \$65,000,000. Pursuant to the terms of the Promissory Note, GWG Life will fund a term loan to the LiquidTrust Borrowers in an aggregate principal amount of \$65,000,000 (the "Loan"), which Loan is to be funded in two installments as described below. The Loan was made pursuant to GWG's strategy to further diversify into alternative assets (beyond life insurance) and ancillary businesses and was intended to better position Beneficient's balance sheet, working capital and liquidity profile to satisfy anticipated state of Texas regulatory requirements.

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

The LiquidTrust Borrowers are common law trusts established as part of alternative asset financings extended by a subsidiary of BEN LP, of which the Company owns approximately 90% of the issued and outstanding common units of BEN LP (although, on a fully diluted basis, our ownership interest in common units of BEN LP 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 \$50,000,000 was funded on June 3, 2019 and, subject to satisfaction of certain customary conditions, it is anticipated that the second advance, in the principal amount of \$15,000,000, will be funded no sooner than September 15, 2019 and no later than December 31, 2019. The Loan bears interest at 7.0% per annum, with interest payable at maturity, and matures on June 30, 2023. 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 each of HCLP Nominees, L.L.C. ("HCLP") and Beneficient Holdings, Inc. ("BHI", and together with HCLP, the "Senior Lenders"), as lenders) and events of default. The Senior Lenders are directly or indirectly associated with one of Beneficient's founders, who is also Chairman of the Company's Board of Directors.

Intercreditor Agreements

In connection with the Promissory Note, the Company also entered into two intercreditor and subordination agreements: (1) an Intercreditor Agreement between the GWG Life and HCLP and (2) an Intercreditor Agreement between the GWG Life and 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 Lenders (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 Lenders), 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 Lenders have agreed not to extend the maturity of their respective loan obligations beyond June 30, 2023 or increase the outstanding principal of the loans made by the Senior Lenders 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 Lenders (such consent not to be unreasonably withheld) or to the Company or direct or indirect wholly owned subsidiaries thereof.

The following table summarizes outstanding principal, discount and accrued interest balances of the financing receivables:

	June 30, 2019	December 31, 2018
Commercial Loan		
Commercial Loan receivable – principal	\$ 192,508,000	\$ 192,508,000
Discount on Commercial Loan receivable	(6,982,000)	(7,846,000)
Accrued interest receivable on Commercial Loan	2,861,000	107,000
Balance outstanding on Commercial Loan	188,387,000	184,769,000
Promissory Note		
Promissory Note receivable – principal	50,000,000	-
Accrued interest receivable on Promissory Note	292,000	-
Balance outstanding on Promissory Note	50,292,000	-
Total financing receivables from affiliates	<u>\$ 238,679,000</u>	<u>\$ 184,769,000</u>

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

(7) Equity Method Investment

During 2018, in connection with the Initial Transfer and Final Closing of the Exchange Transaction, we acquired 40.5 million common units of BEN LP for a total limited partnership interest in the common units of BEN LP of approximately 89.9% as of December 31, 2018 (although, on a fully diluted basis, our ownership interest in common units of BEN LP would be reduced significantly below a majority of those issued and outstanding). On June 12, 2019, we acquired an additional 1 million common units of BEN LP from a third party for a cash investment of \$10 million. The common units of BEN LP are not publicly traded on a stock exchange.

Our investment in the common units of BEN LP is presented in equity method investment on our condensed consolidated balance sheets. Our proportionate share of earnings or losses from our investee is recognized in earnings (loss) from equity method investment in our condensed consolidated statements of operations. We record our share of the income or loss of Beneficient on a one-quarter lag.

Financial information pertaining to Beneficient is summarized in the table below:

	Three months ended March 31, 2019 (unaudited)	Six months ended March 31, 2019 (unaudited)
Total revenues	\$ 15,805,000	\$ 41,111,000
Net loss	(4,397,000)	(46,041,000)
Net earnings (loss) attributable to BEN LP common unitholders	673,000	(12,519,000)
GWG portion of net earnings (loss)	600,000 ⁽¹⁾	(1,327,000) ⁽²⁾

(1) Our portion of Beneficient's net earnings (loss) from January 1, 2019 to March 31, 2019.

(2) Our portion of Beneficient's net earnings (loss) from October 1, 2018 to March 31, 2019.

Due to our accounting election to record the equity earnings of Beneficient on a one quarter-lag, for the three months ended June 30, 2019, we recorded earnings of \$600,000 for our share of the net earnings of Beneficient for the period from January 1 to March 31, 2019, and for the six months ended June 30, 2019, we recorded a loss of \$1,327,000 for the period from October 1, 2018 to March 31, 2019. For the period from October 1 to December 28, 2018, we owned 13.9% of the common units of BEN LP. Effective December 28, 2018, as a result of the Final Closing of the Exchange Transaction, our ownership of BEN LP common units increased to approximately 89.9%. As a result of common unit issuances by BEN LP in the first quarter of 2019, our ownership dropped to 88.1% as of March 31, 2019. Effective June 12, 2019, we acquired an additional 1 million common units of BEN LP, which increased our ownership to 90.2% (although, on a fully diluted basis, our ownership interest in common units of BEN LP would be reduced significantly below a majority of those issued and outstanding).

A substantial majority of the net assets of Beneficient are currently represented by intangible assets and goodwill. As such, we believe substantially all of our equity method investment is characterized as equity method goodwill as of June 30, 2019. We do not believe conditions exist indicating an other-than-temporary loss in the value of our investment and no impairment has been recorded to our equity method investment as of June 30, 2019.

Beneficient has certain share classes outstanding other than and senior to the BEN LP common units, namely Class S Ordinary units and Non-Participating Convertible Series A units issued by a subsidiary of BEN LP. These units are classified as noncontrolling interest and redeemable noncontrolling interest, respectively, on the consolidated statements of financial position of Beneficient and their share of the net income of Beneficient is classified as net income attributable to noncontrolling interests on the consolidated statements of operations of Beneficient. These units are exchangeable or convertible into common units of BEN LP.

Beneficient Adoption of Equity Incentive Plan

The board of directors of Beneficient Management, L.L.C., Beneficient's general partner, adopted an equity incentive plan ("Beneficient's Equity Incentive Plan") in September 2018. Under the Beneficient Equity Incentive Plan, Beneficient is permitted to grant equity awards representing ownership interests in BEN LP common units. Vested awards under the Beneficient Equity Incentive Plan dilute BEN LP's common unitholders, including GWG. The total number of common units that may be issued under the Beneficient Equity Incentive Plan is equivalent to 15% of the number of fully diluted common units outstanding, subject to annual adjustment.

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

In April 2019, initial equity awards in the form of Beneficient restricted equity units (“Beneficient REUs”) were granted under Beneficient’s Equity Incentive Plan. These awards are generally subject to service-based vesting of a three year period from the date of grant, though some of the awards are fully vested upon grant date. All awards are subject to performance - conditions pertaining to entry into certain transactions with GWG Holdings or a change of control event prior to July 1, 2021. While providing services to Beneficient, if applicable, certain of these awards are subject to minimum retained ownership rules requiring the award recipient to continuously hold BEN LP common unit equivalents equal to at least 15% of their cumulatively vested awards that have the minimum retained ownership requirement.

For the Beneficient REUs awarded under the Beneficient Equity Incentive Plan, Beneficient will recognize expense associated with the vesting of these awards based on the fair value of the BEN LP common units on the date of grant, discounted for the lack of participation rights in the expected distributions on unvested units and discounted for the lack of marketability associated with the post-vesting transfer restrictions. Beneficient will recognize expense when it is probable that the performance condition will be met, which will be upon entering into certain transactions with GWG Holdings or upon a change of control. A cumulative catch up of expense will be recognized by Beneficient at the time of entering into certain transactions with GWG Holdings or a change of control for the portion of awards that are vested at the time the performance condition is met. The remaining unrecognized compensation cost for these awards would be recognized prospectively over the remaining requisite service period. The remaining unrecognized compensation expense will be recognized on a straight-line basis using the graded vesting method over the life of the award and forfeitures will be accounted for at the time that such forfeitures occur.

A total of 3.4 million Beneficient REUs have been approved for granting in 2019 that will vest upon the grant date, subject to the performance condition vesting described above. A total of 6.1 million Beneficient REUs have been approved for granting in 2019 that will vest over the completion of a 3-year service period beginning on the grant date, subject to the performance condition described above. All awards are anticipated to be classified in equity. Based on the grant date fair value, the estimated total Beneficient compensation expense attributable to these awards, assuming all vest, is approximately \$90 to \$100 million.

The expense, when recognized by Beneficient, will impact the earnings at BEN LP and GWG’s equity earnings from our equity method investment in Beneficient. The Beneficient REUs, when settled – commencing July 1, 2021 over a three-year period, will convert to BEN LP common units and will be dilutive to the existing BEN LP common unitholders, including GWG.

Amendment of Beneficient Holdings Limited Partner Agreement Governing Beneficient Noncontrolling Interests

BEN LP is a holding company of capital and financial services companies, the general partner of Beneficient Holdings, and owns 100% of the Class A Subclass 1 and Subclass 2 Units of Beneficient Holdings. Beneficient Holdings is a Delaware limited partnership formed on July 1, 2010. Beneficient Holdings is the holding company that directly or indirectly receives all active and passive income from its subsidiaries and allocates that income among its issued units.

As of December 31, 2018, Beneficient Holdings has issued general partnership Class A Units (Subclass 1 and Subclass 2) — the class of units owned by BEN LP — and Class S Ordinary Units, FLP Unit accounts (Subclass 1 and Subclass 2) and Preferred Series A Subclass 1 Unit accounts (formerly referred to as Non-Participating Convertible Series A Units), which are owned by entities associated with BEN LP’s management and founders, including our Chairman, and certain of our directors, along with our Chief Executive Officer.

At December 31, 2018, there was \$1,013,693,448 of Preferred Series A Subclass 1 Unit accounts (the “Preferred Series A”) and \$58,129,760 of Class S Ordinary Units issued.

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

The rights of all partners of Beneficient Holdings are governed by a Limited Partnership Agreement (“BCH LPA”). On April 26, 2019, the BCH LPA was amended. Under the amendment, the preferred return to be paid to Preferred Series A holders is limited through December 31, 2019 by a quarterly rate cap that is based on the annualized revenues of Beneficient Holdings. Further, under the amendment, the Preferred Series A holders can convert up to 20% of the sub-capital balance in any calendar year into Class S Ordinary Units on or after January 1, 2021. Upon such an election, a holder of Preferred Series A 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) \$8.50.

The amendment affects several areas that could impact the value of our ownership in BEN LP such as allocations or distributions of income to the various classes of units issued by Beneficient Holdings, including the Class A Units (Subclass 1 and Subclass 2) owned by BEN LP, preferred returns paid to the holders of Class S Preferred Units, FLP Units and Preferred Series A Units (collectively, “BCH Preferred Units”), distribution of proceeds from the sale of assets, and future issuance of dilutive securities and future debt issuances, among other changes. The impact of the BCH LPA amendment on our investment in BEN LP may vary depending on multiple factors, including, among other things, (1) the economic performance of BEN LP, (2) the value of BEN LP’s common units, and (3) the timing, price and amount of any conversions of BCH Preferred Units or Class S Ordinary Units.

(8) 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.

We have determined that Beneficient is a VIE, but that we are not the primary beneficiary of the investment. GWG does not have the power to direct any activities of Beneficient, or any of its related parties, that most significantly impact Beneficient’s economic performance. GWG has no board representation at BEN LP or at its general partner. The general partner is exclusively assigned all management powers over the business and affairs of Beneficient, and the limited partners do not have the ability to remove the general partner. BEN LP’s limited partnership agreement specifies that any person or group that acquires beneficial ownership of 20% or more of BEN LP’s common limited partnership units (including us) forfeits all voting rights associated with all of its common units and such common units may not be voted on any matter. Therefore, we do not consolidate the results of Beneficient in our consolidated financial statements. The Company’s exposure to risk of loss in Beneficient is generally limited to its investment in the common units of BEN LP, its financing receivable from Beneficient and its equity security investment in the Option Agreement to purchase additional common units of BEN LP.

We have determined that the LiquidTrust Borrowers are VIEs, but that we are not the primary beneficiary of the variable interests. 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 following table shows the classification, carrying value and maximum exposure to loss with respect to the Company’s unconsolidated VIEs at June 30, 2019 and December 31, 2018:

	June 30, 2019		December 31, 2018	
	Carrying Value	Maximum Exposure to Loss	Carrying Value	Maximum Exposure to Loss
Financing receivables from affiliates	\$ 238,679,000	\$ 238,679,000	\$ 184,769,000	\$ 184,769,000
Equity method investment	369,696,000	369,696,000	360,842,000	360,842,000
Other asset	38,607,000	38,607,000	38,562,000	38,562,000
Total assets	<u>\$ 646,982,000</u>	<u>\$ 646,982,000</u>	<u>\$ 584,173,000</u>	<u>\$ 584,173,000</u>

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

(9) Credit Facility — LNV Corporation

On September 27, 2017, we entered into an amended and restated senior credit facility with LNV Corporation as lender through our subsidiary GWG DLP Funding IV, LLC (“DLP IV”). The amended and restated senior credit facility makes available a total of up to \$300,000,000 in credit with a maturity date of September 27, 2029. Additional advances are available under the amended and restated senior credit facility at the LIBOR rate as herein defined. Advances are available as the result of additional borrowing base capacity, created as the premiums and servicing costs of pledged life insurance policies become due. Interest will accrue on amounts borrowed under the amended and restated senior 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 12-month LIBOR or the federal funds rate (as defined in the agreement) plus one-half of one percent per annum, plus (b) 7.50% per annum. The effective rate at June 30, 2019 was 10.22%. Interest payments are made on a quarterly basis.

As of June 30, 2019, approximately 62.8% of the total face value of our life insurance policies portfolio is pledged to LNV Corporation. The amount outstanding under this facility was \$138,640,000 and \$158,209,000 at June 30, 2019 and December 31, 2018, respectively. Obligations under the amended and restated senior 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 condensed consolidated balance sheets is due to netting of unamortized debt issuance costs.

The amended and restated senior credit facility has certain financial and nonfinancial covenants. Due to our failure to deliver GWG Life, LLC audited financial statements for 2018 to LNV Corporation within 90 days after the end of the year, and our failure to comply with a similar requirement to issue GWG Life, LLC unaudited financial statements to LNV Corporation for the first quarter of 2019 within 45 days after March 31, 2019, we were in violation of our debt covenants as of June 30, 2019. CLMG Corp., as administrative agent for LNV Corporation, issued a forbearance extending the delivery date for those financial statements until July 22, 2019. The covenant violations were cured during the forbearance period and we are in compliance with the debt covenants as of the date of this filing.

(10) 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 are publicly offered and sold on a continuous basis under a registration statement permitting us to sell up to \$1.0 billion in principal amount of L Bonds through January 2018. On December 1, 2017, an additional public offering was declared effective permitting us to sell up to \$1.0 billion in principal amount of L Bonds on a continuous basis until December 2020. The new offering is a follow-on to the previous L Bond offering and contains the same terms and features. We are party to an indenture governing the L Bonds dated October 19, 2011, as amended (“Indenture”), under which GWG Holdings is obligor, GWG Life is guarantor, and Bank of Utah serves as indenture trustee. On October 23, 2017, the parties entered into the Amended and Restated Indenture in connection with the new offering. On March 27, 2018, GWG L Bond holders approved Amendment No.1 to the Amended and Restated Indenture. This amendment expands the definition of Total Coverage to include, without duplication, the value of all of our other assets as reflected on our most recently available balance sheet prepared in accordance with GAAP. The Amended and Restated Indenture contains certain financial and non-financial covenants, and we were in compliance with these covenants at June 30, 2019 and December 31, 2018.

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 in Note 11. 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 L Bonds and Seller Trust L Bonds are secured by substantially all the assets of GWG Holdings, a pledge of all our common stock held by BCC, an indirect subsidiary of BEN LP and Altiverse (which together represent approximately 12% of our outstanding common stock), and by a guarantee 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 assets, including its equity in DLP IV⁽²⁾ and its beneficial interest in GWG Life Trust (“Life Trust”), serve as collateral for our L Bond and Seller Trust L Bond obligations. The life insurance policies held by DLP IV and Life Trust, which comprise a substantial majority of our life insurance policies, do not serve as direct collateral for the L Bonds. Further, the life insurance policies held by DLP IV are pledged as direct collateral securing the obligations under our amended and restated senior credit facility with LNV Corporation.

- (1) The Seller Trust L Bonds (see Note 11) are senior secured obligations of GWG, ranking junior to all senior debt of GWG (see Note 9) and *pari passu* in right of payment and in respect of collateral with all L Bonds of GWG. Payments under the Seller Trust L Bonds are guaranteed by GWG Life. The assets exchanged in the Exchange Transaction are available as collateral for all holders of the L Bonds and Seller Trust L Bonds. Specifically, the common units of BEN LP and the Option Agreement are held by GWG Holdings and the Commercial Loan is held by GWG Life.

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

- (2) The terms of our amended and restated senior credit facility with LNV Corporation require that we maintain a significant excess of pledged collateral value over the amount outstanding on the amended and restated senior credit facility at any given time. Any excess equity value in DLP IV after satisfying all amounts owing under our amended and restated senior credit facility is available as collateral for the L Bonds (including the Seller Trust L Bonds).

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, 2019 and December 31, 2018, the weighted-average interest rate of our L Bonds was 7.12% and 7.10%, respectively. The principal amount of L Bonds outstanding was \$797,918,000 and \$662,152,000 at June 30, 2019 and December 31, 2018, respectively. The difference between the amount of outstanding L Bonds and the carrying amount on our condensed consolidated balance sheets is due to netting of unamortized deferred issuance costs, cash receipts for new issuances and payments of redemptions in process. Amortization of deferred issuance costs was \$3,158,000 and \$2,139,000 for the three months ended June 30, 2019 and 2018, respectively, and \$5,994,000 and \$4,138,000 for the six months ended June 30, 2019 and 2018, respectively. Future expected amortization of deferred financing costs as of June 30, 2019 is \$30,278,000 in total over the next seven years.

Future contractual maturities of L Bonds, and future amortization of their deferred financing costs, at June 30, 2019 are as follows:

Years Ending December 31,	Contractual Maturities	Unamortized Deferred Financing Costs
Six months ending December 31, 2019	\$ 72,980,000	\$ 389,000
2020	159,435,000	3,183,000
2021	160,328,000	5,557,000
2022	99,802,000	4,360,000
2023	73,616,000	3,587,000
2024	75,135,000	4,084,000
Thereafter	156,622,000	9,118,000
	<u>\$ 797,918,000</u>	<u>\$ 30,278,000</u>

(11) Seller Trust L Bonds

On August 10, 2018, in connection with the Initial Transfer of the Exchange Transaction, GWG Holdings, GWG Life and Bank of Utah, as trustee, entered into a Supplemental Indenture (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 a new class of securities titled “Seller Trust L Bonds”. The maturity date of the Seller Trust L Bonds is August 9, 2023. The Seller Trust L Bonds bear interest at 7.50% per year. Interest is payable monthly in cash.

GWG issued Seller Trust L Bonds in the amount of \$366,892,000 to the various related trusts (the “Seller Trusts”) in connection with the Exchange Transaction on August 10, 2018.

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. The repurchase may be paid, at GWG’s 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 Agreement and (ii) BEN LP common units, or a combination of cash and such property.

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

Our L Bonds are offered and sold under a registration statement declared effective by the SEC, as described in Note 10 and we have issued Seller Trust L Bonds under a Supplemental Indenture. 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 L Bonds and Seller Trust L Bonds are secured by substantially all the assets of GWG Holdings, a pledge of all our common stock held by BCC and Altiverse (which together represent approximately 12% of our outstanding common stock), and by a guarantee 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 assets, including its equity in DLP IV⁽²⁾ and its beneficial interest in Life Trust, serve as collateral for our L Bond and Seller Trust L Bond obligations. The life insurance policies held by DLP IV and Life Trust, which comprise a substantial majority of our life insurance policies, do not serve as direct collateral for the L Bonds. Further, the life insurance policies held by DLP IV are pledged as direct collateral securing the obligations under our amended and restated senior credit facility with LNV Corporation.

- (1) The Seller Trust L Bonds are senior secured obligations of GWG, ranking junior to all senior debt of GWG (see Note 9) 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 the Exchange Transaction are available as collateral for all holders of the L Bonds and Seller Trust L Bonds. Specifically, the common units of BEN LP and the Option Agreement are held by GWG Holdings and the Commercial Loan is held by GWG Life.
- (2) The terms of our amended and restated senior credit facility with LNV Corporation require that we maintain a significant excess of pledged collateral value over the amount outstanding on the amended and restated senior credit facility at any given time. Any excess equity value of DLP IV after satisfying all amounts owing under our amended and restated senior credit facility is available as collateral for the L Bonds (including the Seller Trust L Bonds).

The principal amount of Seller Trust L Bonds outstanding was \$366,892,000 at both June 30, 2019 and December 31, 2018.

(12) Redeemable Preferred Stock

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

The RPS ranks senior to our common stock and pari passu with our RPS 2 and entitles its holders to a liquidation preference equal to the stated value per share (i.e., \$1,000) plus accrued but unpaid dividends. Holders of RPS may presently convert their RPS into our common stock at a conversion price equal to the volume-weighted average price of our common stock for the 20 trading days immediately prior to the date of conversion, subject to a minimum conversion price of \$15.00 and in an aggregate amount limited to 15% of the stated value of RPS originally purchased 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 \$99,127,000 and incurred approximately \$7,019,000 of related selling costs.

At the time of its issuance, we determined that the RPS contained two embedded features: (1) optional redemption by the holder, and (2) optional conversion by the holder. We determined that each of the embedded features met the definition of a derivative; however, based on our assessment under Accounting Standards Codification 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.

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

(13) Series 2 Redeemable Preferred Stock

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

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

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

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

At the time of its issuance, we determined that the RPS 2 contained two embedded features: (1) optional redemption by the holder, and (2) optional conversion by the holder. We determined that each of the embedded features met the definition of a derivative; however, based on our assessment under ASC 470 and ASC 815, we do not believe bifurcation of either the holder's redemption or conversion feature is appropriate.

(14) Series B Convertible Preferred Stock

On August 10, 2018, GWG Holdings issued 5,000,000 shares of Series B, par value \$0.001 per share and having a stated value of \$10.00 per share, to BEN LP for cash consideration of \$50,000,000 as part of the Initial Transfer.

On December 28, 2018, the Series B converted into 5,000,000 shares of our common stock at a conversion price of \$10.00 per share immediately following the Final Closing of the Exchange Transaction.

(15) Income Taxes

We had no current income tax liability as of June 30, 2019 and December 31, 2018. The components of our income tax expense (benefit) and the reconciliation at the statutory federal tax rate to our actual income tax expense (benefit) for the three and six months ended June 30, 2019 and 2018 consisted of the following:

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Statutory federal income tax (benefit)	\$ (4,606,000)	\$ (12,000)	\$ (7,270,000)	\$ (1,939,000)
State income taxes (benefit), net of federal benefit	(1,659,000)	10,000	(2,782,000)	(692,000)
Change in valuation allowance	6,158,000	(36,000)	10,328,000	2,568,000
Other permanent differences	107,000	38,000	(276,000)	63,000
Total income tax expense (benefit)	\$ -	\$ -	\$ -	\$ -

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

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

	June 30, 2019	December 31, 2018
Deferred tax assets:		
Net operating loss carryforwards	\$ 10,377,000	\$ 10,491,000
Investment in life insurance policies	30,508,000	23,132,000
Other assets	9,900,000	6,864,000
Subtotal	50,785,000	40,487,000
Valuation allowance	(50,712,000)	(40,385,000)
Deferred tax assets	73,000	102,000
Deferred tax liabilities:		
Other liabilities	(73,000)	(102,000)
Net deferred tax asset (liability)	\$ —	\$ —

At June 30, 2019 and December 31, 2018, we had federal net operating loss (“NOL”) carryforwards of \$36,103,000 and \$36,501,000, respectively, and aggregate state NOL carryforwards of approximately \$36,076,000 and \$36,475,000, respectively. The NOL carryforwards will begin to expire in 2031. Future utilization of NOL carryforwards is subject to limitations under Section 382 of the Internal Revenue Code. This section generally relates to a more than 50 percent change in ownership over a three-year period. As a result of the Exchange Transaction, it is believed that a change in ownership for income tax purposes only has occurred as of December 28, 2018. As such, the annual utilization of our net operating losses generated prior to the ownership change is limited. Based on the estimated value of the Company prior to the Exchange Transaction, utilization of pre-ownership change net operating losses are subject to an annual limitation of approximately \$7,564,000.

We provide for a valuation allowance when it is not considered “more likely than not” that our deferred tax assets will be realized. As of June 30, 2019, based on all available evidence, we have provided a valuation allowance against our total net deferred tax asset of \$50,712,000 due to uncertainty as to the realization of our deferred tax assets during the carryforward periods.

ASC 740, Income Taxes, requires the reporting of certain tax positions that do not meet a threshold of “more-likely-than-not” to be recorded as uncertain tax benefits. It is management’s responsibility to determine whether it is “more-likely-than-not” that a tax position will be sustained upon examination, including resolution of any related appeals or litigation, based upon the technical merits of the position. Management has reviewed all income tax positions taken or expected to be taken and has determined that the income tax positions are appropriately stated and supported. We do not anticipate that the total unrecognized tax benefits will significantly change prior to December 31, 2019.

Under our accounting policies, interest and penalties on unrecognized tax benefits, as well as interest received from favorable tax settlements are recognized as components of income tax expense. At June 30, 2019 and December 31, 2018, we recorded no accrued interest or penalties related to uncertain tax positions.

Our income tax returns for tax years ended December 31, 2014 through 2017, and 2018, when filed, remain open to examination by the Internal Revenue Service and various state taxing jurisdictions. Our income tax return for tax year ended December 31, 2013 also remains open to examination by various state taxing jurisdictions.

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

(16) Common Stock

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

In conjunction with the initial public offering, we issued warrants to purchase 16,000 shares of common stock at an exercise price of \$15.63 per share. As of June 30, 2019, none of these warrants had been exercised. The remaining life of these warrants at June 30, 2019 was 0.3 years.

On August 10, 2018, the Company declared a special dividend of \$4.30 per share of common stock payable to shareholders of record on August 27, 2018.

On December 28, 2018, the Series B converted into 5,000,000 shares of our common stock at a conversion price of \$10.00 per share immediately following the Final Closing of the Exchange Transaction.

On December 28, 2018, in connection with the Exchange Transaction, we issued 22,013,516 shares of common stock to the Seller Trusts at a market value of approximately \$203.4 million in exchange for BEN LP 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.

The common shares issued to the Seller Trusts were initially subject to a Stockholders Agreement between GWG and the Seller Trusts, under which the Seller Trusts, as long as they own at least 10% of the voting shares of GWG, agree to vote their shares in proportion to the votes cast by all other voting securities of GWG. In addition, the Seller Trusts agree, for the period of one year after the Final Closing, not to seek or propose to influence or control the management, Board or policies of GWG. The Stockholders Agreement was terminated in connection with the closing of the Purchase and Contribution Transaction on April 26, 2019.

In addition, GWG and the Seller Trusts entered into a registration rights agreement and an orderly marketing agreement. Under these agreements, GWG and the Seller Trusts agreed to take steps to allow for the orderly marketing and resale of the common shares issued to Seller Trusts as part of the Exchange Transaction, and Seller Trusts agreed to sell their common share of GWG only as permitted under these agreements.

On November 15, 2018, the Company’s Board of Directors 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 \$1,500,000. 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:

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 May Yet Be Purchased Under the Program
January 2019	42,488	\$ 8.47	52,523	\$ 1,072,000
February 2019	202	8.88	52,725	1,070,000
March 2019	—	—	—	—
April 2019	—	—	—	—
May 2019	—	—	—	—
June 2019	—	—	—	—
Total	42,690	\$ 8.47	52,725	\$ 1,070,000⁽¹⁾

(1) The stock repurchase program expired on April 30, 2019.

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

(17) Stock Incentive Plan

We adopted our 2013 Stock Incentive Plan in March 2013, as amended on June 1, 2015, May 5, 2017 and May 8, 2018. The Compensation Committee of our Board of Directors is responsible for the administration of the plan. Participants under the plan may be granted incentive stock options and non-statutory stock options; stock appreciation rights; stock awards; restricted stock; restricted stock units; and performance shares. Eligible participants include officers and employees of GWG Holdings and its subsidiaries, members of our Board of Directors, and consultants. Option awards generally expire 10 years from the date of grant. As of June 30, 2019, 6,000,000 of our common stock options are authorized under the plan, of which 2,520,911 shares were reserved for issuance under outstanding incentive awards and 3,479,089 shares remain available for future grants.

Stock Options

As of June 30, 2019, we had outstanding stock options for 923,000 shares of common stock to employees, officers, and directors under the plan. Options for 593,000 shares have vested and the remaining options are scheduled to vest over three years. The options were issued with an exercise price between \$4.83 and \$11.56, which is equal to the market price of the shares on the date of grant. As of June 30, 2019, stock options for 1,156,000 shares had been forfeited and stock options for 775,000 shares had been exercised. The total intrinsic value of stock options exercised during the three months ended June 30, 2019 was \$121,000. The aggregate intrinsic value of stock options outstanding and exercisable at June 30, 2019 was \$82,000 and \$58,000, respectively.

Outstanding stock options:

	Vested	Unvested	Total
Balance as of December 31, 2017	857,192	779,756	1,636,948
Granted during the year	63,950	314,000	377,950
Vested during the year	503,503	(503,503)	—
Exercised during the year	(569,864)	—	(569,864)
Forfeited during the year	(21,582)	(25,501)	(47,083)
Balance as of December 31, 2018	833,199	564,752	1,397,951
Granted during the period	—	—	—
Vested during the period	100,306	(100,306)	—
Exercised during the period	(50,685)	—	(50,685)
Forfeited during the period	(289,882)	(133,970)	(423,852)
Balance as of June 30, 2019	592,938	330,476	923,414

As of June 30, 2019, unrecognized compensation expense related to unvested options is \$638,000. We expect to recognize this compensation expense over the next three years: \$182,000 in 2019, \$323,000 in 2020, and \$133,000 in 2021.

Stock Appreciation Rights (SARs)

As of June 30, 2019, we had outstanding SARs for 292,000 shares of common stock to employees. The strike price of the SARs was between \$6.75 and \$11.55, which was equal to the market price of the common stock at the date of issuance. SARs vest over varying terms of up to three years. As of June 30, 2019, 160,000 of the SARs were vested and 169,000 have been exercised. On June 30, 2019, the market price of GWG's common stock was \$7.14.

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

Outstanding SARs:

	Vested	Unvested	Total
Balance as of December 31, 2017	189,053	153,919	342,972
Granted during the year	2,625	111,025	113,650
Vested during the year	71,785	(71,785)	
Exercised during the year	(145,622)	—	(145,622)
Forfeited during the year	—	(39,235)	(39,235)
Balance as of December 31, 2018	117,841	153,924	271,765
Granted during the period	4,250	43,150	47,400
Vested during the period	61,263	(61,263)	—
Exercised during the period	(23,448)	—	(23,448)
Forfeited during the period	—	(4,100)	(4,100)
Balance as of June 30, 2019	159,906	131,711	291,617

The liability for the SARs as of June 30, 2019 and December 31, 2018 was \$231,000 and \$349,000, respectively, and was recorded within other accrued expenses on the condensed consolidated balance sheets. Remaining compensation expense is expected to be recognized over the next three years. Employee compensation and benefits expense for SARs of (\$417,000) and (\$118,000) was recorded for the three months ending June 30, 2019 and 2018, respectively, and (\$4,000) and (\$68,000) was recorded for the six months ended June 30, 2019 and 2018, respectively.

Upon the exercise of SARs, the Company is obligated to make cash payment 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 following summarizes information concerning outstanding shares issuable under the 2013 Stock Incentive Plan:

June 30, 2019				
	Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Life (years)	Fair Value at Grant Date
<u>Vested</u>				
Stock Options	592,938	\$ 8.78	7.10	\$ 2.15
SARs	159,906	\$ 8.91	4.88	\$ 2.08
Total Vested	752,844	\$ 8.81	6.63	\$ 2.13
<u>Unvested</u>				
Stock Options	330,476	\$ 9.45	8.73	\$ 2.58
SARs	131,711	\$ 9.27	5.94	\$ 2.39
Total Unvested	462,187	\$ 9.40	7.94	\$ 2.53

December 31, 2018				
	Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Life (years)	Fair Value at Grant Date
<u>Vested</u>				
Stock Options	833,199	\$ 8.88	5.95	\$ 2.02
SARs	117,841	\$ 8.88	5.02	\$ 2.02
Total Vested	951,040	\$ 8.88	5.83	\$ 2.02
<u>Unvested</u>				
Stock Options	564,752	\$ 9.15	7.88	\$ 2.35
SARs	153,924	\$ 8.37	5.98	\$ 2.09
Total Unvested	718,676	\$ 8.98	7.47	\$ 2.30

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

Restricted Stock Units

A restricted stock unit (“RSU”) entitles the holder thereof to receive one share of our common stock (or, in some circumstances, the cash value thereof) upon vesting. RSUs are subject to forfeiture until they vest. As of June 30, 2019, we had outstanding RSUs for 244,083 shares of common stock (based on target grant amounts) held by employees and directors under the plan, of which none were vested. On June 18, 2019, we granted an aggregate of 114,366 RSUs to our directors, which RSUs are subject to time-based vesting and are scheduled to vest in their entirety on the one year anniversary of the grant date subject to the holder continuously remaining a director or employee of, or a consultant to, GWG or one of its subsidiaries through such date. On May 31, 2019, we granted RSUs to our Chief Executive Officer that are subject to performance-based vesting pursuant to a performance share unit agreement (“PSU Agreement”). The PSU Agreement provides for a target award grant of 129,717 RSUs, and up to a maximum of 259,434 RSUs, with each representing the right to receive one share of our common stock (or, following a Change-in-Control Transaction (as defined in the PSU Agreement), the cash value thereof) upon vesting, which is generally subject to the satisfaction of performance goals over a performance period commencing on April 26, 2019 and ending on December 31, 2021.

In the three and six months ended June 30, 2019, 26,701 shares of common stock were issued to employees as a result of exercising 53,403 RSUs.

(18) Other Expenses

The components of other expenses in our condensed consolidated statements of operations for the three months ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Contract Labor	\$ 444,000	\$ 305,000	\$ 812,000	\$ 605,000
Marketing	446,000	509,000	821,000	930,000
Information Technology	526,000	366,000	984,000	866,000
Servicing and Facility Fees	420,000	468,000	863,000	862,000
Travel and Entertainment	245,000	230,000	502,000	446,000
Insurance and Regulatory	3,412,000	352,000	3,841,000	719,000
General and Administrative	445,000	603,000	943,000	1,145,000
Total Other Expenses	<u>\$ 5,938,000</u>	<u>\$ 2,833,000</u>	<u>\$ 8,766,000</u>	<u>\$ 5,573,000</u>

(19) Net Loss Attributable to Common Shareholders

We have outstanding RPS and RPS 2, as described in Notes 12 and 13. RPS and RPS 2 are anti-dilutive to our net loss attributable to common shareholders calculation for both the three and six months ended June 30, 2019 and 2018. Our warrants, vested and unvested stock options and restricted stock units are also anti-dilutive for both the three and six months ended June 30, 2019 and 2018.

(20) Segment Reporting

GWG has two reportable segments consisting of Secondary Life Insurance and Investment in Beneficient. In addition, the Company reports certain of its results of operations in Corporate & Other. The Secondary Life Insurance segment seeks to earn non-correlated yield from our portfolio of life insurance policies. Our Investment in Beneficient segment consists of our investment in the common units of BEN LP, which we account for using the equity method, and related assets and liabilities. Beneficient 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. The Corporate & Other category consists of unallocated corporate overhead and administrative costs and the operations of operating segments that do not meet the quantitative criteria to be separately reported.

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.

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

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. Equity method investments and related earnings are allocated to the Investment in Beneficient segment.

Summarized financial information for the Company’s reportable segments is presented for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue:				
Secondary Life Insurance	\$ 20,778,000	\$ 24,226,000	\$ 42,961,000	\$ 38,666,000
Investment in Beneficient	3,144,000	-	6,014,000	-
Corporate & Other	88,000	89,000	252,000	191,000
Total	<u>\$ 24,010,000</u>	<u>\$ 24,315,000</u>	<u>\$ 49,227,000</u>	<u>\$ 38,857,000</u>
	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Segment EBT:				
Secondary Life Insurance	\$ (9,000,000)	\$ 4,942,000	\$ (10,623,000)	\$ 676,000
Investment in Beneficient	(3,136,000)	-	(9,072,000)	-
Corporate & Other	(9,195,000)	(4,999,000)	(16,250,000)	(9,912,000)
Total	(21,331,000)	(57,000)	(35,945,000)	(9,236,000)
Income tax benefit	-	-	-	-
Net Loss	<u>\$ (21,331,000)</u>	<u>\$ (57,000)</u>	<u>\$ (35,945,000)</u>	<u>\$ (9,236,000)</u>
	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Interest Expense:				
Secondary Life Insurance	\$ 21,608,000	\$ 17,148,000	\$ 41,704,000	\$ 33,210,000
Investment in Beneficient	6,879,000	-	13,758,000	-
Corporate & Other	-	-	-	1,000
Total	<u>\$ 28,487,000</u>	<u>\$ 17,148,000</u>	<u>\$ 55,462,000</u>	<u>\$ 33,211,000</u>
	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Interest Income:				
Secondary Life Insurance	\$ 737,000	\$ 574,000	\$ 1,368,000	\$ 1,110,000
Investment in Beneficient	3,144,000	-	5,969,000	-
Corporate & Other	-	67,000	4,000	134,000
Total	<u>\$ 3,881,000</u>	<u>\$ 641,000</u>	<u>\$ 7,341,000</u>	<u>\$ 1,244,000</u>
			June 30,	December 31,
			2019	2018
Total Assets:				
Secondary Life Insurance			\$ 885,363,000	\$ 889,665,000
Investment in Beneficient			646,982,000	584,173,000
Corporate & Other			8,879,000	7,029,000
Total			<u>\$ 1,541,224,000</u>	<u>\$ 1,480,867,000</u>

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

(21) Leases

We are party to an office lease with U.S. Bank National Association as the landlord. On September 1, 2015, we entered into an amendment to our original lease that expanded the leased space to 17,687 square feet and extended the term through October 2025. Under the amended lease, we are obligated to pay base rent plus common area maintenance and a share of building operating costs. This lease is accounted for as an operating lease. We lease various other facilities on a short-term basis.

The lease assets and liabilities are as follows:

Leases	Classification	June 30, 2019
Operating lease right-of-use assets	Other assets	\$ 875,000
Operating lease liabilities	Other accrued expenses	\$ 1,540,000

Total lease costs recognized for the three and six months ended June 30, 2019 were \$116,000 and \$247,000, respectively, and \$111,000 and \$215,000 for the three and six months ended June 30, 2018, respectively. These amounts included operating lease costs of \$49,000 and \$99,000, variable lease costs of \$55,000 and \$110,000, and short term lease costs of \$12,000 and \$38,000 for the three months and six months ended June 30, 2019, respectively. The remaining lease term at June 30, 2019 was 6.3 years and the discount rate was 6.96%. For the three and six months ended June 30, 2019, cash paid for amounts included in the measurement of operating lease liabilities and included in operating cash flows totaled \$69,000 and \$137,000, respectively.

Maturities of operating lease liabilities as of June 30, 2019 are as follows:

Remaining 2019	\$ 138,000
2020	284,000
2021	293,000
2022	302,000
2023	311,000
Thereafter	593,000
Total lease payments	1,921,000
Less: imputed interest	(381,000)
Present value of lease liabilities	<u>\$ 1,540,000</u>

The minimum aggregate operating lease commitments as of December 31, 2018 as reported under previous lease accounting standards were as follows:

2019	\$ 275,000
2020	284,000
2021	293,000
2022	302,000
2023	311,000
Thereafter	593,000
	<u>\$ 2,058,000</u>

(22) 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.

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

(23) Guarantee of L Bonds and Seller Trust L Bonds

Our L Bonds are offered and sold under a registration statement declared effective by the SEC, as described in Note 10, and we have issued Seller Trust L Bonds under a Supplemental Indenture, as described in Note 11. The L Bonds and Seller Trust L Bonds are secured by substantially all the assets of GWG Holdings, a pledge of all our common stock held by BCC and Altiverse (which together represent approximately 12% of our outstanding common stock), and by a guarantee 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 assets, including its equity in DLP IV⁽²⁾ and its beneficial interest in Life Trust, serve as collateral for our L Bond and Seller Trust L Bond obligations. The life insurance policies held by DLP IV and Life Trust, which comprise a substantial majority of our life insurance policies, do not serve as direct collateral for the L Bonds. Further, the life insurance policies held by DLP IV are pledged as direct collateral securing the obligations under our amended and restated senior credit facility with LNV Corporation.

- (1) The Seller Trust L Bonds (see Note 11) are senior secured obligations of GWG, ranking junior to all senior debt of GWG (see Note 9), 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 the Exchange Transaction are available as collateral for all holders of the L Bonds and Seller Trust L Bonds. Specifically, the common units of BEN LP and the Option Agreement are held by GWG Holdings and the Commercial Loan is held by GWG Life.
- (2) The terms of our amended and restated senior credit facility with LNV Corporation require that we maintain a significant excess of pledged collateral value over the amount outstanding on the amended and restated senior credit facility at any given time. Any excess equity value of DLP IV after satisfying all amounts owing under our amended and restated senior credit facility is available as collateral for the L Bonds (including the Seller Trust L Bonds).

The following represents consolidating financial information as of June 30, 2019 and December 31, 2018, with respect to the financial position, and as of June 30, 2019 and 2018, with respect to results of operations and cash flows of GWG Holdings and its subsidiaries. The parent column presents the financial information of GWG Holdings, the primary obligor for the L Bonds and Seller Trust L Bonds. The guarantor subsidiary column presents the financial information of GWG Life, the guarantor subsidiary of the L Bonds and Seller Trust L Bonds, presenting its investment in DLP IV and the Trust under the equity method. The non-guarantor subsidiaries column presents the financial information of all non-guarantor subsidiaries, including DLP IV and Life Trust.

For the three and six months ended June 30, 2018, we reclassified certain intercompany funding outflows from operating cash flows to investing cash flows in the condensed consolidating statement of cash flows in this guarantor footnote. This had the effect of increasing cash flows from operations for the parent for the three and six months ended June 30, 2018 by \$57.8 million and \$77.1 million, respectively, and for the guarantor for the three and six months ended June 30, 2018 by \$41.3 million and \$65.4 million, respectively, and decreasing cash flow from investing activities by these amounts, compared to previous presentation. Presentation of consolidated results in the condensed consolidated financial statements were not affected by these reclassifications. Presentation of the condensed consolidating balance sheets and condensed consolidating statements of operations in this guarantor footnote were not affected by these reclassifications.

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

Condensed Consolidating Balance Sheets

June 30, 2019	Parent	Guarantor Subsidiary	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<u>ASSETS</u>					
Cash and cash equivalents	\$ 57,570,832	\$ 12,788,062	\$ 1,189,354	\$ —	\$ 71,548,248
Restricted cash	—	1,019,362	4,317,063	—	5,336,425
Investment in life insurance policies, at fair value	—	105,425,415	693,840,759	—	799,266,174
Life insurance policy benefits receivable, net	—	1,531,397	4,045,000	—	5,576,397
Financing receivables from affiliates	—	238,678,993	—	—	238,678,993
Equity method investment	369,696,377	—	—	—	369,696,377
Other assets	44,328,834	2,560,810	4,231,594	—	51,121,238
Investment in subsidiaries	930,820,984	571,524,910	—	(1,502,345,894)	—
TOTAL ASSETS	\$ 1,402,417,027	\$ 933,528,949	\$ 707,623,770	\$ (1,502,345,894)	\$ 1,541,223,852
<u>LIABILITIES & STOCKHOLDERS' EQUITY</u>					
LIABILITIES					
Senior credit facility with LNV Corporation	\$ —	\$ —	\$ 129,936,091	\$ —	\$ 129,936,091
L Bonds	782,447,640	—	—	—	782,447,640
Seller Trust L Bonds	366,891,940	—	—	—	366,891,940
Accounts payable	2,004,327	828,641	1,077,774	—	3,910,742
Interest and dividends payable	13,982,956	—	3,649,955	—	17,632,911
Other accrued expenses	3,556,459	2,455,714	858,650	—	6,870,823
TOTAL LIABILITIES	1,168,883,322	3,284,355	135,522,470	—	1,307,690,147
STOCKHOLDERS' EQUITY					
Member capital	—	930,244,594	572,101,300	(1,502,345,894)	—
Redeemable preferred stock and Series 2 redeemable preferred stock	212,737,793	—	—	—	212,737,793
Common stock	33,033	—	—	—	33,033
Additional paid-in capital	241,317,803	—	—	—	241,317,803
Accumulated deficit	(220,554,924)	—	—	—	(220,554,924)
TOTAL STOCKHOLDERS' EQUITY	233,533,705	930,244,594	572,101,300	(1,502,345,894)	233,533,705
TOTAL LIABILITIES AND EQUITY	\$ 1,402,417,027	\$ 933,528,949	\$ 707,623,770	\$ (1,502,345,894)	\$ 1,541,223,852

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

Condensed Consolidating Balance Sheets (continued)

December 31, 2018	Parent	Guarantor Subsidiary	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<u>ASSETS</u>					
Cash and cash equivalents	\$ 113,293,682	\$ 232,387	\$ 1,061,015	\$ —	\$ 114,587,084
Restricted cash	—	7,217,194	3,631,932	—	10,849,126
Investment in life insurance policies, at fair value	—	92,336,494	655,585,971	—	747,922,465
Life insurance policy benefits receivable, net	—	5,000,000	11,460,687	—	16,460,687
Financing receivables from affiliates	—	184,768,874	—	—	184,768,874
Equity method investment	360,841,651	—	—	—	360,841,651
Other assets	42,944,402	1,730,581	762,181	—	45,437,164
Investment in subsidiaries	799,182,251	510,865,003	—	(1,310,047,254)	—
TOTAL ASSETS	\$ 1,316,261,986	\$ 802,150,533	\$ 672,501,786	\$ (1,310,047,254)	\$ 1,480,867,051
<u>LIABILITIES & STOCKHOLDERS' EQUITY</u>					
LIABILITIES					
Senior credit facility with LNV Corporation	\$ —	\$ —	\$ 148,977,596	\$ —	\$ 148,977,596
L Bonds	651,402,663	—	—	—	651,402,663
Seller Trust L Bonds	366,891,940	—	—	—	366,891,940
Accounts payable	1,126,327	1,674,494	6,475,686	—	9,276,507
Interest and dividends payable	14,047,248	—	4,508,045	—	18,555,293
Other accrued expenses	1,735,926	1,593,108	1,376,136	—	4,705,170
TOTAL LIABILITIES	1,035,204,104	3,267,602	161,337,463	—	1,199,809,169
STOCKHOLDERS' EQUITY					
Member capital	—	798,882,931	511,164,323	(1,310,047,254)	—
Redeemable preferred stock and Series 2 redeemable preferred stock	215,973,039	—	—	—	215,973,039
Common stock	33,018	—	—	—	33,018
Additional paid-in capital	249,662,168	—	—	—	249,662,168
Accumulated deficit	(184,610,343)	—	—	—	(184,610,343)
TOTAL STOCKHOLDERS' EQUITY	281,057,882	798,882,931	511,164,323	(1,310,047,254)	281,057,882
TOTAL LIABILITIES AND EQUITY	\$ 1,316,261,986	\$ 802,150,533	\$ 672,501,786	\$ (1,310,047,254)	\$ 1,480,867,051

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

Condensed Consolidating Statements of Operations

For the three months ended June 30, 2019	Parent	Guarantor Subsidiary	Non- Guarantor Subsidiaries	Eliminations	Consolidated
REVENUE					
Gain (loss) on life insurance policies, net	\$ —	\$ 2,483,972	\$ 17,445,846	\$ —	\$ 19,929,818
Interest and other income	566,901	3,194,473	319,183	—	4,080,557
TOTAL REVENUE	566,901	5,678,445	17,765,029	—	24,010,375
EXPENSES					
Interest expense	24,573,243	—	3,913,710	—	28,486,953
Employee compensation and benefits	4,392,778	1,856,233	544,998	—	6,794,009
Legal and professional fees	3,049,960	335,670	1,335,938	—	4,721,568
Other expenses	4,762,279	490,150	686,016	—	5,938,445
TOTAL EXPENSES	36,778,260	2,682,053	6,480,662	—	45,940,975
INCOME (LOSS) BEFORE EQUITY IN INCOME OF SUBSIDIARIES	(36,211,359)	2,996,392	11,284,367	—	(21,930,600)
EQUITY IN INCOME OF SUBSIDIARIES	14,280,759	13,470,096	—	(27,750,855)	—
INCOME (LOSS) BEFORE INCOME TAXES	(21,930,600)	16,466,488	11,284,367	(27,750,855)	(21,930,600)
INCOME TAX EXPENSE (BENEFIT)	—	—	—	—	—
NET INCOME (LOSS) BEFORE EARNINGS (LOSS) FROM EQUITY METHOD INVESTMENT	(21,930,600)	16,466,488	11,284,367	(27,750,855)	(21,930,600)
Earnings (loss) from equity method investment	599,711	—	—	—	599,711
NET INCOME (LOSS)	(21,330,889)	16,466,488	11,284,367	(27,750,855)	(21,330,889)
Preferred stock dividends	4,278,218	—	—	—	4,278,218
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	<u>\$ (25,609,107)</u>	<u>\$ 16,466,488</u>	<u>\$ 11,284,367</u>	<u>\$ (27,750,855)</u>	<u>\$ (25,609,107)</u>
For the three months ended June 30, 2018					
REVENUE					
Gain (loss) on life insurance policies, net	\$ —	\$ 6,620,224	\$ 16,719,526	\$ —	\$ 23,339,750
Interest and other income	661,859	17,798	295,541	—	975,198
TOTAL REVENUE	661,859	6,638,022	17,015,067	—	24,314,948
EXPENSES					
Interest expense	11,396,554	—	5,751,296	—	17,147,850
Employee compensation and benefits	1,414,360	1,318,806	502,533	—	3,235,699
Legal and professional fees	399,790	234,740	521,198	—	1,155,728
Other expenses	1,697,222	476,907	658,648	—	2,832,777
TOTAL EXPENSES	14,907,926	2,030,453	7,433,675	—	24,372,054
INCOME (LOSS) BEFORE EQUITY IN INCOME OF SUBSIDIARIES	(14,246,067)	4,607,569	9,581,392	—	(57,106)
EQUITY IN INCOME OF SUBSIDIARIES	14,188,961	10,693,650	—	(24,882,611)	—
INCOME (LOSS) BEFORE INCOME TAXES	(57,106)	15,301,219	9,581,392	(24,882,611)	(57,106)
INCOME TAX EXPENSE (BENEFIT)	—	—	—	—	—
NET INCOME (LOSS)	(57,106)	15,301,219	9,581,392	(24,882,611)	(57,106)
Preferred stock dividends	4,338,487	—	—	—	4,338,487
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	<u>\$ (4,395,593)</u>	<u>\$ 15,301,219</u>	<u>\$ 9,581,392</u>	<u>\$ (24,882,611)</u>	<u>\$ (4,395,593)</u>

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

Condensed Consolidating Statements of Operations (continued)

			Non-		
	Parent	Guarantor	Guarantor	Eliminations	Consolidated
For the six months ended June 30, 2019		Subsidiary	Subsidiaries		
REVENUE					
Gain (loss) on life insurance policies, net	\$ —	\$ 4,551,232	\$ 36,874,976	\$ —	\$ 41,426,208
Interest and other income	1,181,017	6,026,677	593,413	—	7,801,107
TOTAL REVENUE	1,181,017	10,577,909	37,468,389	—	49,227,315
EXPENSES					
Interest expense	47,180,188	—	8,281,753	—	55,461,941
Employee compensation and benefits	7,616,983	3,710,866	620,142	—	11,947,991
Legal and professional fees	4,329,912	915,537	2,423,314	—	7,668,763
Other expenses	6,454,608	962,658	1,348,903	—	8,766,169
TOTAL EXPENSES	65,581,691	5,589,061	12,674,112	—	83,844,864
INCOME (LOSS) BEFORE EQUITY IN INCOME OF SUBSIDIARIES	(64,400,674)	4,988,848	24,794,277	—	(34,617,549)
EQUITY IN INCOME OF SUBSIDIARIES	29,783,125	28,354,358	—	(58,137,483)	—
INCOME (LOSS) BEFORE INCOME TAXES	(34,617,549)	33,343,206	24,794,277	(58,137,483)	(34,617,549)
INCOME TAX EXPENSE (BENEFIT)	—	—	—	—	—
NET INCOME (LOSS) BEFORE EARNINGS (LOSS) FROM EQUITY METHOD INVESTMENT	(34,617,549)	33,343,206	24,794,277	(58,137,483)	(34,617,549)
Earnings (loss) from equity method investment	(1,327,032)	—	—	—	(1,327,032)
NET INCOME (LOSS)	(35,944,581)	33,343,206	24,794,277	(58,137,483)	(35,944,581)
Preferred stock dividends	8,574,532	—	—	—	8,574,532
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	<u>\$ (44,519,113)</u>	<u>\$ 33,343,206</u>	<u>\$ 24,794,277</u>	<u>\$ (58,137,483)</u>	<u>\$ (44,519,113)</u>
			Non-		
	Parent	Guarantor	Guarantor	Eliminations	Consolidated
For the six months ended June 30, 2018		Subsidiary	Subsidiaries		
REVENUE					
Gain (loss) on life insurance policies, net	\$ —	\$ 8,013,679	\$ 29,194,816	\$ —	\$ 37,208,495
Interest and other income	1,113,898	26,524	507,703	—	1,648,125
TOTAL REVENUE	1,113,898	8,040,203	29,702,519	—	38,856,620
EXPENSES					
Interest expense	22,019,206	—	11,191,981	—	33,211,187
Employee compensation and benefits	3,337,093	2,794,537	846,738	—	6,978,368
Legal and professional fees	807,102	466,390	1,055,865	—	2,329,357
Other expenses	3,491,702	941,514	1,140,138	—	5,573,354
TOTAL EXPENSES	29,655,103	4,202,441	14,234,722	—	48,092,266
INCOME (LOSS) BEFORE EQUITY IN INCOME OF SUBSIDIARIES	(28,541,205)	3,837,762	15,467,797	—	(9,235,646)
EQUITY IN INCOME OF SUBSIDIARIES	19,305,559	17,557,850	—	(36,863,409)	—
INCOME (LOSS) BEFORE INCOME TAXES	(9,235,646)	21,395,612	15,467,797	(36,863,409)	(9,235,646)
INCOME TAX EXPENSE (BENEFIT)	—	—	—	—	—
NET INCOME (LOSS)	(9,235,646)	21,395,612	15,467,797	(36,863,409)	(9,235,646)
Preferred stock dividends	8,042,971	—	—	—	8,042,971
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	<u>\$ (17,278,617)</u>	<u>\$ 21,395,612</u>	<u>\$ 15,467,797</u>	<u>\$ (36,863,409)</u>	<u>\$ (17,278,617)</u>

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

Condensed Consolidating Statements of Cash Flows

For the three months ended June 30, 2019	Parent	Guarantor Subsidiary	Non- Guarantor Subsidiary	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	\$ (21,330,889)	\$ 16,466,488	\$ 11,284,367	\$ (27,750,855)	\$ (21,330,889)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Equity of subsidiaries	(14,280,759)	(13,470,096)	—	27,750,855	—
Change in fair value of life insurance policies	—	(2,842,780)	(15,436,640)	—	(18,279,420)
Amortization of deferred financing and issuance costs	3,158,024	—	263,755	—	3,421,779
Accretion of discount on financing receivables from affiliates	—	(445,909)	—	—	(445,909)
(Earnings) Loss from equity method investment	(599,711)	—	—	—	(599,711)
Stock-based compensation	(169,278)	—	—	—	(169,278)
(Increase) decrease in operating assets:					
Life insurance policy benefits receivable	—	(1,531,397)	5,155,000	—	3,623,603
Accrued interest on financing receivables	—	(1,494,841)	—	—	(1,494,841)
Other assets	(1,149,864)	17,276	127,888	—	(1,004,700)
Increase (decrease) in operating liabilities:					
Accounts payable and other accrued expenses	1,518,842	(421,381)	(2,522,349)	—	(1,424,888)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(32,853,635)</u>	<u>(3,722,640)</u>	<u>(1,127,979)</u>	<u>—</u>	<u>(37,704,254)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in life insurance policies	—	—	(4,145,903)	—	(4,145,903)
Carrying value of matured life insurance policies	—	1,886,500	3,457,380	—	5,343,880
Financing receivables from affiliates issued	—	(50,000,000)	—	—	(50,000,000)
Equity method investment acquired	(10,000,000)	—	—	—	(10,000,000)
Payment of capital contributions	(68,131,854)	(3,807,608)	—	71,939,462	—
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(78,131,854)</u>	<u>(51,921,108)</u>	<u>(688,523)</u>	<u>71,939,462</u>	<u>(58,802,023)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of senior debt	—	—	(17,195,880)	—	(17,195,880)
Proceeds from issuance of L Bonds	45,241,850	—	—	—	45,241,850
Payments for issuance and redemptions of L Bonds	(23,003,851)	—	—	—	(23,003,851)
Issuance (repurchase) of common stock	326,306	—	—	—	326,306
Payments for redemption of preferred stock	(2,395,329)	—	—	—	(2,395,329)
Preferred stock dividends	(4,278,218)	—	—	—	(4,278,218)
Issuance of member capital	—	66,305,661	5,633,801	(71,939,462)	—
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>15,890,758</u>	<u>66,305,661</u>	<u>(11,562,079)</u>	<u>(71,939,462)</u>	<u>(1,305,122)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(95,094,731)	10,661,913	(13,378,581)	—	(97,811,399)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH					
BEGINNING OF PERIOD	152,665,563	3,145,511	18,884,998	—	174,696,072
END OF PERIOD	<u>\$ 57,570,832</u>	<u>\$ 13,807,424</u>	<u>\$ 5,506,417</u>	<u>\$ —</u>	<u>\$ 76,884,673</u>

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

Condensed Consolidating Statements of Cash Flows (continued)

For the three months ended June 30, 2018	Parent	Guarantor Subsidiary	Non- Guarantor Subsidiary	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	\$ (57,106)	\$ 15,301,219	\$ 9,581,392	\$ (24,882,611)	\$ (57,106)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Equity of subsidiaries	(14,188,961)	(10,693,650)	—	24,882,611	—
Change in fair value of life insurance policies	—	(4,693,656)	(9,879,519)	—	(14,573,175)
Amortization of deferred financing and issuance costs	2,139,018	—	263,755	—	2,402,773
Stock-based compensation	47,480	—	—	—	47,480
(Increase) decrease in operating assets:					
Life insurance policy benefits receivable	—	(600,000)	(14,132,270)	—	(14,732,270)
Other assets	(2,145,890)	66,594	346,531	—	(1,732,765)
Increase (decrease) in operating liabilities:					
Account payable and other accrued expenses	423,738	(68,313)	139,185	—	494,610
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(13,781,721)</u>	<u>(687,806)</u>	<u>(13,680,926)</u>	<u>—</u>	<u>(28,150,453)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in life insurance policies	—	(15,548,000)	(14,700,939)	—	(30,248,939)
Carrying value of matured life insurance policies	—	1,313,885	4,834,464	—	6,148,349
Payment of capital contributions	<u>(57,797,077)</u>	<u>(41,338,313)</u>	<u>—</u>	<u>99,135,390</u>	<u>—</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(57,797,077)</u>	<u>(55,572,428)</u>	<u>(9,866,475)</u>	<u>99,135,390</u>	<u>(24,100,590)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings on senior debt	—	—	3,266,221	—	3,266,221
Repayments of senior debt	—	—	(32,347,036)	—	(32,347,036)
Proceeds from issuance of L Bonds	60,536,446	—	—	—	60,536,446
Payments for issuance and redemptions of L Bonds	(13,710,821)	—	—	—	(13,710,821)
Proceeds from issuance of preferred stock	14,372,959	—	—	—	14,372,959
Payments for issuance of preferred stock	(984,599)	—	—	—	(984,599)
Payments for redemption of preferred stock	(1,212,690)	—	—	—	(1,212,690)
Preferred stock dividends	(4,338,487)	—	—	—	(4,338,487)
Issuance of member capital	—	57,296,366	41,839,024	(99,135,390)	—
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>54,662,808</u>	<u>57,296,366</u>	<u>12,758,209</u>	<u>(99,135,390)</u>	<u>25,581,993</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(16,915,990)	1,036,132	(10,789,192)	—	(26,669,050)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH					
BEGINNING OF PERIOD	139,933,398	5,158,970	12,672,795	—	157,765,163
END OF PERIOD	<u>\$ 123,017,408</u>	<u>\$ 6,195,102</u>	<u>\$ 1,883,603</u>	<u>\$ —</u>	<u>\$ 131,096,113</u>

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

Condensed Consolidating Statements of Cash Flows (continued)

For the six months ended June 30, 2019	Parent	Guarantor Subsidiary	Non- Guarantor Subsidiary	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	\$ (35,944,581)	\$ 33,343,206	\$ 24,794,277	\$ (58,137,483)	\$ (35,944,581)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Equity of subsidiaries	(29,783,125)	(28,354,358)	—	58,137,483	—
Change in fair value of life insurance policies	—	(6,462,797)	(27,387,428)	—	(33,850,225)
Amortization of deferred financing and issuance costs	5,994,258	—	527,510	—	6,521,768
Accretion of discount on financing receivables from affiliates	—	(864,520)	—	—	(864,520)
(Earnings) Loss from equity method investment	1,327,032	—	—	—	1,327,032
Stock-based compensation	664,531	—	—	—	664,531
(Increase) decrease in operating assets:					
Life insurance policy benefits receivable	—	3,468,603	7,415,687	—	10,884,290
Accrued interest on financing receivables	—	(3,045,599)	—	—	(3,045,599)
Other assets	(1,566,190)	88,964	(3,469,411)	—	(4,946,637)
Increase (decrease) in operating liabilities:					
Accounts payable and other accrued expenses	2,923,080	(902,439)	(6,773,488)	—	(4,752,847)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(56,384,995)</u>	<u>(2,728,940)</u>	<u>(4,892,853)</u>	<u>—</u>	<u>(64,006,788)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in life insurance policies	—	(8,682,044)	(22,856,490)	—	(31,538,534)
Carrying value of matured life insurance policies	—	2,055,919	11,989,129	—	14,045,048
Financing receivables from affiliates issued	—	(50,000,000)	—	—	(50,000,000)
Equity method investment acquired	(10,000,000)	—	—	—	(10,000,000)
Payment of capital contributions	(101,855,607)	(32,305,549)	—	134,161,156	—
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(111,855,607)</u>	<u>(88,931,674)</u>	<u>(10,867,361)</u>	<u>134,161,156</u>	<u>(77,493,486)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of senior debt	—	—	(19,569,015)	—	(19,569,015)
Proceeds from issuance of L Bonds	171,226,542	—	—	—	171,226,542
Payments for issuance and redemptions of L Bonds	(46,977,530)	—	—	—	(46,977,530)
Issuance (repurchase) of common stock	57,518	—	—	—	57,518
Payments for redemption of preferred stock	(3,214,246)	—	—	—	(3,214,246)
Preferred stock dividends	(8,574,532)	—	—	—	(8,574,532)
Issuance of member capital	—	98,018,457	36,142,699	(134,161,156)	—
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>112,517,752</u>	<u>98,018,457</u>	<u>16,573,684</u>	<u>(134,161,156)</u>	<u>92,948,737</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(55,722,850)	6,357,843	813,470	—	(48,551,537)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH					
BEGINNING OF PERIOD	113,293,682	7,449,581	4,692,947	—	125,436,210
END OF PERIOD	<u>\$ 57,570,832</u>	<u>\$ 13,807,424</u>	<u>\$ 5,506,417</u>	<u>\$ —</u>	<u>\$ 76,884,673</u>

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

Condensed Consolidating Statements of Cash Flows (continued)

For the six months ended June 30, 2018	Parent	Guarantor Subsidiary	Non- Guarantor Subsidiary	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	\$ (9,235,646)	\$ 21,395,612	\$ 15,467,797	\$ (36,863,409)	\$ (9,235,646)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Equity of subsidiaries	(19,305,559)	(17,557,850)	—	36,863,409	—
Change in fair value of life insurance policies	—	(6,205,841)	(25,012,928)	—	(31,218,769)
Amortization of deferred financing and issuance costs	4,138,451	—	527,510	—	4,665,961
Stock-based compensation	260,404	—	—	—	260,404
(Increase) decrease in operating assets:					
Life insurance policy benefits receivable	—	700,000	(11,076,239)	—	(10,376,239)
Other assets	(2,395,631)	65,128	521,297	—	(1,809,206)
Increase (decrease) in operating liabilities:					
Account payable and other accrued expenses	901,048	19,255	(2,183,825)	—	(1,263,522)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(25,636,933)</u>	<u>(1,583,696)</u>	<u>(21,756,388)</u>	<u>—</u>	<u>(48,977,017)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in life insurance policies	—	(15,548,000)	(40,000,764)	—	(55,548,764)
Carrying value of matured life insurance policies	—	1,954,430	9,277,213	—	11,231,643
Payment of capital contributions	<u>(77,052,713)</u>	<u>(65,431,048)</u>	<u>—</u>	<u>142,483,761</u>	<u>—</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(77,052,713)</u>	<u>(79,024,618)</u>	<u>(30,723,551)</u>	<u>142,483,761</u>	<u>(44,317,121)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings on senior debt	—	—	12,903,166	—	12,903,166
Repayments of senior debt	—	—	(45,038,316)	—	(45,038,316)
Proceeds from issuance of L Bonds	97,197,545	—	—	—	97,197,545
Payments for issuance and redemptions of L Bonds	(25,956,269)	—	—	—	(25,956,269)
Proceeds from issuance of preferred stock	56,238,128	—	—	—	56,238,128
Payments for issuance of preferred stock	(4,142,294)	—	—	—	(4,142,294)
Payments for redemption of preferred stock	(1,539,914)	—	—	—	(1,539,914)
Preferred stock dividends	(8,042,971)	—	—	—	(8,042,971)
Issuance of member capital	<u>—</u>	<u>75,949,383</u>	<u>66,534,378</u>	<u>(142,483,761)</u>	<u>—</u>
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>113,754,225</u>	<u>75,949,383</u>	<u>34,399,228</u>	<u>(142,483,761)</u>	<u>81,619,075</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	11,064,579	(4,658,931)	(18,080,711)	—	(11,675,063)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH					
BEGINNING OF PERIOD	111,952,829	10,854,033	19,964,314	—	142,771,176
END OF PERIOD	<u>\$ 123,017,408</u>	<u>\$ 6,195,102</u>	<u>\$ 1,883,603</u>	<u>\$ —</u>	<u>\$ 131,096,113</u>

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

(24) Concentration

Life Insurance Carriers

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

Life Insurance Company	June 30, 2019	December 31, 2018
John Hancock	13.79%	13.71%
Lincoln National	11.10%	11.33%
AXA Equitable	10.24%	10.83%

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, 2019	December 31, 2018
California	17.23%	18.02%
Florida	14.87%	15.34%

Investment in Beneficial

During 2018, in connection with the Exchange Transaction, the Company (i) acquired a limited partnership investment in the common units of BEN LP, (ii) entered into a Commercial Loan with BEN LP as borrower, and (iii) received an Option Agreement to acquire additional common units of BEN LP. The total carrying value of these investments at June 30, 2019 and December 31, 2018 was \$596,690,000 and \$584,173,000, respectively, representing 38.7% and 39.4%, respectively, of the Company's consolidated assets. Currently there is no liquid market for the common units of BEN LP and it is possible none will develop. Although we intend to hold the Commercial Loan to maturity, there is currently no liquid market for this loan and it is possible none will develop.

(25) Subsequent Events

Subsequent to June 30, 2019, policy benefits on 17 policies covering 15 individuals have been realized. The face value of insurance benefits of these policies was \$18,061,000.

Subsequent to June 30, 2019, we issued approximately \$37,987,000 of L Bonds.

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

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

Risk Relating to Forward-Looking Statements

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

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

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

- the valuation of assets reflected on our financial statements, including our equity method investment in Beneficient and our financing receivables from Beneficient and the LiquidTrust Borrowers (see Note 6 to the condensed consolidated financial statements);
- the illiquidity of our life insurance and Beneficient-related investments and receivables from affiliates;
- our ability to realize the anticipated benefits from our strategic relationship with Beneficient;
- Beneficient’s financial performance and ability to execute on its business plan;
- our ability to obtain accurate and timely financial information from Beneficient;
- our ability to effectively transition the management and oversight roles served by our former executives and members of our Board of Directors;
- 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 on-going financing requirements;
- our ability to make cash distributions in satisfaction of dividend obligations and redemption requests;
- our predominant use of short term debt to fund a portfolio of long term assets could result in a liquidity shortage;
- our ability to satisfy our debt obligations if we were to sell our portfolio of life insurance policies and our Beneficient-related assets;
- our history of operating losses;
- general economic outlook, including prevailing interest rates;
- federal, state and FINRA 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 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;
- the various risks associated with our attempts to commercialize our epigenetic technology;
- risks associated with our ability to protect our intellectual property rights; and
- risks associated with causing Life Epigenetics and youSurance to become independent of GWG.

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

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012, or JOBS Act, was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933 for complying with new or revised accounting standards. This means that an “emerging growth company” can make an election to delay the adoption of certain accounting standards until those standards would apply to private companies. We have historically qualified as an emerging growth company and have elected to delay our adoption of new or revised accounting standards and, as a result, we may not have complied with new or revised accounting standards at the same time as other public reporting companies that are not “emerging growth companies.” As discussed in our Annual Report on Form 10-K for the year ended December 31, 2018, we no longer qualify as an emerging growth company as a result of the aggregate amount of non-convertible debt that we have issued during the prior three year period.

Overview

In 2018 and early 2019, we consummated a series of transactions (as more fully described below) with The Beneficient Company Group, L.P. (“BEN LP,” including all of the subsidiaries it may have from time to time — “Beneficient”). 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”) 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, and intends to significantly expand its operations going forward. As part of GWG’s reorientation, we also changed our Board of Directors and executive management team. Beneficient, through its subsidiaries, plans to operate three potentially high value, high margin lines of business:

- **Private Trust Lending & Liquidity Products.** Through Beneficient Capital Company, L.L.C. (“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 mid-to-high net worth (“MHNW”) individuals, small-to-mid sized (“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 up to \$1 billion in assets.
- **Trust and Custody Services.** Through Beneficient Administrative and Clearing Company, L.L.C. (“BACC”), and (subject to capitalization) through PEN Indemnity Insurance Company, LTD (“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 ACE Portal, L.L.C. (“ACE”), 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 have significantly reduced capital allocated to purchasing additional life insurance policies in the secondary market and have increased capital allocated toward providing liquidity to a broader range of alternative assets, primarily through investments in Beneficient. We believe Beneficient can finance investments in alternative assets that will produce higher risk-adjusted returns than those we can 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 have begun 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.

We completed our transactions with Beneficient to provide us with a significant increase in assets and common shareholders’ equity. In addition, our transactions with Beneficient provide us with the opportunity for a diversified source of future earnings within the alternative asset industry. As GWG and Beneficient expand their strategic relationship, we believe the Beneficient transactions will transform GWG from a niche provider of liquidity to owners of life insurance to a full-scale provider of trust and liquidity products and services to owners of a broad range of alternative assets.

The Beneficient Transactions

The Exchange Transaction

On January 12, 2018, GWG Holdings and GWG Life entered into a Master Exchange Agreement with Beneficient, MHT Financial SPV, LLC, a Delaware limited liability company (“MHT SPV”), and various related trusts (the “Seller Trusts”), as amended and restated on January 18, 2018 with effect from January 12, 2018, and as further amended by the First Amendment to Master Exchange Agreement, the Second Amendment to Master Exchange Agreement and the Third Amendment to the Master Exchange Agreement (as amended, the “Master Exchange Agreement”). The material terms and conditions of the initial Master Exchange Agreement were described in GWG Holdings’ Current Report on Form 8-K (the “January 2018 Form 8-K”) filed with the Securities and Exchange Commission (“SEC”) on January 18, 2018.

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

On the first closing date, which took place on August 10, 2018 (the “Initial Transfer Date”):

- in consideration for GWG 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 \$200,000,000 (the “Commercial Loan”);
- BEN LP delivered to GWG a promissory note (the “Exchangeable Note”) in the principal amount of \$162,911,379;
- BEN LP purchased 5,000,000 shares of GWG’s Series B Convertible Preferred Stock, par value \$0.001 per share and having a stated value of \$10 per share (the “Series B”), for cash consideration of \$50,000,000, which shares were subsequently transferred to the Seller Trusts;
- the Seller Trusts delivered to GWG 4,032,349 common units of BEN LP at an assumed value of \$10 per common unit;
- GWG issued to the Seller Trusts Seller Trust L Bonds due 2023 (the “Seller Trust L Bonds”) in an aggregate principal amount of \$403,234,866;
- GWG and the Seller Trusts entered into a registration rights agreement with respect to the Seller Trust L Bonds received by the Seller Trusts; and
- GWG and Beneficient entered into a registration rights agreement with respect to the BEN LP common units received and to be received by GWG.

Under the Master Exchange Agreement, at the final closing (the “Final Closing” and the date on which the final closing occurred, the “Final Closing Date”), which occurred on December 28, 2018:

- 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 Commercial Loan was reduced to \$181,974,314, (ii) the principal amount of the Exchangeable Note was reduced to \$148,228,432, and (iii) the principal amount of the Seller Trust L Bonds was reduced to \$366,891,940;
- the Seller Trusts refunded to GWG \$840,430 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 \$192,507,946;
- the Seller Trusts transferred to GWG an aggregate of 21,650,087 common units of BEN LP and GWG received 14,822,843 common units of BEN LP in exchange for the Exchangeable Note, upon completion of which GWG owned (including the 4,032,349 common units received by GWG on the Initial Transfer Date) 40,505,279 common units of BEN LP;

- BEN LP issued to GWG an option (the “Option Agreement”) to acquire the number of common units of BEN LP, interests or other property that would be received by a holder of the NPC-A Prime limited partnership interests of Beneficient Company Holdings, L.P., an affiliate of BEN LP (“Beneficient Holdings”); and
- GWG issued to the Seller Trusts 27,013,516 shares of GWG common stock (including shares issued upon conversion of the Series B).

On the Final Closing Date, GWG and the Seller Trusts also entered into a registration rights agreement with respect to the shares of GWG common stock owned by the Seller Trusts, an orderly marketing agreement and a stockholders agreement. The material terms of these agreements are described in our Information Statement on Schedule 14C filed with the SEC on December 6, 2018 and in our Current Report on Form 8-K filed with the SEC on January 4, 2019.

The Expanded Strategic Relationship

In the second quarter of 2019, we completed an expansion of the strategic relationship with Beneficient, which was a transformational event for both organizations that creates a unified platform uniquely positioned to provide an expanded suite of products, services and resources for investors and the financial professionals who assist them. GWG and Beneficient intend to collaborate extensively and capitalize on one another’s capabilities, relationships and services.

On April 15, 2019, Jon R. Sabes, the Company’s former Chief Executive Officer and a former director, and Steven F. Sabes, the Company’s former Executive Vice President and a former director, entered into a Purchase and Contribution Agreement (the “Purchase and Contribution Agreement”) with, among others, Beneficient. The Purchase and Contribution Agreement was summarized in our Current Report on Form 8-K filed with the SEC on April 16, 2019.

The closing of the transactions contemplated by the Purchase and Contribution Agreement (the “Purchase and Contribution Transaction”) occurred on April 26, 2019. Prior to or in connection with such closing:

- Messrs. Jon and Steven Sabes sold and transferred all of the shares of the Company’s common stock held directly and indirectly by them and their immediate family members (approximately 12% of the Company’s outstanding common stock in the aggregate); specifically, Messrs. Jon and Steven Sabes (i) sold an aggregate 2,500,000 shares of Company common stock to BCC for \$25,000,000 in cash and (ii) contributed the remaining 1,452,155 shares of Company common stock to AltiVerse Capital Markets, L.L.C., a Delaware limited liability company (“AltiVerse”) (which is a limited liability company owned by certain of Beneficient’s founders, including Brad K. Heppner (GWG’s Chairman and Beneficient’s Chief Executive Officer and Chairman) and Thomas O. Hicks (one of Beneficient’s current directors and a director of GWG)), in exchange for certain equity interests in AltiVerse.
- Our bylaws were amended to increase the maximum number of directors of the Company from nine to 13, and the actual number of directors comprising the Board was increased from seven to 11.
- All seven members of the Company’s Board of Directors prior to the closing resigned as directors of the Company, and 11 individuals designated by Beneficient were appointed as directors of the Company, leaving two board seats vacant after the closing.
- Jon R. Sabes resigned from all officer positions he held with the Company or any of its subsidiaries prior to the closing, other than his position as Chief Executive Officer of the Company’s technology focused wholly owned subsidiaries, Life Epigenetics and youSurance.
- Steven F. Sabes resigned from all officer positions he held with the Company or any of its subsidiaries prior to the closing, except as Chief Operating Officer of Life Epigenetics.
- The resignations of Messrs. Jon and Steven Sabes included a full waiver and forfeit of (i) any severance that may be payable by the Company or any of its subsidiaries in connection with such resignations or the Transactions and (ii) all equity awards of the Company currently held by either of them.
- Murray T. Holland, a trust advisor of the Seller Trusts, which in the aggregate own approximately 79 percent of GWG’s outstanding common stock, was named Chief Executive Officer of the Company.

- The Company entered into performance share unit agreements with certain employees of the Company pursuant to which such employees will receive up to \$4.5 million in bonuses under certain terms and conditions, including, among others, that such employees remain employed by the Company or one of its subsidiaries (or, if no longer employed, such employment was terminated by the Company 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 the Company, GWG Life, LLC, Messrs. Jon and Steven Sabes and the Bank of Utah, which provides that the shares of the Company's common stock acquired by BCC and AltiVerse pursuant to the Purchase and Contribution Agreement will continue to be pledged as collateral security for the Company's obligations owing in respect of the L Bonds issued under our Amended and Restated Indenture, dated as of October 23, 2017, as amended and supplemented.

Among other things, the Purchase and Contribution Agreement contemplates that after the closing, the parties will seek to enter into an agreement pursuant to which the Company will have the right to appoint a majority of the board of directors of the general partner of Beneficient, resulting in the Company and Beneficient being under common control. The Company and Beneficient will also seek to enter into an agreement pursuant to which the Company will offer and distribute (through a FINRA registered managing broker-dealer) Beneficient's liquidity products and services. The Company has reduced capital allocated to life insurance assets while it works with Beneficient to build a larger diversified portfolio of alternative asset investment products.

A copy of the Purchase and Contribution Agreement is included in our Annual Report on Form 10-K filed with the SEC on July 9, 2019 as Exhibit 99.3.

We refer to the Exchange Transaction and the Purchase and Contribution Transaction as the "Beneficient Transactions."

Critical Accounting Policies

Critical Accounting Estimates

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

Ownership of Life Insurance Policies — Fair Value Option

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

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

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

Fair Value Components — Life Expectancies

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

The fair value of our portfolio of life insurance policies is determined as the net present value of the life insurance portfolio's future expected cash flows (the net of policy benefits received and required premium payments). The net present value of the future expected cash flows incorporate life expectancy estimates and current discount rate assumptions. The life expectancy estimates we use for acquiring and valuing life insurance policies has in the past been typically based upon the average of two life expectancy reports received from third-party medical actuarial underwriting firms ("Life Expectancy Providers"). After the acquisition of a life insurance policy, we historically have sought to update these life expectancy reports on a periodic basis.

In October and November 2018, two of the primary Life Expectancy Providers used by the Company — ITM TwentyFirst, LLC ("TwentyFirst") and AVS, LLC ("AVS") — released updates to their respective mortality tables and medical underwriting methodologies. As disclosed in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 filed with the SEC on November 19, 2018, and our amended Quarterly Report on Form 10-Q/A filed on April 22, 2019, the majority of our life insurance policies were valued using life expectancy reports provided by TwentyFirst and/or AVS. The updates from TwentyFirst and AVS suggest a lengthening of prior life expectancy estimates and relate to revised estimates of the originally issued life expectancy reports. These updates do not encompass any change to the insured's age and health condition since the report was originally issued.

We, along with other major secondary market participants, have noted the frequent changes in methodologies made by the Life Expectancy Providers over the years that, short of purchasing revised life expectancy reports at a substantial cost, have lacked detailed information about the impact of these changes on individual policy values. Moreover, our experience is these methodology changes have not resulted in a narrowing of consensus in the life expectancy estimates issued for individual insureds. In other words, the successive changes in the medical underwriting methodologies and mortality tables made by the Life Expectancy Providers have not, in retrospect, proven to be sufficiently accurate with respect to our life insurance portfolio as measured by the ratio of mortality cash flows realized to mortality cash flows predicted (or "expected"). We believe, as further described below, that the method we have adopted is a more accurate way of projecting mortality cash flows. Finally, as our life insurance portfolio has grown in size and diversity, our ability to model with greater certainty and predictability through the incorporation of historical portfolio experience in conjunction with the use of life expectancy reports has improved significantly.

Performance Based Forecasting and Valuation Methodology ("Actual-to-Expected" or "A2E")

As a result, we undertook a comprehensive study to determine a more accurate, transparent and cost-effective method of pricing, valuing, and modeling the performance of our portfolio of life insurance policies. Our goal was to incorporate life expectancy estimates from Life Expectancy Providers, the historical experience of the portfolio, the diversification and mortality factors of the portfolio, and relevant market-based observations and inputs.

The revised methodology we have adopted was derived from back-testing (the process of applying an analytical method to historical data to see how accurately the method would have predicted actual results) the mortality cash flow performance of our life insurance portfolio using the *longest* life expectancy report received from the Life Expectancy Providers used for pricing at the time the life insurance policies were acquired (the "Longest Life Expectancy"). This contrasts with our historical methodology of projecting mortality cash flows, used prior to the fourth quarter of 2018, which typically used the *average* of two such life expectancy reports.

Our Longest Life Expectancy methodology is built from the following pillars:

- The utilization of life expectancy reports from Life Expectancy Providers for the pricing of all life insurance policies;
- The application of 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
- The use of relevant market-based observations that can be validated and mapped to the discount rate used to value the life insurance portfolio. See “Fair Value Components — Discount Rate” below for a further discussion.

Each of the aforementioned pillars of the Longest Life Expectancy methodology, and the associated assumptions, modeling and outcomes, was reviewed by a leading actuarial consulting firm whose longevity services are used worldwide.

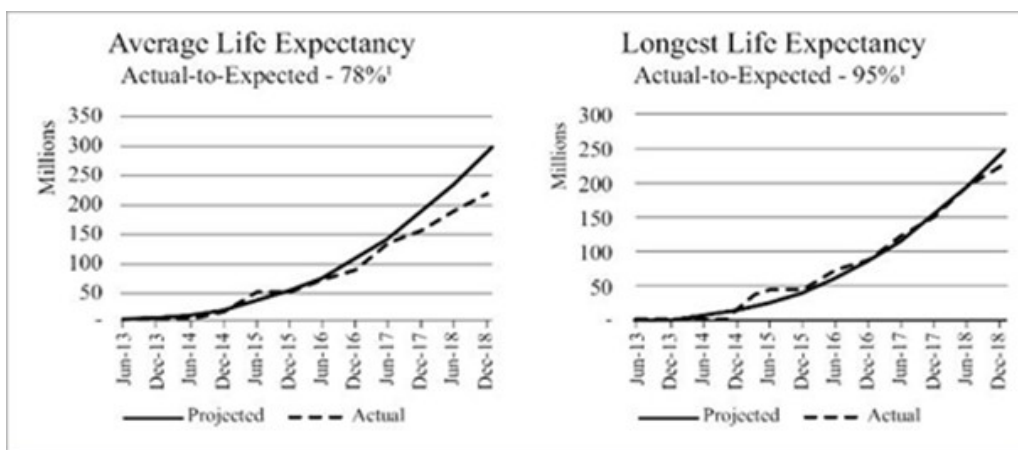
Our life insurance portfolio modeling and predicted future cash flows are based upon the central limit theorem, which establishes that, in certain situations, random events become normalized and predictable around the mean as the number of observations grow in size. We believe our portfolio of life insurance policies has grown sufficiently large in size and diversity to establish that while individual mortality experience is inherently unpredictable, the actual mortality experience of the portfolio should be expected to approach the mean modeled prediction. In other words, we believe that we have sufficient actual mortality experience from our life insurance portfolio to use as the basis for the Longest Life Expectancy methodology. As of June 30, 2019, our life insurance portfolio, stratified by age of insured in the table below, stood at \$2.088 billion in face value of policy benefits and 1,190 policies:

Min Age	Max Age	Number of Policies	Policy Benefits	Percentage of Total		Wtd. Avg. LE (Yrs.)
				Number of Policies	Policy Benefits	
95	101	20	\$ 34,983,000	1.7%	1.7%	2.2
90	94	137	264,706,000	11.5%	12.7%	3.4
85	89	254	591,398,000	21.3%	28.3%	5.2
80	84	251	454,671,000	21.1%	21.8%	7.8
75	79	227	371,066,000	19.1%	17.8%	10.0
70	74	224	297,229,000	18.8%	14.2%	11.3
60	69	77	74,392,000	6.5%	3.5%	11.6
Total		1,190	\$ 2,088,445,000	100.0%	100.0%	7.4

As depicted in the graphs below and after extensive research and modeling, we determined that the Longest Life Expectancy methodology was highly predictive of the actual experience of our portfolio of life insurance policies as compared to our historical methodology using the Average Life Expectancy method.

We used the Least Squares statistical method, which can be used to determine a line of best fit by minimizing the sum of squares of the errors (actual vs. expected) and can be used with either linear or non-linear data. In this case, we are fitting non-linear data to a non-linear curve. The Least Squares method was determined to be an efficient means of calculating the required portfolio multiplier (PMM) to maintain the overall shape of the projected curve while maximizing fit to the observed data.

The tables below compare the actual to expected mortality cash flow experience of our life insurance portfolio using Average Life Expectancy and Longest Life Expectancy. By using the Longest Life Expectancy methodology, we increased our actual to expected mortality cash flow experience accuracy from 78% to 95%. The net effect on the life insurance portfolio of achieving a higher actual to expected ratio is a significant lengthening of its overall life expectancy.



We believe that a Longest Life Expectancy methodology, which incorporates the actual mortality experience of our portfolio and the use of third-party estimates, is superior to our historical methodology. We believe this methodology should minimize future fluctuations of valuation, decrease our reliance on Life Expectancy Providers for updated reports, and improve our ability to finance and forecast future revenues and cash flows.

The implementation of the Longest Life Expectancy methodology required us to take a non-cash charge (net of the impact of a change in discount rate) to revenue of \$87.1 million in the fourth quarter of 2018, reflecting a decrease in the fair value of its portfolio of life insurance policies at December 31, 2018. This non-cash charge represented approximately 10% of fair value of the portfolio prior to adjustment.

Updates to the Analysis

Proper maintenance of an A2E based valuation methodology includes the continual tracking of actual results as well as comparisons to projections. An A2E based valuation methodology rests on the actuarial premise that mortality results for sufficiently large populations follow predictable mortality curves (see discussion above regarding the Central Limit Theorem). As such, through the A2E analysis and the use of the PMM, we are able to “fit” projections to actual results, which provides a basis to forecast future performance more accurately.

Should performance sufficiently deviate in the future from these projections, the A2E analysis will be re-examined to determine if the resultant PMM still results in the most accurate fitting of the projections to actual results. Adjustments to the PMM would then be made based on that analysis if warranted.

The analysis would utilize the same basic methodology as the initial analysis to ensure consistency in the process and would include:

- Calculation of a static Portfolio PMM;
- A cohort analysis of our life insurance portfolio combined with a durational analysis to determine if either static or vector cohort PMM’s are warranted; and
- Following this updated analysis, any necessary changes to the PMM would then be incorporated into the valuation methodology.

The basis for a re-examination of the A2E analysis could be based on either the passage of time or a pre-determined performance trigger. Following further analysis, we determined that a performance-based trigger approach that allows the portfolio to perform within statistical norms (± 1 standard deviation) without constant updates is most appropriate. We intend to re-examine the A2E analysis and recalculate the resultant PMM anytime the six-month moving average of the difference between actual portfolio performance and projected performance deviates by more than one standard deviation from the mean and such deviation persists for three consecutive months. This methodology allows for natural periods of slow or excess maturities to occur without the necessity of changes to the PMM. At present, a one standard deviation move in the six-month moving average of the difference between actual portfolio performance and projected performance would equate to a valuation change of approximately \$8 million. The decision to update our valuation methodology in the fourth quarter of 2018 was based in part on an analysis performed by a third-party actuarial consulting firm, which indicated a very strong tendency toward mean reversion within the dataset.

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

Periodic Updates to Life Expectancy (LE) Reports

We anticipate our current senior lender will, and other lenders we engage may, require regular updates to LE Reports. Additionally, should we choose to sell life insurance policies in the secondary market, investors may require updated LE Reports. These lenders and investors may utilize an average LE for valuation, similar to our historical methodology, which may result in significantly different valuations.

We intend to continue obtaining LE Reports beyond our policy purchase process to the extent they are needed to comply with existing and future covenants within credit facilities. To the extent such LE Reports are available, we do not expect to immediately incorporate these LE Reports into our revised valuation methodology but will track this data to determine over time if there exists any additive predictive value in relation to the basis of its mortality projections. As such, our policies and procedures surrounding the updating of LE Reports reflect that LE Reports will only be updated when required by third parties.

Current A2E Analysis and PMM Implications

Our A2E based methodology and use of a static Portfolio PMM requires that we recalculate the PMM used in our valuation anytime the six-month moving average of the difference between actual portfolio performance and projected performance of cumulative face value maturities deviates by more than one standard deviation from the mean and such deviation persists for three consecutive months. As of June 30, 2019, the six-month moving average of the difference between actual portfolio performance and projected performance of cumulative face value of maturities was within one standard deviation from the mean. Additionally, the six-month moving average was within one standard deviation measured at each of the month end dates within the quarter. As a result, we did not update our PMM during the current quarter.

Portfolio Return Implications

At any time, we calculate our returns from our life insurance assets based upon (i) our historical results, and (ii) the future cash flows we expect to realize from our statistical forecasts. To forecast our expected future cash flows and returns, we use the probabilistic method of analysis. The expected internal rate of return (“IRR”) of our portfolio is based upon future cash flow forecasts derived from a probabilistic analysis of policy benefits received and policy premiums paid in relation to our non-GAAP investment cost basis, which includes purchase price, total premiums paid, and total financing costs incurred to date. As of June 30, 2019, the expected internal rate of return on our portfolio of life insurance assets was 5.72% based on our portfolio benefits of \$2.1 billion and our non-GAAP investment cost basis of \$920.7 million. This calculation excludes returns realized from our matured policy benefits, which are substantial.

We seek to further enhance our understanding of our expected future cash flow and returns by using a stochastic analysis, sometimes referred to as a “Monte Carlo simulation,” to provide us with a greater understanding of the variability of our projections. The stochastic analysis we perform, which excludes financing costs to isolate only those cash flows associated with the life insurance policies, provides IRR calculations for different statistical confidence intervals. The results of our stochastic analysis, in which we run 10,000 random mortality scenarios, demonstrates that the scenario ranking at the 50th percentile of all 10,000 results generates an IRR of 8.23%, which is very near to the discount rate of 8.25% that we used to calculate the fair value of our portfolio. Our Expected IRR is based upon future policy related cash flow forecasts derived from a probabilistic analysis of our policy benefits received and policy premiums paid. The stochastic analysis results also reveal that our portfolio is expected to generate an IRR of 7.78% or better in 75% of all generated scenarios, and an IRR of 7.39% or better in 90% of all generated scenarios. We believe the Company’s portfolio of life insurance policies has grown sufficiently large in size and diversity to establish that, while individual mortality experience is inherently unpredictable, the actual mortality experience of the portfolio should be expected to approach the mean modeled prediction.

Fair Value Components — Required Premium Payments

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

Fair Value Components — Discount Rate

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

We utilized an 8.25% discount rate to estimate the fair value of our portfolio of life insurance policies at both December 31, 2018 and June 30, 2019.

In adopting the Longest Life Expectancy methodology as described above, we preserved the general methodology historically used to calculate the fair value discount rate and have made important enhancements. We also improved the reliability and relevancy of the competitive sales estimates we use to measure the discount rates (on a Longest Life Expectancy basis) observed in the life insurance secondary market. We continue to use fixed income market interest rates, credit exposure to the issuing insurance companies, and our estimate of the operational risk premium a purchaser would apply to the future cash flows derived from our portfolio of life insurance policies in our methodology. To the extent we limit or cease acquiring insurance policies, we will not have reliable access to the market-based factors described above and will be required to find suitable alternative proxies.

Management has significant discretion regarding the combination of these and other factors when determining the discount rate. The discount rate we choose assumes an orderly and arms-length transaction (i.e., a non-distressed transaction in which neither seller nor buyer is compelled to engage in the transaction), which is consistent with related GAAP guidance. The carrying value of policies acquired during each quarterly reporting period are adjusted to their current fair value using the fair value discount rate applied to the entire portfolio as of that reporting date.

We engaged ClearLife Limited, owner of the ClariNet LS actuarial portfolio pricing software we use, to prepare a net present value calculation of our life insurance portfolio. ClearLife Limited processed policy data, future premium data, life expectancy estimate data, and other actuarial information to calculate a net present value for our portfolio using the specified discount rate of 8.25%. ClearLife Limited independently calculated the net present value of our portfolio of 1,190 policies to be \$799.3 million and furnished us with a letter documenting its calculation. A copy of such letter is filed as Exhibit 99.1 to this report.

See Note 5 to the condensed consolidated financial statements for additional discussion of the sensitivity of the valuation to different discount rates.

Equity Method Investment, Equity Security Investment and Financing Receivables from Affiliates

GWG has an investment in BEN LP, accounted for using the equity method, an equity security investment in Beneficient and financing receivables for loans it provided to Beneficient and the LiquidTrust Borrowers (see Note 6 to the condensed consolidated financial statements). When circumstances indicate that the carrying value of the equity method investment or equity security may not be recoverable, the fair value of the investment is evaluated by management. The fair value of these investments is not readily determinable as the BEN LP common units are not currently publicly traded on a stock exchange. As a result, management uses other accepted valuation methods to determine fair value such as discounting estimated future cash flows for the business. If the fair value of the investment is determined to be less than its carrying value and the decline in value is considered to be other than temporary, an appropriate write down is recorded to net earnings based on the excess of the carrying value over the best estimate of fair value of the investment. In addition, if based on current information and events it is probable that GWG will be unable to collect all amounts due according to the contractual terms of the financing receivables from affiliates and an amount can be reasonably estimated, GWG will write down the amounts to estimated realizable value. Information and events creating uncertainty about the realization of recorded amounts for financing receivables from affiliates include, but are not limited to, the estimated cash flows generated by the affiliate's business, the sufficiency of collateral securing the amounts, and the creditworthiness of the counterparties involved. Changes in facts, circumstances and management's estimates and judgment could result in a material charge to earnings. At June 30, 2019, we determined that no indication of an impairment of the equity method investment or equity security investment existed, and no allowance for credit losses was recorded on the financing receivables from affiliates.

Deferred Income Taxes

Under ASC 740, *Income Taxes*, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established for deferred tax assets that are not considered “more likely than not” to be realized. Realization of deferred tax assets depends upon having sufficient past or future taxable income in periods to which the deductible temporary differences are expected to be recovered or within any applicable carryback or carryforward periods or sufficient tax planning strategies. After assessing the realization of the net deferred tax assets, we believe that there is substantial uncertainty that our net deferred tax asset will be realized during the applicable carryforward period. As such, a valuation allowance has been recorded against the total net deferred tax asset as of June 30, 2019 and December 31, 2018, respectively.

At June 30, 2019 and December 31, 2018, we had net operating loss (“NOL”) carryforwards of \$36.1 million and \$36.5 million, respectively, for both federal and state taxes. The NOL carryforwards subject to expiration (i.e., those generated prior to 2018) will begin to expire in 2031. Future utilization of NOL carryforwards is subject to limitations under Section 382 of the Internal Revenue Code. This section generally relates to a more than 50 percent change in ownership over a three-year period. As a result of the Exchange Transaction, it is believed that a change in ownership for tax purposes only has occurred as of December 28, 2018. As such, the annual utilization of our net operating losses generated prior to the ownership change is limited. Based on the estimated value of the Company prior to the Exchange Transaction, utilization of pre-ownership change net operating losses are subject to an annual limitation of approximately \$7.6 million.

Principal Revenue and Expense Items

We earn revenues from the following primary sources.

- *Life Insurance Policy Benefits Realized.* We recognize the difference between the face value of the policy benefits and carrying value when an insured event has occurred and determine that collection of the policy benefits is realizable and reasonably assured. Revenue from a transaction must meet both criteria in order to be recognized. We generally collect the face value of the life insurance policy from the insurance company within 45 days of our notification of the insured’s mortality.
- *Change in Fair Value of Life Insurance Policies.* We value our 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 on Financing Receivables from Affiliates.* We recognize and record interest income on outstanding principal as earned.
- *Sale of a Life Insurance Policy.* In the event of a sale of a policy, we recognize gain or loss as the difference between the sale price and the carrying value of the policy on the date of the receipt of payment on such sale.

Our main components of expense are summarized below.

- *Selling, General and Administrative Expenses.* We recognize and record expenses incurred in our business operations, including operations related to the purchasing and servicing of life insurance policies. These expenses include salaries and benefits, sales, marketing, occupancy and other expenditures.
- *Interest Expense.* We recognize, and record interest expenses associated with the costs of financing our life insurance portfolio and our investment in Beneficient. These expenses include interest paid to our senior lenders under our amended and restated senior credit facility with LNV Corporation, as well as interest paid on our L Bonds, Seller Trust L Bonds and other outstanding indebtedness. When we issue debt, we amortize the financing costs (commissions and other fees) associated with such indebtedness over the outstanding term of the financing and classify it as interest expense.

An additional component of our net earnings includes:

- *Earnings (Loss) from Equity Method Investment.* We account for our investment in the common units of BEN LP using the equity method. Under this method, we record 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 condensed consolidated statements of operations.

Results of Operations — Three and Six Months Ended June 30, 2019 Compared to the Same Periods in 2018

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

Revenue.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue realized from maturities of life insurance policies	\$ 17,655,000	\$ 21,475,000	\$ 39,412,000	\$ 30,895,000
Revenue recognized from change in fair value of life insurance policies	18,279,000	14,573,000	33,850,000	31,219,000
Premiums and other annual fees	(16,004,000)	(12,708,000)	(31,836,000)	(24,906,000)
Gain (loss) on life insurance policies, net	19,930,000	23,340,000	41,426,000	37,208,000
Interest and other income	4,080,000	975,000	7,801,000	1,649,000
Total revenue	<u>\$ 24,010,000</u>	<u>\$ 24,315,000</u>	<u>\$ 49,227,000</u>	<u>\$ 38,857,000</u>
<u>Attribution of gain on life insurance policies, net:</u>				
Change in estimated probabilistic cash flows, net of premium and other annual fees paid	\$ 1,118,000	\$ 4,701,000	\$ 2,417,000	\$ 11,508,000
Net revenue recognized at matured policy event	16,968,000	12,939,000	32,706,000	17,894,000
Unrealized gain on acquisitions	1,844,000	5,795,000	6,303,000	12,769,000
Change in discount rates	-	-	-	-
Change in life expectancy evaluation	-	(95,000)	-	(4,963,000)
Gain (loss) on life insurance policies, net	<u>\$ 19,930,000</u>	<u>\$ 23,340,000</u>	<u>\$ 41,426,000</u>	<u>\$ 37,208,000</u>
Number of policies acquired	15	85	75	144
Face value of purchases	\$ 12,955,000	\$ 118,308,000	\$ 93,166,000	\$ 212,660,000
Purchases (initial cost basis)	\$ 4,146,000	\$ 30,249,000	\$ 31,539,000	\$ 55,549,000
Unrealized gain on acquisition (% of face value)	14.2%	4.9%	6.8%	6.0%
Number of policies matured	19	17	39	32
Face value of matured policies	\$ 22,998,000	\$ 27,623,000	\$ 53,457,000	\$ 42,127,000
Net revenue recognized at maturity event (% of face value matured)	73.8%	46.8%	61.2%	42.5%

The decrease of \$3.4 million on gain on life insurance policies, net for the three months ended June 30, 2019 over the comparable prior year period primarily resulted from \$3.3 million increased premium costs and \$4.0 million lower unrealized gains on acquisitions, partially offset by \$4.1 million higher revenue recognized on life insurance policy maturities. The increase of \$4.2 million on gain on life insurance policies, net for the six months ended June 30, 2019 over the comparable prior year period primarily resulted from \$14.8 million higher revenue recognized on life insurance policy maturities and \$5.0 lower charges on life expectancy evaluation updates, partially offset by \$6.9 million increased premium costs, \$6.5 million lower unrealized gain on acquisition and \$2.2 million lower change in estimated probabilistic cash flows in the current period.

The face value of matured policies was \$23.0 million and \$27.6 million in the three months ended June 30, 2019 and 2018, respectively, reflecting a decrease of face value of matured policies of \$4.6 million. The resulting revenue recognized at matured policy event was \$17.0 million and \$12.9 million, respectively. Revenue changes from maturity events of \$4.1 million over the three month comparable prior period primarily resulted from the maturity of less seasoned policies in the current period.

The face value of matured policies was \$53.5 million and \$42.1 million in the six months ended June 30, 2019 and 2018, respectively, reflecting an increase of face value of matured policies of \$11.4 million. The resulting revenue recognized at matured policy event was \$32.7 million and \$17.9 million, respectively. Revenue changes from maturity events of \$14.8 million over the three month comparable prior period resulted from both an increase in the face value of maturities as well as the maturity of less seasoned policies in the current period.

Net revenue charges from change in life expectancy evaluation were \$0 and \$0.1 million during the three months ended and \$0 and \$5.0 million during the six months ended June 30, 2019 and 2018, respectively. The resulting net revenue increase of \$0.1 million for the three months and \$5.0 million for the six months ended June 30, 2019 over the comparable prior period resulted from the implementation of our Longest Life Expectancy methodology in the fourth quarter of 2018.

Revenue from changes in estimated probabilistic cash flows, net of premiums paid was \$1.1 million and \$4.7 million during the three months ended and \$2.4 million and \$11.5 million for the six months ended June 30, 2019 and 2018, respectively. Decreases in both the three and six month periods resulted from increased premium costs and lower accretion resulting from lower discount rates in the current period.

The face value of policies purchased was \$13.0 million and \$118.3 million in the three months ended and \$93.2 million and \$212.7 million for the six months ended June 30, 2019 and 2018, respectively, reflecting a decrease of face value purchased of \$105.3 million and \$119.5 million in the three and six month current periods. The resulting unrealized gain on acquisition was \$1.8 million and \$5.8 million for the three months ended and \$6.3 million and \$12.8 million for the six months ended June 30, 2019 and 2018, reflecting a decrease of \$4.0 million and \$6.5 million in the respective current periods. Decreased unrealized gain on acquisition in the current periods are the result of fewer purchases of life insurance resulting from changes in capital allocation in our business.

The discount rate used to calculate the fair value of our life insurance policies was 8.25% at June 30 and March 31, 2019 and December 31, 2018. The discount rate was 10.45% at June 30 and March 31, 2018 and December 31, 2017. The discount rate was decreased in the fourth quarter of 2018 in connection with the implementation of our Longest Life Expectancy methodology. We believe this methodology should minimize future valuation fluctuations and improve our ability to finance and forecast future cash flows and revenues from our life insurance portfolio.

Interest and other income is comprised of interest from financing receivables, bank interest and other miscellaneous items. Increased revenue of \$3.1 million during the three months ended and \$6.2 million during the six months ended June 30, 2019 compared to the same periods of 2018 were primarily driven by the interest income earned on the financing receivables from Beneficient.

Expenses.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Increase/ Decrease	2019	2018	Increase/ Decrease
Interest expense (including amortization of deferred financing costs) ⁽¹⁾	\$ 28,487,000	\$ 17,148,000	\$ 11,339,000	\$ 55,462,000	\$ 33,211,000	\$ 22,251,000
Employee compensation and benefits ⁽²⁾	6,794,000	3,236,000	3,558,000	11,948,000	6,978,000	4,970,000
Legal and professional expenses ⁽³⁾	4,722,000	1,155,000	3,567,000	7,669,000	2,330,000	5,339,000
Other expenses ⁽⁴⁾	5,938,000	2,833,000	3,105,000	8,766,000	5,573,000	3,193,000
Total expenses	<u>\$ 45,941,000</u>	<u>\$ 24,372,000</u>	<u>\$ 21,569,000</u>	<u>\$ 83,845,000</u>	<u>\$ 48,092,000</u>	<u>\$ 35,753,000</u>

(1) Increase is primarily due to the increase in the average debt outstanding from \$723.4 million and \$706.9 million during the three and six months ended June 30, 2018 to \$1.313 billion and \$1.282 billion in the same periods of 2019, contributing \$11.3 million and \$22.3 million of additional interest expense in the three and six month current periods.

- (2) Increase in employee compensation and benefit costs of \$3.6 million for the three months ended June 30, 2019 over the comparable prior period in 2018 primarily result from \$1.9 million of performance share unit expense resulting from the Purchase and Contribution Transaction, \$0.6 million of retention incentive resulting from the Exchange Transaction, \$0.5 million increase in wages and \$0.6 million in commission expense. Increase in employee compensation and benefit costs of \$5.0 million for the six months ended June 30, 2019 over the comparable prior period in 2018 primarily result from \$1.9 million of performance share unit expense resulting from the Purchase and Contribution Transaction, \$1.0 million of retention incentive resulting from the Exchange Transaction, \$0.7 million increase in wages, \$0.9 million in commission expense and \$0.5 million in incentive expense.
- (3) Increases in both the three and six month periods ended June 30, 2019 over the comparable periods in 2018 are the result of higher legal and audit fees associated with the Beneficient Transactions and other professional services, along with higher Board compensation costs.
- (4) Increased other expense costs for the three and six months ended June 30, 2019 over the comparable periods in 2018 result from increased insurance and excess tail insurance coverage purchased in connection with the Purchase and Contribution Transaction. See Note 18 to the condensed consolidated financial statements for the detailed breakdown of other expenses.

Insurtech Initiatives

We incurred expenses of \$2.2 million and \$1.1 million during the three months ended June 30, 2019 and 2018, respectively, and \$4.2 million and \$1.7 million during the six month ended June 30, 2019 and 2018, respectively, in furtherance of our insurtech initiatives, which we believe are potentially transformational. These expenses are primarily related to the development of intellectual property surrounding advanced epigenetic testing technology and we expect these costs will increase over the foreseeable future.

Deferred Income Taxes

Under ASC 740, Income Taxes, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established for deferred tax assets that are not considered "more likely than not" to be realized. Realization of deferred tax assets depends upon having sufficient past or future taxable income in periods to which the deductible temporary differences are expected to be recovered or within any applicable carryback or carryforward periods. After assessing the realization of the net deferred tax assets, we believe there is substantial uncertainty that our net deferred tax asset will be realized during the applicable carryforward period. As such, a valuation allowance has been established against the total net deferred tax asset as of June 30, 2019 and December 31, 2018.

Income Tax Expense

We realized a net income tax benefit of \$0 for both the three and six months ended June 30, 2019 and 2018. The effective rate was 0% for both the three and six months ended June 30, 2019 and 2018.

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

	Three Months Ended				Six Months Ended			
	June 30, 2019		June 30, 2018		June 30, 2019		June 30, 2018	
Statutory federal income tax (benefit)	\$ (4,606,000)	21.0%	\$ (12,000)	21.0%	\$ (7,270,000)	21.0%	\$ (1,939,000)	21.0%
State income taxes (benefit), net of federal benefit	(1,659,000)	7.6%	10,000	(17.1)%	(2,782,000)	8.0%	(692,000)	7.5%
Valuation allowance	6,158,000	(28.1)%	(36,000)	63.4%	10,328,000	(29.8)%	2,568,000	(27.8)%
Other permanent differences	107,000	(0.5)%	38,000	(67.3)%	(276,000)	0.8%	63,000	(0.7)%
Total income tax expense (benefit)	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%

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

Revenue and Earnings before Tax by Reportable Segment — Three and Six Months Ended June 30, 2019 Compared to the Same Period in 2018

Comparison of revenue by reportable segment for the periods indicated is as follows:

	Three Months Ended June 30,		
	2019	2018	Increase/ (Decrease)
Revenue:			
Secondary Life Insurance	\$ 20,778,000	\$ 24,226,000	\$ (3,448,000)
Investment in Beneficient	3,144,000	-	3,144,000
Corporate & Other	88,000	89,000	(1,000)
Total	<u>\$ 24,010,000</u>	<u>\$ 24,315,000</u>	<u>\$ (305,000)</u>

	Six Months Ended June 30,		
	2019	2018	Increase/ (Decrease)
Revenue:			
Secondary Life Insurance	\$ 42,961,000	\$ 38,666,000	\$ 4,295,000
Investment in Beneficient	6,014,000	-	6,014,000
Corporate & Other	252,000	191,000	61,000
Total	<u>\$ 49,227,000</u>	<u>\$ 38,857,000</u>	<u>\$ 10,370,000</u>

The primary drivers of the changes for the three and six months ended June 30, 2019 compared to the same period in 2018 were as follows:

- Secondary Life Insurance revenue decreased by \$3.4 million for the three months ended June 30, 2019 over the comparable period in 2018 primarily as a result of \$3.3 million increased premium costs and \$4.0 million lower unrealized gains on acquisitions, partially offset by \$4.1 million higher revenue recognized on life insurance policy maturities. Secondary Life Insurance revenue increased by \$4.3 million for the six months ended June 30, 2019 over the comparable period in 2018 primarily as a result of \$14.8 million higher revenue recognized on life insurance policy maturities and \$5.0 lower charges on life expectancy evaluation updates, partially offset by \$6.9 million increased premium costs, \$6.5 million lower unrealized gain on acquisition and \$2.2 million lower change in estimated probabilistic cash flows in the current period.
- Investment in Beneficient revenue for the three and six months ended June 30, 2019 represents interest income on \$192 million of financing receivables resulting from the Exchange Transaction with Beneficient in the third and fourth quarters of 2018. Also included is interest income from the loan executed with the LiquidTrust Borrowers in June 2019. See Note 6 to the condensed consolidated financial statements regarding our financing receivables with affiliates.

Comparison of earnings before tax by reportable segment for the periods indicated:

	Three Months Ended June 30,		
	2019	2018	Increase/ (Decrease)
Segment Earnings Before Tax:			
Secondary Life Insurance	\$ (9,000,000)	\$ 4,942,000	\$ (13,942,000)
Investment in Beneficient	(3,136,000)	-	(3,136,000)
Corporate & Other	(9,195,000)	(4,999,000)	(4,196,000)
Total	<u>\$ (21,331,000)</u>	<u>\$ (57,000)</u>	<u>\$ (21,274,000)</u>

Segment Earnings Before Tax:	Six Months Ended June 30,		
	2019	2018	Increase/ (Decrease)
Secondary Life Insurance	\$ (10,623,000)	\$ 676,000	\$ (11,299,000)
Investment in Beneficient	(9,072,000)	-	(9,072,000)
Corporate & Other	(16,250,000)	(9,912,000)	(6,338,000)
Total	<u>\$ (35,945,000)</u>	<u>\$ (9,236,000)</u>	<u>\$ (26,709,000)</u>

The primary drivers of the change for the three months ended June 30, 2019 compared to the same period in 2018 were as follows:

- Secondary Life Insurance decreased by \$13.9 million due to a \$3.4 million decrease in the gain on life insurance policies, net as described above in the discussion of consolidated results of operations. The additional \$10.5 million decrease is a result of the following:
 - Increase in interest expense of \$4.5 million as a result of higher average debt outstanding and an interest rate increase of 0.05% on the senior credit facility debt outstanding in 2019.
 - An increase in operating expenses of \$6.0 million, primarily resulting from higher compensation costs, higher professional fees and insurance costs.
- Investment in Beneficient results in 2019 primarily consisted of interest income of \$3.1 million from financing receivables, offset by \$6.9 million of interest expense on the Seller Trust L Bonds issued to finance the Exchange Transaction and \$0.6 million of equity method earnings of Beneficient.
- Corporate and Other operating loss increased primarily due to a \$1.2 million increase in investments in insurtech initiatives, and a \$3.0 million increase in other corporate costs, including professional fees, insurance and incentive costs.

The primary drivers of the change for the six months ended June 30, 2019 compared to the same period in 2018 were as follows:

- Secondary Life Insurance decreased by \$11.3 as a result of the following:
 - Increase in interest expense of \$8.5 million as a result of higher average debt outstanding and an interest rate increase of 0.47% on the senior credit facility debt outstanding in 2019.
 - \$4.3 million increase in the gain on life insurance policies, net as described above in the discussion of consolidated results of operations.
 - An increase in operating expenses of \$7.1 million, primarily resulting from higher compensation costs, higher professional fees and insurance costs.
- Investment in Beneficient results in 2019 primarily consisted of interest income of \$6.0 million from financing receivables, offset by \$13.8 million of interest expense on the Seller Trust L Bonds issued to finance the Exchange Transaction and a \$1.3 million loss from equity method earnings of Beneficient.
- Corporate and Other operating loss increased primarily due to a \$2.6 million increase in investments in insurtech initiatives, and a \$3.7 million increase in other corporate costs, including professional fees, insurance and incentive costs.

Liquidity and Capital Resources

We finance our businesses through a combination of life insurance policy benefit receipts, dividends and interest on investments, equity offerings, debt offerings and our amended and restated senior credit facility with LNV Corporation. 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 currently fund our business mostly with shorter term debt while most of our assets have significantly longer durations. The resulting asset/liability mismatch can result in a liquidity shortage 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. As further described below, we were unable to offer our L Bonds, our primary source of debt capital, for the approximately three month period commencing May 1, 2019, and 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.

As of June 30, 2019 and December 31, 2018, we had approximately \$82.5 million and \$141.9 million, respectively, in combined available cash, cash equivalents, restricted cash and policy benefits receivable.

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 our amended and restated senior credit facility with LNV Corporation. We also obtain borrowing base capacity through the offering of our L Bonds, subject to our ability to offer and sell L Bonds. The amended and restated senior credit facility with LNV Corporation has certain financial and nonfinancial covenants. Due to our failure to deliver GWG Life, LLC audited financial statements for 2018 to LNV Corporation within 90 days after the end of the year, and our failure to comply with a similar requirement to issue GWG Life, LLC unaudited financial statements to LNV Corporation for the first quarter of 2019 within 45 days after March 31, 2019, we were in violation of our debt covenants as of June 30, 2019. CLMG Corp., as administrative agent for LNV Corporation, issued a forbearance extending the delivery date for these financial statements until July 22, 2019. The covenant violations were cured during the forbearance period and we are in compliance with the debt covenants as of the date of this report.

On August 10, 2018, we issued \$50 million of Series B in connection with the Initial Transfer of the Exchange Transaction. Approximately half of the proceeds from this sale were distributed to common shareholders pursuant to a special dividend paid on September 5, 2018 to shareholders of record on August 27, 2018. The remaining amount is expected to be utilized primarily for our insurtech initiatives, although these amounts are available for general corporate purposes. We do not expect to issue any additional Series B.

As of August 29, 2019, we had approximately \$62.3 million in combined available cash, cash equivalents, restricted cash and policy benefits receivable. The decrease from approximately \$82.5 million as of June 30, 2019 is due, in part, to our temporarily suspending the offering of our L Bonds, on which we heavily rely to fund our business operations. As described elsewhere in this report, the suspension resulted from our delinquency in filing certain periodic reports with the SEC. After regaining compliance with our SEC reporting obligations, we recommenced our offering of L Bonds on August 8, 2019. If we are forced to suspend our L Bond offering in the future for any significant additional length of time 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.

Financings Summary

We had the following outstanding debt balances as of June 30, 2019 and December 31, 2018:

Issuer/Borrower	June 30, 2019		December 31, 2018	
	Principal Amount Outstanding	Weighted Average Interest Rate	Principal Amount Outstanding	Weighted Average Interest Rate
GWG DLP Funding IV, LLC – LNV senior credit facility (see Note 9)	\$ 138,640,000	10.25%	\$ 158,209,000	10.45%
GWG Holdings, Inc. – L Bonds (see Note 10)	797,918,000	7.12%	662,152,000	7.10%
GWG Holdings, Inc. – Seller Trust L Bonds (see Note 11)	366,892,000	7.50%	366,892,000	7.50%
Total	\$ 1,303,450,000	7.56%	\$ 1,187,253,000	7.67%

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

	June 30, 2019	December 31, 2018
Senior credit facility with LNV Corporation		
Face amount outstanding	\$ 138,640,000	\$ 158,209,000
Unamortized selling costs	(8,704,000)	(9,231,000)
Carrying amount	<u>\$ 129,936,000</u>	<u>\$ 148,978,000</u>
L Bonds and Seller Trust L Bonds:		
Face amount outstanding	\$ 1,164,810,000	\$ 1,029,044,000
Subscriptions in process	14,808,000	13,467,000
Unamortized selling costs	(30,278,000)	(24,216,000)
Carrying amount	<u>\$ 1,149,340,000</u>	<u>\$ 1,018,295,000</u>

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

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

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

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

In January 2015, we began publicly offering up to \$1.0 billion of L Bonds as a follow-on to our earlier \$250.0 million public debt offering. In January 2018, we began publicly offering up to \$1.0 billion L Bonds as a follow-on to our earlier L Bond offering. Through June 30, 2019, the total amount of these L Bonds sold, including renewals, was \$1.4 billion. As of June 30, 2019 and December 31, 2018, respectively, we had approximately \$797.9 million and \$662.1 million in principal amount of L Bonds outstanding (exclusive of Seller Trust L Bonds).

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

In February 2017, we began publicly offering up to 150,000 shares of 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. 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 11 to the condensed consolidated financial statements).

In August 2018, we offered and sold 5,000,000 shares of our Series B Convertible Preferred Stock in reliance upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933. The Series B shares were issued at \$10 per share for cash consideration of \$50 million.

On December 28, 2018, the Series B converted into 5,000,000 shares of our common stock at a conversion price of \$10.00 per share immediately following the Final Closing of the Exchange Transaction.

The weighted-average interest rate of our outstanding L Bonds (excluding the Seller Trust L Bonds) as of June 30, 2019 and December 31, 2018 was 7.12% and 7.10%, respectively, and the weighted-average maturity at those dates was 2.89 and 2.83 years, respectively. Our L Bonds have renewal features. Since we first issued our L Bonds, we have experienced \$573.8 million in maturities, of which \$326.6 million has renewed through June 30, 2019 for an additional term. This has provided us with an aggregate renewal rate of approximately 56.9% for investments in these securities.

Future contractual maturities of L Bonds and Seller Trust L Bonds at June 30, 2019 are as follows:

Years Ending December 31,	L Bonds
Nine months ending December 31, 2019	\$ 72,980,000
2020	159,435,000
2021 ⁽¹⁾	527,220,000
2022	99,802,000
2023	73,616,000
2024	75,135,000
Thereafter	156,622,000
	<u><u>\$ 1,164,810,000</u></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 \$366,892,000 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 GWG's 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 Agreement and (ii) BEN LP 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 amended and restated senior credit facility with LNV Corporation.

On September 27, 2017, we entered into a \$300 million amended and restated senior credit facility with LNV Corporation in which DLP IV is the borrower. We intend to use the proceeds from this facility to maintain our portfolio of life insurance policies, for liquidity and for general corporate purposes. As of June 30, 2019, we had approximately \$138.6 million outstanding under the senior credit facility.

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 (primarily our investments in Beneficient), and funding available from our amended and restated senior credit facility with LNV Corporation. We estimate that our liquidity and capital resources are sufficient for our current and projected financial needs for at least the next twelve months given current assumptions. However, if we are unable to continue our L 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 in 2019 or beyond.

Alternative Assets and Secured Indebtedness

At June 30, 2019, the fair value of our investments in life insurance policies of \$799.3 million plus our cash balance of \$71.5 million, restricted cash balance of \$5.3 million, life insurance policy benefits receivable of \$5.6 million, and other assets of \$659.5 million (which are mostly related to our investment in BEN LP and our financing receivables from affiliates) totaled \$1,541.2 million, representing an excess of portfolio assets over secured indebtedness of \$237.8 million. At December 31, 2018, the fair value of our investments in life insurance policies of \$747.9 million plus our cash balance of \$114.6 million, restricted cash balance of \$10.8 million, life insurance policy benefits receivable of \$16.5 million, and other assets of \$591.0 million totaled \$1,480.8 million, representing an excess of portfolio assets over secured indebtedness of \$293.6 million.

The following forward-looking table seeks to illustrate the impact that a hypothetical sale of our portfolio of life insurance assets (at various discount rates), and the realization of the financing receivables from affiliates, equity method investment in BEN LP (a substantial majority of the net assets of which are currently represented by intangible assets and goodwill) 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, 2019. 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 amended and restated senior credit facility with LNV Corporation. The net sale proceeds remaining after satisfying all obligations under our amended and restated senior credit facility with LNV Corporation would be applied to the L Bonds and Seller Trust L Bonds on a pari passu basis.

Life Insurance Portfolio

Discount Rate	10%	12%	14%	15%	16%
Value of life insurance portfolio	\$ 728,749,000	\$ 660,684,000	\$ 603,268,000	\$ 577,861,000	\$ 554,353,000
Cash, cash equivalents and policy benefits receivable	82,461,000	82,461,000	82,461,000	82,461,000	82,461,000
Other assets ⁽²⁾	659,497,000	659,497,000	659,497,000	659,497,000	659,497,000
Total assets	1,470,707,000	1,402,642,000	1,345,226,000	1,319,819,000	1,296,311,000
Senior credit facility	138,640,000	138,640,000	138,640,000	138,640,000	138,640,000
Net after senior credit facility	1,332,067,000	1,264,002,000	1,206,586,000	1,181,179,000	1,157,671,000
L Bonds ⁽¹⁾	1,164,810,000	1,164,810,000	1,164,810,000	1,164,810,000	1,164,810,000
Net remaining	\$ 167,257,000	\$ 99,192,000	\$ 41,776,000	\$ 16,369,000	\$ (7,139,000)
Impairment to L Bonds	No impairment	No impairment	No impairment	No Impairment	Impairment

(1) Amount represents L Bonds and Seller Trust L Bonds

(2) Other assets includes equity method investment, financing receivables from affiliates and the equity security investment in the Option Agreement. Beneficient issued to GWG an option (the "Option Agreement") to acquire the number of common units of BEN LP, interests or other property that would be received by a holder of the NPC-A Prime limited partnership interests of Beneficient Company Holdings, L.P., an affiliate of BEN LP.

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 realization of the financing receivables from affiliates, equity method investment 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 15.69% or higher at June 30, 2019. At December 31, 2018, the likely impairment occurred at a discount rate of approximately 18.70% or higher. The discount rate used to calculate the fair value of our life insurance portfolio was 8.25% as of both June 30, 2019 and December 31, 2018.

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 with affiliates, equity method investment 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 amended and restated senior credit facility with LNV Corporation.

The table assumes we will realize the full amounts of our financing receivables, equity method investment, and equity security investment in the Option Agreement. There is currently no market for our financing receivables with affiliates, equity method investment and equity security investment in the Option Agreement, and a market may not develop. Our Commercial Loan receivable and a portion of our equity method investment in BEN LP 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 Notes 6 and 11 to the condensed consolidated financial statements). This table also does not include the yield maintenance fee, which could be substantial, we are required to pay in certain circumstances under our amended and restated senior credit facility with LNV Corporation. You should read the above table in conjunction with the information contained in other sections of this report, including Critical Accounting Policies — Fair Value Components — Discount Rate and the notes to the condensed consolidated financial statements.

Amendment of Credit Facility

Effective September 27, 2017, DLP IV entered into an amended and restated senior credit facility with LNV Corporation. The amended and restated senior credit facility makes available a total of up to \$300,000,000 in credit to DLP IV with a maturity date of September 27, 2029. Additional advances are available under the amended and restated senior credit facility at the LIBOR rate described below. Advances are available as the result of additional borrowing base capacity, created as the premiums and servicing costs of pledged life insurance policies become due and by additional policy pledges to the amended and restated senior credit facility, if any. Interest will accrue on amounts borrowed under the amended and restated senior 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 12-month LIBOR or the federal funds rate (as defined in the agreement) plus one-half of one percent per annum, plus (b) 7.50% per annum. The effective rate at June 30, 2019 was 10.22%. Interest payments are made on a quarterly basis.

Under the amended and restated senior 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 amended and restated 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 amended and restated senior credit facility with LNV Corporation, 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. Due to our failure to deliver GWG Life audited financial statements for 2018 to LNV Corporation within 90 days after the end of the year, and our failure to comply with a similar requirement to issue GWG Life, LLC unaudited financial statements to LNV Corporation for the first quarter of 2019 within 45 days after March 31, 2019, we were in violation of our debt covenants as of June 30, 2019. CLMG Corp., as administrative agent for LNV Corporation, issued a forbearance extending the delivery date for these financial statements until July 22, 2019. The covenant violations were cured during the forbearance period and we are in compliance with the debt covenants as of the date of this report.

Cash Flows

Interest and Dividend Payments

We finance our businesses through a combination of life insurance policy benefit receipts, dividends and interest on investments (primarily our investments in Beneficient), equity offerings, debt offerings and our amended and restated senior credit facility with LNV Corporation. We have historically relied on debt (L Bonds and our amended and restated 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) 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.

Our total interest expense of \$28.5 million and \$17.1 million for the three months ended, and \$55.5 million and \$33.2 million for the six months ended, June 30, 2019 and 2018, respectively, represent the largest single line item of expense in each period. Preferred stock cash dividends were \$4.3 million for both the three months ended, and \$8.5 million and \$8.0 million for the six months ended June 30, 2019 and 2018, 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, amended and restated 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 amended and restated senior credit facility with LNV Corporation.

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

Years Ending December 31,	Premiums	Servicing	Total
Six months ending December 31, 2019	\$ 33,928,000	\$ 829,000	\$ 34,757,000
2020	77,911,000	1,658,000	79,569,000
2021	90,331,000	1,658,000	91,989,000
2022	103,573,000	1,658,000	105,231,000
2023	115,898,000	1,658,000	117,556,000
2024	125,937,000	1,658,000	127,595,000
	<u>\$ 547,578,000</u>	<u>\$ 9,119,000</u>	<u>\$ 556,697,000</u>

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. During 2018, we received notice of, or support for, COI rate changes on 30 policies with combined face value of \$84.6 million in our portfolio. These increased charges resulted in a \$5.1 million reduction in the fair value of our life insurance portfolio in 2018. We have not received any notices of COI rate changes in 2019.

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	12-Month Trailing Benefits Realized	12-Month Trailing Premiums Paid	12-Month Trailing Benefits/Premium Coverage Ratio
March 31, 2015	\$ 754,942,000	\$ 46,675,000	\$ 23,786,000	196.2%
June 30, 2015	806,274,000	47,125,000	24,348,000	193.5%
September 30, 2015	878,882,000	44,482,000	25,313,000	175.7%
December 31, 2015	944,844,000	31,232,000	26,650,000	117.2%
March 31, 2016	1,027,821,000	21,845,000	28,771,000	75.9%
June 30, 2016	1,154,798,000	30,924,000	31,891,000	97.0%
September 30, 2016	1,272,078,000	35,867,000	37,055,000	96.8%
December 31, 2016	1,361,675,000	48,452,000	40,239,000	120.4%
March 31, 2017	1,447,558,000	48,189,000	42,753,000	112.7%
June 30, 2017	1,525,363,000	49,295,000	45,414,000	108.5%
September 30, 2017	1,622,627,000	53,742,000	46,559,000	115.4%
December 31, 2017	1,676,148,000	64,719,000	52,263,000	123.8%
March 31, 2018	1,758,066,000	60,248,000	53,169,000	113.3%
June 30, 2018	1,849,079,000	76,936,000	53,886,000	142.8%
September 30, 2018	1,961,598,000	75,161,000	55,365,000	135.8%
December 31, 2018	2,047,992,000	71,090,000	52,675,000	135.0%
March 31, 2019	2,098,428,000	87,045,000	56,227,000	154.8%
June 30, 2019	2,088,445,000	82,421,000	59,454,000	138.6%

We believe 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 begin to allocate substantially more capital to Beneficient and reduce capital allocated to acquiring a larger, more diversified portfolio of life insurance policies.

Inflation

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

Off-Balance Sheet Arrangements

None.

Credit Risk

We review the credit risk associated with our portfolio of life insurance policies when estimating its fair value. In evaluating the policies' credit risk, we consider insurance company solvency, credit risk indicators, economic conditions, ongoing credit evaluations, and company positions. We attempt to manage our credit risk related to life insurance policies typically by purchasing policies issued only from companies with an investment-grade credit rating by either Standard & Poor's, Moody's, or A.M. Best Company. As of June 30, 2019, 95.7% 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 Exchange Transaction are excluded from this analysis.

Interest Rate Risk

Our amended and restated senior credit facility with LNV Corporation is floating-rate financing. In addition, our ability to offer interest and dividend rates that attract capital (including in our continuous offering of L Bonds) is generally impacted by prevailing interest rates. Furthermore, while our L Bond offering provides us with fixed-rate debt financing, our Debt Coverage Ratio is calculated in relation to the interest rate on all of our debt financing, 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.

Increases in interest rates could also adversely affect Beneficient's earnings, which could result in less earnings for GWG from our equity method investment in Beneficient and/or impairment thereof.

Non-GAAP Financial Measures – Discontinuation

The Company in the past has provided non-GAAP financial measures as additional information to investors in order to provide an alternative method for assessing our financial condition and operating results. These non-GAAP financial measures are not in accordance with GAAP and may be different from non-GAAP measures used by other companies, including other companies within our industry.

Historically, we used non-GAAP financial measures for management’s assessment of our financial condition and operating results without regard to GAAP fair value standards. The application of current GAAP fair value standards, especially during a period of significant growth of our life insurance portfolio may result in current period GAAP financial results that may not be reflective of our long-term earnings potential. Management believed our non-GAAP financial measures provided investors an alternative view of our long-term earnings potential without regard to the volatility in GAAP financial results that can occur during the growth stage of our life insurance portfolio and company.

Due primarily to the Beneficient Transactions and the Expanded Strategic Relationship with Beneficient, and to a lesser extent the size and actuarial diversity of our portfolio of life insurance policies, we believe that our historical non-GAAP financial measures are no longer relevant. Therefore, we no longer disclose non-GAAP financial measures.

Debt Coverage Ratio

Our L Bond borrowing covenants require us to maintain a Debt Coverage Ratio of less than 90%. The Debt Coverage Ratio is calculated by dividing the sum of our total interest-bearing indebtedness by the sum of our cash, cash equivalents, 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.

	June 30, 2019	December 31, 2018
Life insurance portfolio policy benefits	\$ 2,088,445,000	\$ 2,047,992,000
Discount rate of future cash flows ⁽¹⁾	7.58%	7.75%
Net present value of life insurance portfolio policy benefits	\$ 829,515,000	\$ 770,074,000
All cash and cash equivalents (including restricted cash)	76,885,000	125,436,000
Life insurance policy benefits receivable (net of allowance)	5,576,000	16,461,000
Other assets ⁽²⁾	659,497,000	591,048,000
Total Coverage	<u>\$ 1,571,473,000</u>	<u>\$ 1,503,019,000</u>
Senior credit facility with LNV Corporation	\$ 138,640,000	\$ 158,209,000
L Bonds and Seller Trust L Bonds	1,164,810,000	1,029,044,000
Total Indebtedness	<u>\$ 1,303,450,000</u>	<u>\$ 1,187,253,000</u>
Debt Coverage Ratio	82.94%	78.99%

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

(2) The Total Coverage amount as of June 30, 2019 includes “other assets” of GWG Holdings as reflected on its most recently available balance sheet prepared in accordance with GAAP. The definition of the Debt Coverage Ratio was defined in Amendment No. 1 to the Amended and Restated Indenture entered into as of March 27, 2018.

As of June 30, 2019 and December 31, 2018, we were in compliance with the Debt Coverage Ratio.

Portfolio Information

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2019, is summarized below:

Life Insurance Portfolio Summary

Total life insurance portfolio face value of policy benefits	\$	2,088,445,000
Average face value per policy	\$	1,755,000
Average face value per insured life	\$	1,885,000
Average age of insured (years)*		82.0
Average life expectancy estimate (years)*		7.4
Total number of policies		1,190
Number of unique lives		1,108
Demographics	77% Male; 23% Female	
Number of smokers		50
Largest policy as % of total portfolio face value		0.63%
Average policy as % of total portfolio face value		0.08%
Average annual premium as % of face value		3.1%

* Averages presented in the table are weighted averages.

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2019, 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		Wtd. Avg. LE (Years)
				Number of Policies	Policy Benefits	
95	101	20	\$ 34,983,000	1.7%	1.7%	2.2
90	94	137	264,706,000	11.5%	12.7%	3.4
85	89	254	591,398,000	21.3%	28.3%	5.2
80	84	251	454,671,000	21.1%	21.8%	7.8
75	79	227	371,066,000	19.1%	17.8%	10.0
70	74	224	297,229,000	18.8%	14.2%	11.3
60	69	77	74,392,000	6.5%	3.5%	11.6
Total		1,190	\$ 2,088,445,000	100.0%	100.0%	7.4

Our portfolio of life insurance policies, owned by our subsidiaries as of June 30, 2019, 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	Percentage of Total	
				Number of Policies	Policy Benefits
1	47	263	\$ 397,492,000	22.1%	19.0%
48	71	227	425,097,000	19.1%	20.4%
72	95	235	442,828,000	19.7%	21.2%
96	119	190	316,259,000	16.0%	15.2%
120	143	132	232,475,000	11.1%	11.1%
144	179	108	179,844,000	9.1%	8.6%
180	246	35	94,450,000	2.9%	4.5%
Total		1,190	\$ 2,088,445,000	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 3.14% as of June 30, 2019. We believe that 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, 2019, approximately 95.7% 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, 2019, our ten largest life insurance company credit exposures and the Standard & Poor's credit rating of their respective financial strength and claims-paying ability is set forth below:

Distribution of Policy Benefits by Top 10 Insurance Companies

Rank	Policy Benefits	Percentage of Policy Benefit Amount	Insurance Company	Ins. Co. S&P Rating
1	\$ 293,896,000	14.1%	John Hancock Life Insurance Company	AA-
2	239,058,000	11.4%	Lincoln National Life Insurance Company	AA-
3	220,951,000	10.6%	AXA Equitable Life Insurance Company	A+
4	207,344,000	9.9%	Transamerica Life Insurance Company	AA-
5	120,332,000	5.8%	Metropolitan Life Insurance Company	AA-
6	97,918,000	4.7%	American General Life Insurance Company	A+
7	85,998,000	4.1%	Pacific Life Insurance Company	AA-
8	71,526,000	3.4%	ReliaStar Life Insurance Company	A
9	71,058,000	3.4%	Security Life of Denver Insurance Company	A
10	64,095,000	3.1%	Massachusetts Mutual Life Insurance Company	AA+
	\$ 1,473,176,000	70.5%		

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, 2019 (the end of the period covered by this report). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, due to material weaknesses in internal control over financial reporting described in Part II, Item 9A of our 2018 Annual Report on Form 10-K for the year ended December 31, 2018, our disclosure controls and procedures were not effective as of June 30, 2019.

Changes in Internal Control over Financial Reporting

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, other than as described below under the caption “Remediation Plan”.

Remediation Plan

We began implementing a remediation plan to address the control deficiencies that led to the material weaknesses mentioned above. The remediation plan includes the following:

- Assessing the sufficiency of accounting resources and personnel to effectively design and execute process level controls over complex non-recurring transactions and obtaining additional resources and/or personnel where required. We are also assessing our level of engagement of external professional services supporting these processes.
- Active engagement with our material equity method investee to define reporting requirements and timelines to help ensure dependencies from them for our reporting deliverables are successfully met.

We are in the design and implementation phase of our remediation plan described above. The material weaknesses cannot be considered remediated until the controls have operated for a sufficient period of time and until management has concluded, through testing, that the control is operating effectively. Our goal is to remediate these material weaknesses by December 31, 2019.

PART II — OTHER INFORMATION

ITEM 5. OTHER INFORMATION

On April 26, 2019, the limited partnership agreement of Beneficient Company Holdings, L.P. was amended and restated pursuant to that certain Fourth Amended and Restated Limited Partnership Agreement (the “Beneficient Partnership Agreement”). The Beneficient Partnership Agreement is filed as Exhibit 99.3 to this report. Portions of the Beneficient Partnership Agreement have been omitted because they are both not material and would be competitively harmful if publicly disclosed.

ITEM 6. EXHIBITS

Exhibit	
---------	--

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 August 23, 2019 (filed herewith).</u>
99.2	<u>Portfolio of Life Insurance Policies as of June 30, 2019 (filed herewith).</u>
99.3	<u>Fourth Amended and Restated Limited Partnership Agreement of Beneficient Company Holdings, L.P., dated as of April 26, 2019 (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

*Portions of Exhibit 99.3 have been omitted.

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: September 3, 2019

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

Date: September 3, 2019

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

EXHIBIT INDEX

Exhibit

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 August 23, 2019 (filed herewith).</u>
99.2	<u>Portfolio of Life Insurance Policies as of June 30, 2019 (filed herewith).</u>
99.3	<u>Fourth Amended and Restated Limited Partnership Agreement of Beneficient Company Holdings, L.P., dated as of April 26, 2019 (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

*Portions of Exhibit 99.3 have been omitted.

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.

Date: September 3, 2019

/s/ Murray T. Holland
Chief Executive Officer

SECTION 302 CERTIFICATION

I, Timothy 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.

Date: September 3, 2019

/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, 2019, 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 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

September 3, 2019

/s/ Timothy L. Evans

Timothy L. Evans

Chief Financial Officer

September 3, 2019



August 23, 2019

GWG Life, LLC
220 South Sixth Street, Suite 1200
Minneapolis MN 55402
United States of America

Dear Sirs

Re: GWG Life Settlements Portfolio – Quarterly Valuation as of June 30, 2019

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: /s/ Mark Venn

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, 2019	March 31, 2019
Pricing Date:	August 15, 2019	June 14, 2019
ClariNet LS Portfolio Name:	GWG 2019 Q2 Snapshot 2019-08-13 9:27:04 PM	GWG 2019 Q1 Snapshot
Total Face Amount:	\$2,119,687,386	\$2,121,790,670
Total Net Death Benefit:	\$2,088,445,176	\$2,098,427,519
Number of Active Policies:	1,190	1,194
Discount Rate:	8.25%	8.25%
Net Present Value:	\$799,266,180	\$782,184,731

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
Apple 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

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.

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
1	\$ 8,000,000	F	101	16	Massachusetts Mutual Life Insurance Company	AA+
2	\$ 805,000	M	99	21	John Hancock Life Insurance Company (U.S.A.)	AA-
3	\$ 100,000	M	99	29	Farm Bureau Life Insurance Company	NR
4	\$ 1,556,751	F	98	23	Accordia Life and Annuity Company	A-
5	\$ 360,000	M	98	11	John Hancock Life Insurance Company (U.S.A.)	AA-
6	\$ 1,000,000	F	97	39	Transamerica Life Insurance Company	AA-
7	\$ 264,000	F	97	14	Lincoln Benefit Life Company	BBB
8	\$ 125,000	F	97	0	Lincoln National Life Insurance Company	AA-
9	\$ 250,000	M	96	9	Transamerica Life Insurance Company	AA-
10	\$ 3,500,000	M	96	32	ReliaStar Life Insurance Company	A
11	\$ 800,000	F	96	47	Lincoln National Life Insurance Company	AA-
12	\$ 1,000,000	F	96	21	ReliaStar Life Insurance Company	A
13	\$ 2,000,000	F	95	9	Pruco Life Insurance Company	AA-
14	\$ 5,000,000	F	95	44	American General Life Insurance Company	A+
15	\$ 5,000,000	F	95	21	John Hancock Life Insurance Company (U.S.A.)	AA-
16	\$ 3,000,000	M	95	38	West Coast Life Insurance Company	AA-
17	\$ 572,429	F	95	18	ReliaStar Life Insurance Company	A
18	\$ 500,000	F	95	50	John Hancock Life Insurance Company (U.S.A.)	AA-
19	\$ 1,000,000	F	95	16	Lincoln National Life Insurance Company	AA-
20	\$ 150,000	M	95	8	Transamerica Life Insurance Company	AA-
21	\$ 500,000	M	94	30	Massachusetts Mutual Life Insurance Company	AA+
22	\$ 5,000,000	M	94	25	John Hancock Life Insurance Company (U.S.A.)	AA-
23	\$ 1,682,773	F	94	38	Hartford Life and Annuity Insurance Company	BBB
24	\$ 3,100,000	F	94	20	Lincoln Benefit Life Company	BBB
25	\$ 500,000	F	94	30	Massachusetts Mutual Life Insurance Company	AA+
26	\$ 1,000,000	F	94	30	Hartford Life and Annuity Insurance Company	BBB
27	\$ 1,000,000	F	94	30	Massachusetts Mutual Life Insurance Company	AA+
28	\$ 500,000	M	94	37	ReliaStar Life Insurance Company	A
29	\$ 100,000	M	94	43	Sun Life Assurance Company of Canada (U.S.)	AA-
30	\$ 5,000,000	F	93	13	Lincoln National Life Insurance Company	AA-
31	\$ 1,350,000	F	93	25	Lincoln National Life Insurance Company	AA-
32	\$ 3,500,000	F	93	44	Lincoln National Life Insurance Company	AA-
33	\$ 1,203,520	M	93	33	Columbus Life Insurance Company	AA-
34	\$ 5,000,000	F	93	32	ReliaStar Life Insurance Company	A
35	\$ 1,000,000	F	93	37	United of Omaha Life Insurance Company	AA-
36	\$ 3,500,000	F	93	51	John Hancock Life Insurance Company (U.S.A.)	AA-
37	\$ 500,000	M	93	24	Allianz Life Insurance Company of North America	AA
38	\$ 375,000	M	93	21	Lincoln National Life Insurance Company	AA-
39	\$ 500,000	F	93	15	Lincoln National Life Insurance Company	AA-
40	\$ 4,000,000	M	93	37	Lincoln National Life Insurance Company	AA-
41	\$ 5,500,000	M	93	17	Transamerica Life Insurance Company	AA-
42	\$ 1,000,000	M	93	30	John Hancock Life Insurance Company (U.S.A.)	AA-
43	\$ 5,000,000	M	92	33	American General Life Insurance Company	A+
44	\$ 2,500,000	F	92	42	American General Life Insurance Company	A+
45	\$ 5,000,000	M	92	37	AXA Equitable Life Insurance Company	A+
46	\$ 2,225,000	F	92	62	Transamerica Life Insurance Company	AA-
47	\$ 4,000,000	F	92	59	Transamerica Life Insurance Company	AA-
48	\$ 1,803,455	F	92	36	Metropolitan Life Insurance Company	AA-
49	\$ 1,529,270	F	92	36	Metropolitan Life Insurance Company	AA-
50	\$ 3,000,000	F	92	62	Massachusetts Mutual Life Insurance Company	AA+
51	\$ 2,000,000	M	92	26	John Hancock Life Insurance Company (U.S.A.)	AA-
52	\$ 4,785,380	F	92	25	John Hancock Life Insurance Company (U.S.A.)	AA-
53	\$ 500,000	M	92	45	Lincoln National Life Insurance Company	AA-
54	\$ 1,500,000	M	92	39	Ameritas Life Insurance Corporation	A+
55	\$ 5,000,000	M	92	36	John Hancock Life Insurance Company (U.S.A.)	AA-
56	\$ 1,000,000	F	92	47	Transamerica Life Insurance Company	AA-
57	\$ 2,500,000	M	92	23	Pacific Life Insurance Company	AA-
58	\$ 5,000,000	F	92	39	Massachusetts Mutual Life Insurance Company	AA+
59	\$ 800,000	M	92	52	Lincoln National Life Insurance Company	AA-
60	\$ 250,000	F	92	47	Transamerica Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
61	\$ 1,050,000	M	92	30	John Hancock Life Insurance Company (U.S.A.)	AA-
62	\$ 1,103,922	F	92	40	Sun Life Assurance Company of Canada (U.S.)	AA-
63	\$ 3,000,000	M	92	79	Transamerica Life Insurance Company	AA-
64	\$ 500,000	F	92	20	Nationwide Life and Annuity Insurance Company	A+
65	\$ 2,000,000	M	92	20	John Hancock Life Insurance Company (U.S.A.)	AA-
66	\$ 500,000	F	92	16	Transamerica Life Insurance Company	AA-
67	\$ 313,413	M	92	33	American General Life Insurance Company	A+
68	\$ 300,000	M	92	24	John Hancock Life Insurance Company (U.S.A.)	AA-
69	\$ 400,000	M	92	19	Lincoln National Life Insurance Company	AA-
70	\$ 649,026	F	92	43	Midland National Life Insurance Company	A+
71	\$ 1,000,000	F	92	56	Lincoln National Life Insurance Company	AA-
72	\$ 1,000,000	F	92	38	Metropolitan Life Insurance Company	AA-
73	\$ 700,000	M	92	47	Ohio National Life Assurance Corporation	A
74	\$ 338,259	M	92	12	Voya Retirement Insurance and Annuity Company	A
75	\$ 403,875	M	92	21	John Hancock Life Insurance Company (U.S.A.)	AA-
76	\$ 500,000	M	92	38	Pacific Life Insurance Company	AA-
77	\$ 3,500,000	F	92	31	AXA Equitable Life Insurance Company	A+
78	\$ 900,000	F	92	59	John Hancock Life Insurance Company (U.S.A.)	AA-
79	\$ 1,611,296	F	92	41	New York Life Insurance Company	AA+
80	\$ 400,000	M	92	33	Lincoln National Life Insurance Company	AA-
81	\$ 1,000,000	F	92	36	Protective Life Insurance Company	AA-
82	\$ 1,200,000	M	91	47	Transamerica Life Insurance Company	AA-
83	\$ 500,000	F	91	50	Sun Life Assurance Company of Canada (U.S.)	AA-
84	\$ 5,000,000	F	91	24	Transamerica Life Insurance Company	AA-
85	\$ 7,500,000	M	91	32	Lincoln National Life Insurance Company	AA-
86	\$ 2,500,000	M	91	27	Transamerica Life Insurance Company	AA-
87	\$ 4,445,467	M	91	40	Penn Mutual Life Insurance Company	A+
88	\$ 800,000	M	91	40	National Western Life Insurance Company	A-
89	\$ 1,000,000	F	91	33	West Coast Life Insurance Company	AA-
90	\$ 2,000,000	F	91	33	West Coast Life Insurance Company	AA-
91	\$ 3,000,000	M	91	34	Transamerica Life Insurance Company	AA-
92	\$ 5,000,000	M	91	59	Lincoln National Life Insurance Company	AA-
93	\$ 3,000,000	M	91	70	AXA Equitable Life Insurance Company	A+
94	\$ 250,000	M	91	56	Metropolitan Life Insurance Company	AA-
95	\$ 1,250,000	M	91	15	Columbus Life Insurance Company	AA-
96	\$ 300,000	M	91	15	Columbus Life Insurance Company	AA-
97	\$ 6,000,000	F	91	45	Sun Life Assurance Company of Canada (U.S.)	AA-
98	\$ 4,513,823	F	91	17	Accordia Life and Annuity Company	A-
99	\$ 10,000,000	F	91	51	West Coast Life Insurance Company	AA-
100	\$ 100,000	F	91	28	American General Life Insurance Company	A+
101	\$ 100,000	F	91	28	American General Life Insurance Company	A+
102	\$ 500,000	F	91	16	Transamerica Life Insurance Company	AA-
103	\$ 400,000	F	91	16	Lincoln Benefit Life Company	BBB
104	\$ 1,269,017	M	91	11	Hartford Life and Annuity Insurance Company	BBB
105	\$ 330,000	M	91	44	AXA Equitable Life Insurance Company	A+
106	\$ 175,000	M	91	44	Metropolitan Life Insurance Company	AA-
107	\$ 335,000	M	91	44	Metropolitan Life Insurance Company	AA-
108	\$ 5,000,000	M	91	73	West Coast Life Insurance Company	AA-
109	\$ 1,000,000	F	91	37	Metropolitan Life Insurance Company	AA-
110	\$ 1,000,000	M	91	17	Security Life of Denver Insurance Company	A
111	\$ 1,500,000	F	91	25	Transamerica Life Insurance Company	AA-
112	\$ 500,000	F	91	25	Transamerica Life Insurance Company	AA-
113	\$ 1,000,000	F	91	41	General American Life Insurance Company	NR
114	\$ 1,000,000	M	91	49	AXA Equitable Life Insurance Company	A+
115	\$ 500,000	M	91	20	Transamerica Life Insurance Company	AA-
116	\$ 500,000	F	91	52	Metropolitan Life Insurance Company	AA-
117	\$ 1,900,000	F	91	20	John Hancock Life Insurance Company (U.S.A.)	AA-
118	\$ 300,000	F	91	25	Lincoln National Life Insurance Company	AA-
119	\$ 10,000,000	F	91	55	Pacific Life Insurance Company	AA-
120	\$ 500,000	M	91	42	Lincoln National Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
121	\$ 5,000,000	M	91	44	Transamerica Life Insurance Company	AA-
122	\$ 2,000,000	F	91	45	Security Life of Denver Insurance Company	A
123	\$ 600,000	F	91	71	Lincoln National Life Insurance Company	AA-
124	\$ 2,000,000	M	91	29	Lincoln National Life Insurance Company	AA-
125	\$ 2,500,000	M	91	68	Brighthouse Life Insurance Company	AA-
126	\$ 2,500,000	M	91	68	Brighthouse Life Insurance Company	AA-
127	\$ 409,053	F	91	38	ReliaStar Life Insurance Company	A
128	\$ 2,000,000	M	90	59	Transamerica Life Insurance Company	AA-
129	\$ 1,000,000	F	90	70	Security Life of Denver Insurance Company	A
130	\$ 1,800,000	M	90	42	John Hancock Life Insurance Company (U.S.A.)	AA-
131	\$ 8,500,000	M	90	61	Massachusetts Mutual Life Insurance Company	AA+
132	\$ 1,365,000	F	90	70	Transamerica Life Insurance Company	AA-
133	\$ 1,000,000	M	90	46	John Hancock Life Insurance Company (U.S.A.)	AA-
134	\$ 2,000,000	M	90	46	John Hancock Life Insurance Company (U.S.A.)	AA-
135	\$ 2,000,000	M	90	48	Lincoln National Life Insurance Company	AA-
136	\$ 500,000	M	90	66	Metropolitan Life Insurance Company	AA-
137	\$ 2,000,000	M	90	74	Security Life of Denver Insurance Company	A
138	\$ 2,000,000	M	90	74	Security Life of Denver Insurance Company	A
139	\$ 2,000,000	M	90	74	Security Life of Denver Insurance Company	A
140	\$ 1,000,000	M	90	29	Massachusetts Mutual Life Insurance Company	AA+
141	\$ 1,000,000	F	90	14	State Farm Life Insurance Company	AA
142	\$ 1,500,000	F	90	79	Transamerica Life Insurance Company	AA-
143	\$ 200,000	F	90	59	Lincoln National Life Insurance Company	AA-
144	\$ 4,000,000	M	90	34	Metropolitan Life Insurance Company	AA-
145	\$ 209,176	M	90	49	Lincoln National Life Insurance Company	AA-
146	\$ 1,500,000	M	90	40	AXA Equitable Life Insurance Company	A+
147	\$ 1,000,000	M	90	20	Sun Life Assurance Company of Canada (U.S.)	AA-
148	\$ 250,000	M	90	20	Wilton Reassurance Life Insurance Company	NR
149	\$ 200,000	M	90	42	American General Life Insurance Company	A+
150	\$ 1,000,000	F	90	37	Nationwide Life and Annuity Insurance Company	A+
151	\$ 1,650,000	M	90	31	Massachusetts Mutual Life Insurance Company	AA+
152	\$ 400,000	M	90	40	Brighthouse Life Insurance Company	AA-
153	\$ 1,000,000	F	90	58	American General Life Insurance Company	A+
154	\$ 3,000,000	F	90	43	Lincoln National Life Insurance Company	AA-
155	\$ 380,000	F	90	45	Security Life of Denver Insurance Company	A
156	\$ 700,000	M	90	44	Ameritas Life Insurance Corporation	A+
157	\$ 3,000,000	M	90	30	John Hancock Life Insurance Company (U.S.A.)	AA-
158	\$ 325,000	M	89	32	Lincoln National Life Insurance Company	AA-
159	\$ 3,000,000	F	89	78	Transamerica Life Insurance Company	AA-
160	\$ 1,000,000	M	89	40	John Hancock Life Insurance Company (U.S.A.)	AA-
161	\$ 5,000,000	F	89	78	American General Life Insurance Company	A+
162	\$ 2,500,000	M	89	42	Metropolitan Life Insurance Company	AA-
163	\$ 2,000,000	M	89	42	AXA Equitable Life Insurance Company	A+
164	\$ 1,750,000	M	89	42	AXA Equitable Life Insurance Company	A+
165	\$ 5,000,000	M	89	62	Security Life of Denver Insurance Company	A
166	\$ 4,000,000	F	89	22	ReliaStar Life Insurance Company of New York	A
167	\$ 3,000,000	F	89	60	Sun Life Assurance Company of Canada (U.S.)	AA-
168	\$ 2,000,000	F	89	69	AXA Equitable Life Insurance Company	A+
169	\$ 1,500,000	M	89	61	AXA Equitable Life Insurance Company	A+
170	\$ 5,000,000	M	89	59	Security Life of Denver Insurance Company	A
171	\$ 2,328,547	M	89	23	Metropolitan Life Insurance Company	AA-
172	\$ 2,000,000	M	89	23	Metropolitan Life Insurance Company	AA-
173	\$ 2,000,000	M	89	18	Transamerica Life Insurance Company	AA-
174	\$ 2,000,000	M	89	28	Metropolitan Life Insurance Company	AA-
175	\$ 3,000,000	M	89	28	Metropolitan Life Insurance Company	AA-
176	\$ 1,014,136	M	89	28	AXA Equitable Life Insurance Company	A+
177	\$ 500,000	M	89	27	New England Life Insurance Company	A+
178	\$ 5,000,000	F	89	32	Security Life of Denver Insurance Company	A
179	\$ 125,000	M	89	38	Jackson National Life Insurance Company	AA-
180	\$ 284,924	M	89	32	Transamerica Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
181	\$ 500,000	F	89	11	Transamerica Life Insurance Company	AA-
182	\$ 1,000,000	F	89	46	AXA Equitable Life Insurance Company	A+
183	\$ 2,000,000	F	89	60	John Hancock Life Insurance Company (U.S.A.)	AA-
184	\$ 1,000,000	F	89	48	Transamerica Life Insurance Company	AA-
185	\$ 4,000,000	F	89	77	John Hancock Life Insurance Company (U.S.A.)	AA-
186	\$ 300,000	F	89	65	Accordia Life and Annuity Company	A-
187	\$ 500,000	M	89	29	Lincoln National Life Insurance Company	AA-
188	\$ 600,000	M	89	47	Ohio National Life Assurance Corporation	A
189	\$ 2,000,000	M	89	85	Protective Life Insurance Company	AA-
190	\$ 5,400,000	M	89	49	Lincoln National Life Insurance Company	AA-
191	\$ 3,000,000	F	89	40	North American Company for Life and Health Insurance	A+
192	\$ 5,000,000	F	89	51	Phoenix Life Insurance Company	BB
193	\$ 563,879	F	89	76	AXA Equitable Life Insurance Company	A+
194	\$ 800,000	F	89	37	Lincoln National Life Insurance Company	AA-
195	\$ 1,000,000	M	89	44	Lincoln National Life Insurance Company	AA-
196	\$ 3,261,000	M	89	49	Pacific Life Insurance Company	AA-
197	\$ 3,500,000	M	89	94	Brighthouse Life Insurance Company	AA-
198	\$ 100,000	M	89	40	John Hancock Life Insurance Company (U.S.A.)	AA-
199	\$ 700,000	F	89	66	Lincoln National Life Insurance Company	AA-
200	\$ 500,000	M	89	56	Lincoln National Life Insurance Company	AA-
201	\$ 250,000	M	89	56	Lincoln National Life Insurance Company	AA-
202	\$ 250,000	M	89	56	Lincoln National Life Insurance Company	AA-
203	\$ 2,000,000	F	89	55	John Hancock Life Insurance Company (U.S.A.)	AA-
204	\$ 1,701,487	M	89	48	Lincoln National Life Insurance Company	AA-
205	\$ 1,000,000	M	88	57	John Hancock Life Insurance Company (U.S.A.)	AA-
206	\$ 6,000,000	F	88	85	American General Life Insurance Company	A+
207	\$ 2,500,000	F	88	56	American General Life Insurance Company	A+
208	\$ 2,000,000	M	88	32	Metropolitan Life Insurance Company	AA-
209	\$ 5,000,000	F	88	78	AXA Equitable Life Insurance Company	A+
210	\$ 1,800,000	F	88	38	Lincoln National Life Insurance Company	AA-
211	\$ 750,000	M	88	65	West Coast Life Insurance Company	AA-
212	\$ 7,600,000	F	88	80	Transamerica Life Insurance Company	AA-
213	\$ 2,000,000	F	88	84	Lincoln Benefit Life Company	BBB
214	\$ 3,500,000	F	88	84	Lincoln Benefit Life Company	BBB
215	\$ 1,500,000	F	88	84	Lincoln Benefit Life Company	BBB
216	\$ 4,000,000	M	88	19	John Hancock Life Insurance Company (U.S.A.)	AA-
217	\$ 5,000,000	M	88	50	Lincoln National Life Insurance Company	AA-
218	\$ 1,000,000	F	88	60	John Hancock Life Insurance Company (U.S.A.)	AA-
219	\$ 1,000,000	M	88	35	Lincoln National Life Insurance Company	AA-
220	\$ 500,000	M	88	8	Genworth Life Insurance Company	B-
221	\$ 3,000,000	F	88	4	AXA Equitable Life Insurance Company	A+
222	\$ 1,703,959	M	88	47	Lincoln National Life Insurance Company	AA-
223	\$ 1,000,000	M	88	42	Hartford Life and Annuity Insurance Company	BBB
224	\$ 2,400,000	M	88	21	Genworth Life Insurance Company	B-
225	\$ 1,433,572	M	88	35	Security Mutual Life Insurance Company of New York	NR
226	\$ 250,000	M	88	4	Midland National Life Insurance Company	A+
227	\$ 2,000,000	F	88	49	New York Life Insurance Company	AA+
228	\$ 600,000	M	88	111	AXA Equitable Life Insurance Company	A+
229	\$ 250,000	M	88	50	ReliaStar Life Insurance Company	A
230	\$ 1,980,000	M	88	26	New York Life Insurance Company	AA+
231	\$ 1,000,000	M	88	25	Metropolitan Tower Life Insurance Company	AA-
232	\$ 3,000,000	M	88	68	Transamerica Life Insurance Company	AA-
233	\$ 1,000,000	M	88	61	Lincoln National Life Insurance Company	AA-
234	\$ 300,000	M	88	31	New England Life Insurance Company	A+
235	\$ 450,000	M	88	35	American General Life Insurance Company	A+
236	\$ 694,487	M	88	46	Lincoln National Life Insurance Company	AA-
237	\$ 2,000,000	M	88	56	American National Insurance Company	A
238	\$ 3,250,000	F	88	76	Metropolitan Life Insurance Company	AA-
239	\$ 3,075,000	F	88	76	Metropolitan Life Insurance Company	AA-
240	\$ 1,500,000	M	88	39	Voya Retirement Insurance and Annuity Company	A

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
241	\$ 1,000,000	F	88	80	ReliaStar Life Insurance Company	A
242	\$ 1,750,000	M	88	31	American General Life Insurance Company	A+
243	\$ 1,750,000	M	88	31	American General Life Insurance Company	A+
244	\$ 500,000	M	88	51	Connecticut General Life Insurance Company	A
245	\$ 1,000,000	F	88	69	John Hancock Life Insurance Company (U.S.A.)	AA-
246	\$ 100,000	M	88	61	North American Company for Life and Health Insurance	A+
247	\$ 2,000,000	M	88	85	Lincoln National Life Insurance Company	AA-
248	\$ 664,282	M	88	56	Athene Annuity & Life Assurance Company	A
249	\$ 100,000	M	88	24	Protective Life Insurance Company	AA-
250	\$ 1,500,000	F	88	45	Transamerica Life Insurance Company	AA-
251	\$ 9,000,000	F	88	61	Security Life of Denver Insurance Company	A
252	\$ 250,000	M	88	27	First Penn-Pacific Life Insurance Company	A-
253	\$ 300,000	M	88	74	MetLife Insurance Company USA	AA-
254	\$ 750,000	M	87	62	John Hancock Life Insurance Company (U.S.A.)	AA-
255	\$ 7,600,000	M	87	80	Transamerica Life Insurance Company	AA-
256	\$ 2,000,000	M	87	27	Lincoln Benefit Life Company	BBB
257	\$ 500,000	M	87	78	Metropolitan Life Insurance Company	AA-
258	\$ 2,247,450	F	87	37	Transamerica Life Insurance Company	AA-
259	\$ 6,608,699	F	87	86	Phoenix Life Insurance Company	BB
260	\$ 5,000,000	M	87	64	Lincoln National Life Insurance Company	AA-
261	\$ 10,000,000	M	87	59	AXA Equitable Life Insurance Company	A+
262	\$ 1,500,000	M	87	78	Lincoln National Life Insurance Company	AA-
263	\$ 3,000,000	M	87	50	Metropolitan Life Insurance Company	AA-
264	\$ 4,200,000	F	87	92	Transamerica Life Insurance Company	AA-
265	\$ 2,000,000	M	87	66	Pacific Life Insurance Company	AA-
266	\$ 1,900,000	M	87	43	American National Insurance Company	A
267	\$ 4,500,000	M	87	52	AXA Equitable Life Insurance Company	A+
268	\$ 2,000,000	F	87	75	Lincoln National Life Insurance Company	AA-
269	\$ 3,500,000	F	87	63	AXA Equitable Life Insurance Company	A+
270	\$ 3,500,000	M	87	57	AXA Equitable Life Insurance Company	A+
271	\$ 3,000,000	M	87	33	U.S. Financial Life Insurance Company	NR
272	\$ 2,275,000	M	87	69	ReliaStar Life Insurance Company	A
273	\$ 5,000,000	M	87	62	AXA Equitable Life Insurance Company	A+
274	\$ 3,000,000	F	87	69	Metropolitan Life Insurance Company	AA-
275	\$ 385,000	M	87	47	Metropolitan Life Insurance Company	AA-
276	\$ 500,000	M	87	47	Metropolitan Life Insurance Company	AA-
277	\$ 3,500,000	M	87	43	Pacific Life Insurance Company	AA-
278	\$ 2,147,816	F	87	93	John Hancock Life Insurance Company (U.S.A.)	AA-
279	\$ 400,000	M	87	31	Transamerica Life Insurance Company	AA-
280	\$ 1,000,000	M	87	35	Texas Life Insurance Company	NR
281	\$ 340,000	F	87	57	Jackson National Life Insurance Company	AA-
282	\$ 1,000,000	F	87	71	West Coast Life Insurance Company	AA-
283	\$ 8,500,000	M	87	84	John Hancock Life Insurance Company (U.S.A.)	AA-
284	\$ 1,275,000	M	87	31	General American Life Insurance Company	NR
285	\$ 850,000	M	87	31	American General Life Insurance Company	A+
286	\$ 750,000	M	87	58	AXA Equitable Life Insurance Company	A+
287	\$ 2,500,000	M	87	43	AXA Equitable Life Insurance Company	A+
288	\$ 325,000	M	87	36	Genworth Life and Annuity Insurance Company	B-
289	\$ 175,000	M	87	36	Genworth Life and Annuity Insurance Company	B-
290	\$ 10,000,000	M	87	106	Pacific Life Insurance Company	AA-
291	\$ 5,000,000	M	87	50	Transamerica Life Insurance Company	AA-
292	\$ 302,432	F	87	76	AXA Equitable Life Insurance Company	A+
293	\$ 80,000	F	87	31	Protective Life Insurance Company	AA-
294	\$ 500,000	F	87	76	AXA Equitable Life Insurance Company	A+
295	\$ 500,000	F	87	66	Metropolitan Life Insurance Company	AA-
296	\$ 120,000	F	87	65	Lincoln National Life Insurance Company	AA-
297	\$ 77,000	F	87	65	Lincoln National Life Insurance Company	AA-
298	\$ 200,000	M	87	45	John Hancock Life Insurance Company (U.S.A.)	AA-
299	\$ 5,000,000	M	87	79	Banner Life Insurance Company	AA-
300	\$ 402,500	M	87	52	John Hancock Life Insurance Company (U.S.A.)	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
301	\$ 10,000,000	M	87	36	Lincoln National Life Insurance Company	AA-
302	\$ 450,000	M	87	34	North American Company for Life and Health Insurance	A+
303	\$ 300,000	M	87	47	Transamerica Life Insurance Company	AA-
304	\$ 1,000,000	M	87	42	Lincoln Benefit Life Company	BBB
305	\$ 1,000,000	F	87	27	American General Life Insurance Company	A+
306	\$ 4,000,000	F	87	40	Pacific Life Insurance Company	AA-
307	\$ 7,000,000	F	87	79	John Hancock Life Insurance Company (U.S.A.)	AA-
308	\$ 1,000,000	F	87	45	Transamerica Life Insurance Company	AA-
309	\$ 1,285,000	F	87	70	Connecticut General Life Insurance Company	A
310	\$ 5,500,000	M	87	44	Lincoln National Life Insurance Company	AA-
311	\$ 600,000	M	87	26	William Penn Life Insurance Company of New York	AA-
312	\$ 1,000,000	M	87	68	Banner Life Insurance Company	AA-
313	\$ 1,000,000	M	87	68	Banner Life Insurance Company	AA-
314	\$ 365,000	M	87	66	Nationwide Life and Annuity Insurance Company	A+
315	\$ 4,000,000	M	87	39	William Penn Life Insurance Company of New York	AA-
316	\$ 400,000	M	87	73	Voya Retirement Insurance and Annuity Company	A
317	\$ 5,000,000	F	86	49	Transamerica Life Insurance Company	AA-
318	\$ 2,000,000	F	86	95	Transamerica Life Insurance Company	AA-
319	\$ 350,000	M	86	35	Jackson National Life Insurance Company	AA-
320	\$ 5,000,000	M	86	82	American General Life Insurance Company	A+
321	\$ 1,995,000	F	86	70	Transamerica Life Insurance Company	AA-
322	\$ 3,000,000	M	86	56	Protective Life Insurance Company	AA-
323	\$ 5,000,000	M	86	50	Transamerica Life Insurance Company	AA-
324	\$ 2,500,000	F	86	68	ReliaStar Life Insurance Company	A
325	\$ 1,000,000	M	86	53	Lincoln National Life Insurance Company	AA-
326	\$ 2,000,000	M	86	50	Ohio National Life Assurance Corporation	A
327	\$ 1,000,000	M	86	50	Ohio National Life Assurance Corporation	A
328	\$ 1,500,000	M	86	56	American General Life Insurance Company	A+
329	\$ 250,000	M	86	116	ReliaStar Life Insurance Company	A
330	\$ 1,000,000	M	86	47	Hartford Life and Annuity Insurance Company	BBB
331	\$ 1,000,000	M	86	47	Jackson National Life Insurance Company	AA-
332	\$ 417,300	M	86	72	Jackson National Life Insurance Company	AA-
333	\$ 10,000,000	M	86	51	Lincoln National Life Insurance Company	AA-
334	\$ 500,000	F	86	86	AXA Equitable Life Insurance Company	A+
335	\$ 1,000,000	F	86	52	American General Life Insurance Company	A+
336	\$ 600,000	M	86	42	Massachusetts Mutual Life Insurance Company	AA+
337	\$ 2,000,000	F	86	60	Lincoln National Life Insurance Company	AA-
338	\$ 838,529	M	86	94	Transamerica Life Insurance Company	AA-
339	\$ 1,000,000	M	86	127	ReliaStar Life Insurance Company	A
340	\$ 2,400,000	M	86	51	Phoenix Life Insurance Company	BB
341	\$ 1,500,000	M	86	71	General American Life Insurance Company	NR
342	\$ 1,000,000	F	86	109	Transamerica Life Insurance Company	AA-
343	\$ 855,000	M	86	76	Hartford Life and Annuity Insurance Company	BBB
344	\$ 10,074,335	F	86	76	Security Life of Denver Insurance Company	A
345	\$ 2,216,571	F	86	76	Security Life of Denver Insurance Company	A
346	\$ 1,000,000	M	86	96	Lincoln National Life Insurance Company	AA-
347	\$ 1,000,000	M	86	64	Hartford Life and Annuity Insurance Company	BBB
348	\$ 9,635,575	M	86	115	ReliaStar Life Insurance Company	A
349	\$ 750,000	M	86	74	Metropolitan Life Insurance Company	AA-
350	\$ 500,000	F	86	73	Lincoln National Life Insurance Company	AA-
351	\$ 500,000	F	86	73	Lincoln National Life Insurance Company	AA-
352	\$ 150,000	M	86	79	Genworth Life and Annuity Insurance Company	B-
353	\$ 916,983	F	86	89	Pacific Life Insurance Company	AA-
354	\$ 1,000,000	F	86	77	Nationwide Life and Annuity Insurance Company	A+
355	\$ 500,000	M	86	64	Protective Life Insurance Company	AA-
356	\$ 225,000	M	86	82	Farm Bureau Life Insurance Company	NR
357	\$ 3,718,702	F	86	89	ReliaStar Life Insurance Company	A
358	\$ 1,550,000	M	86	47	ReliaStar Life Insurance Company	A
359	\$ 500,000	M	86	76	Lincoln National Life Insurance Company	AA-
360	\$ 200,000	M	86	26	AXA Equitable Life Insurance Company	A+

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
361	\$ 5,000,000	M	86	57	John Hancock Life Insurance Company (U.S.A.)	AA-
362	\$ 5,000,000	M	86	57	Pacific Life Insurance Company	AA-
363	\$ 1,000,000	M	86	66	Massachusetts Mutual Life Insurance Company	AA+
364	\$ 1,000,000	M	86	66	Massachusetts Mutual Life Insurance Company	AA+
365	\$ 550,000	M	85	84	Genworth Life Insurance Company	B-
366	\$ 10,000,000	M	85	44	Hartford Life and Annuity Insurance Company	BBB
367	\$ 8,000,000	M	85	79	AXA Equitable Life Insurance Company	A+
368	\$ 5,000,000	M	85	73	AXA Equitable Life Insurance Company	A+
369	\$ 1,680,000	F	85	35	AXA Equitable Life Insurance Company	A+
370	\$ 3,000,000	F	85	82	West Coast Life Insurance Company	AA-
371	\$ 250,000	M	85	56	American General Life Insurance Company	A+
372	\$ 3,000,000	M	85	74	John Hancock Life Insurance Company (U.S.A.)	AA-
373	\$ 10,000,000	M	85	91	John Hancock Life Insurance Company (U.S.A.)	AA-
374	\$ 5,000,000	M	85	57	AXA Equitable Life Insurance Company	A+
375	\$ 1,000,000	M	85	37	AXA Equitable Life Insurance Company	A+
376	\$ 1,000,000	M	85	65	AXA Equitable Life Insurance Company	A+
377	\$ 7,000,000	M	85	73	Genworth Life Insurance Company	B-
378	\$ 1,250,000	M	85	109	Metropolitan Life Insurance Company	AA-
379	\$ 1,750,000	M	85	81	AXA Equitable Life Insurance Company	A+
380	\$ 1,000,000	F	85	77	Lincoln National Life Insurance Company	AA-
381	\$ 1,210,000	M	85	43	Lincoln National Life Insurance Company	AA-
382	\$ 1,000,000	M	85	33	American General Life Insurance Company	A+
383	\$ 2,502,000	M	85	134	Transamerica Life Insurance Company	AA-
384	\$ 300,000	F	85	48	Hartford Life and Annuity Insurance Company	BBB
385	\$ 2,000,000	M	85	66	New York Life Insurance Company	AA+
386	\$ 6,000,000	M	85	81	Transamerica Life Insurance Company	AA-
387	\$ 850,000	F	85	70	Zurich Life Insurance Company	A
388	\$ 1,500,000	M	85	45	Lincoln Benefit Life Company	BBB
389	\$ 5,000,000	F	85	51	Security Mutual Life Insurance Company of New York	NR
390	\$ 240,000	M	85	19	Lincoln National Life Insurance Company	AA-
391	\$ 66,000	M	85	62	Transamerica Life Insurance Company	AA-
392	\$ 10,000,000	F	85	40	Transamerica Life Insurance Company	AA-
393	\$ 10,000,000	M	85	79	Pacific Life Insurance Company	AA-
394	\$ 1,000,000	M	85	49	Security Mutual Life Insurance Company of New York	NR
395	\$ 3,000,000	M	85	75	John Hancock Life Insurance Company (U.S.A.)	AA-
396	\$ 2,000,000	M	85	48	John Hancock Life Insurance Company (U.S.A.)	AA-
397	\$ 1,600,000	M	85	62	John Hancock Life Insurance Company (U.S.A.)	AA-
398	\$ 1,700,000	M	85	62	John Hancock Life Insurance Company (U.S.A.)	AA-
399	\$ 350,000	M	85	40	Lincoln National Life Insurance Company	AA-
400	\$ 3,000,000	M	85	92	ReliaStar Life Insurance Company	A
401	\$ 1,050,000	M	85	67	American General Life Insurance Company	A+
402	\$ 125,000	M	85	39	Accordia Life and Annuity Company	A-
403	\$ 4,000,000	F	85	86	Lincoln National Life Insurance Company	AA-
404	\$ 2,100,000	F	85	79	Lincoln National Life Insurance Company	AA-
405	\$ 1,008,097	M	85	58	AXA Equitable Life Insurance Company	A+
406	\$ 1,000,000	M	85	71	Wilco Life Insurance Company	NR
407	\$ 1,000,000	M	85	107	Metropolitan Tower Life Insurance Company	AA-
408	\$ 10,000,000	M	85	70	Lincoln National Life Insurance Company	AA-
409	\$ 6,628,020	F	85	64	Transamerica Life Insurance Company	AA-
410	\$ 530,000	F	85	36	Lincoln National Life Insurance Company	AA-
411	\$ 1,000,000	F	85	92	American General Life Insurance Company	A+
412	\$ 687,006	M	84	53	The State Life Insurance Company	AA-
413	\$ 1,000,000	M	84	101	Protective Life Insurance Company	AA-
414	\$ 500,000	M	84	46	Transamerica Life Insurance Company	AA-
415	\$ 3,000,000	M	84	102	Principal Life Insurance Company	A+
416	\$ 2,000,000	F	84	79	Pacific Life Insurance Company	AA-
417	\$ 130,000	M	84	32	Genworth Life Insurance Company	B-
418	\$ 2,000,000	F	84	90	Transamerica Life Insurance Company	AA-
419	\$ 2,500,000	M	84	93	AXA Equitable Life Insurance Company	A+
420	\$ 2,500,000	M	84	93	AXA Equitable Life Insurance Company	A+

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
421	\$ 250,000	F	84	75	Accordia Life and Annuity Company	A-
422	\$ 6,000,000	M	84	102	AXA Equitable Life Insurance Company	A+
423	\$ 320,987	F	84	79	John Hancock Life Insurance Company (U.S.A.)	AA-
424	\$ 800,000	M	84	53	North American Company for Life and Health Insurance	A+
425	\$ 3,000,000	M	84	126	Metropolitan Life Insurance Company	AA-
426	\$ 200,000	M	84	32	Pruco Life Insurance Company	AA-
427	\$ 700,000	M	84	73	Banner Life Insurance Company	AA-
428	\$ 300,000	F	84	72	Metropolitan Life Insurance Company	AA-
429	\$ 3,500,000	M	84	60	Metropolitan Life Insurance Company	AA-
430	\$ 1,700,000	M	84	41	Lincoln National Life Insurance Company	AA-
431	\$ 1,000,000	F	84	62	Lincoln Benefit Life Company	BBB
432	\$ 8,000,000	M	84	110	Metropolitan Life Insurance Company	AA-
433	\$ 3,000,000	F	84	58	AXA Equitable Life Insurance Company	A+
434	\$ 1,500,000	F	84	67	Protective Life Insurance Company	AA-
435	\$ 8,800,000	F	84	84	John Hancock Life Insurance Company (U.S.A.)	AA-
436	\$ 2,000,000	M	84	57	Metropolitan Life Insurance Company	AA-
437	\$ 2,000,000	M	84	57	Metropolitan Life Insurance Company	AA-
438	\$ 1,000,000	M	84	73	John Hancock Life Insurance Company (U.S.A.)	AA-
439	\$ 1,029,871	M	84	122	Principal Life Insurance Company	A+
440	\$ 500,000	M	84	33	Genworth Life and Annuity Insurance Company	B-
441	\$ 100,000	M	84	57	Pruco Life Insurance Company	AA-
442	\$ 1,000,000	M	84	66	Penn Mutual Life Insurance Company	A+
443	\$ 600,000	M	84	25	Lincoln National Life Insurance Company	AA-
444	\$ 180,000	F	84	66	Midland National Life Insurance Company	A+
445	\$ 3,000,000	F	84	54	AXA Equitable Life Insurance Company	A+
446	\$ 218,362	M	84	101	Lincoln National Life Insurance Company	AA-
447	\$ 785,000	M	84	93	Pacific Life Insurance Company	AA-
448	\$ 750,000	M	84	38	Security Life of Denver Insurance Company	A
449	\$ 3,528,958	F	84	85	Lincoln National Life Insurance Company	AA-
450	\$ 100,000	M	84	77	ReliaStar Life Insurance Company	A
451	\$ 3,000,000	M	84	49	Transamerica Life Insurance Company	AA-
452	\$ 500,000	F	84	114	Lincoln National Life Insurance Company	AA-
453	\$ 500,000	F	84	114	Lincoln National Life Insurance Company	AA-
454	\$ 6,000,000	M	84	57	Hartford Life and Annuity Insurance Company	BBB
455	\$ 300,000	M	84	72	John Hancock Life Insurance Company (U.S.A.)	AA-
456	\$ 300,000	M	84	72	John Hancock Life Insurance Company (U.S.A.)	AA-
457	\$ 1,000,000	M	84	109	North American Company for Life and Health Insurance	A+
458	\$ 500,000	M	84	77	Pacific Life Insurance Company	AA-
459	\$ 100,000	M	84	87	Protective Life Insurance Company	AA-
460	\$ 150,000	M	84	77	Jackson National Life Insurance Company	AA-
461	\$ 310,062	M	84	51	State Farm Life Insurance Company	AA
462	\$ 6,799,139	M	83	116	AXA Equitable Life Insurance Company	A+
463	\$ 1,000,000	M	83	74	Sun Life Assurance Company of Canada (U.S.)	AA-
464	\$ 1,500,000	M	83	57	John Hancock Life Insurance Company (U.S.A.)	AA-
465	\$ 2,000,000	M	83	78	Transamerica Life Insurance Company	AA-
466	\$ 3,601,500	M	83	73	Transamerica Life Insurance Company	AA-
467	\$ 2,250,000	M	83	76	Massachusetts Mutual Life Insurance Company	AA+
468	\$ 5,000,000	M	83	57	Pacific Life Insurance Company	AA-
469	\$ 5,000,000	M	83	71	John Hancock Life Insurance Company (U.S.A.)	AA-
470	\$ 4,000,000	M	83	61	Lincoln National Life Insurance Company	AA-
471	\$ 5,000,000	M	83	91	Principal Life Insurance Company	A+
472	\$ 3,000,000	M	83	89	Principal Life Insurance Company	A+
473	\$ 4,300,000	F	83	87	American National Insurance Company	A
474	\$ 6,000,000	M	83	92	AXA Equitable Life Insurance Company	A+
475	\$ 3,000,000	M	83	98	ReliaStar Life Insurance Company	A
476	\$ 750,000	M	83	56	Lincoln National Life Insurance Company	AA-
477	\$ 3,000,000	M	83	49	Pacific Life Insurance Company	AA-
478	\$ 3,000,000	M	83	49	Minnesota Life Insurance Company	AA-
479	\$ 3,000,000	M	83	49	Pruco Life Insurance Company	AA-
480	\$ 5,000,000	F	83	105	ReliaStar Life Insurance Company	A

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
481	\$ 6,000,000	M	83	88	AXA Equitable Life Insurance Company	A+
482	\$ 5,000,000	M	83	57	Pacific Life Insurance Company	AA-
483	\$ 476,574	M	83	58	Transamerica Life Insurance Company	AA-
484	\$ 1,000,000	F	83	98	John Hancock Life Insurance Company (U.S.A.)	AA-
485	\$ 200,000	M	83	49	Protective Life Insurance Company	AA-
486	\$ 150,000	M	83	49	Protective Life Insurance Company	AA-
487	\$ 150,000	M	83	49	Protective Life Insurance Company	AA-
488	\$ 350,000	M	83	49	Lincoln National Life Insurance Company	AA-
489	\$ 100,000	M	83	48	North American Company for Life and Health Insurance	A+
490	\$ 200,000	M	83	51	Kansas City Life Insurance Company	NR
491	\$ 200,000	M	83	34	Lincoln National Life Insurance Company	AA-
492	\$ 500,000	M	83	60	American General Life Insurance Company	A+
493	\$ 5,500,000	M	83	99	Metropolitan Life Insurance Company	AA-
494	\$ 4,000,000	M	83	78	Lincoln National Life Insurance Company	AA-
495	\$ 1,187,327	M	83	74	Transamerica Life Insurance Company	AA-
496	\$ 1,000,000	M	83	78	Lincoln National Life Insurance Company	AA-
497	\$ 150,000	M	83	65	Metropolitan Life Insurance Company	AA-
498	\$ 250,000	M	83	68	AXA Equitable Life Insurance Company	A+
499	\$ 250,000	M	83	48	United of Omaha Life Insurance Company	AA-
500	\$ 100,000	M	83	83	Protective Life Insurance Company	AA-
501	\$ 750,000	M	83	109	John Hancock Life Insurance Company (U.S.A.)	AA-
502	\$ 300,000	F	83	65	Columbus Life Insurance Company	AA-
503	\$ 500,000	M	83	117	Transamerica Life Insurance Company	AA-
504	\$ 2,500,000	M	83	108	West Coast Life Insurance Company	AA-
505	\$ 2,000,000	M	83	131	AXA Equitable Life Insurance Company	A+
506	\$ 608,692	F	83	44	Beneficial Life Insurance Company	NR
507	\$ 514,896	M	83	73	Protective Life Insurance Company	AA-
508	\$ 1,500,000	M	83	82	Hartford Life and Annuity Insurance Company	BBB
509	\$ 100,000	M	83	102	John Hancock Life Insurance Company (U.S.A.)	AA-
510	\$ 400,000	M	83	90	Security Mutual Life Insurance Company of New York	NR
511	\$ 1,500,000	M	83	61	John Hancock Life Insurance Company (U.S.A.)	AA-
512	\$ 1,500,000	M	83	80	MetLife Insurance Company USA	AA-
513	\$ 2,000,000	M	83	193	AXA Equitable Life Insurance Company	A+
514	\$ 929,975	M	82	55	Lincoln National Life Insurance Company	AA-
515	\$ 1,000,000	M	82	120	Transamerica Life Insurance Company	AA-
516	\$ 800,000	M	82	120	Columbus Life Insurance Company	AA-
517	\$ 1,358,500	M	82	66	Metropolitan Life Insurance Company	AA-
518	\$ 500,000	F	82	104	Columbus Life Insurance Company	AA-
519	\$ 1,000,000	M	82	91	Metropolitan Tower Life Insurance Company	AA-
520	\$ 2,000,000	F	82	55	Transamerica Life Insurance Company	AA-
521	\$ 500,000	M	82	54	John Hancock Life Insurance Company (U.S.A.)	AA-
522	\$ 1,009,467	M	82	38	John Hancock Life Insurance Company (U.S.A.)	AA-
523	\$ 4,000,000	M	82	61	Metropolitan Life Insurance Company	AA-
524	\$ 5,000,000	M	82	50	John Hancock Life Insurance Company (U.S.A.)	AA-
525	\$ 5,000,000	M	82	37	John Hancock Life Insurance Company (U.S.A.)	AA-
526	\$ 2,500,000	M	82	75	Massachusetts Mutual Life Insurance Company	AA+
527	\$ 2,500,000	M	82	75	Massachusetts Mutual Life Insurance Company	AA+
528	\$ 5,000,000	M	82	108	Lincoln National Life Insurance Company	AA-
529	\$ 5,000,000	M	82	69	John Hancock Life Insurance Company (U.S.A.)	AA-
530	\$ 1,000,000	M	82	116	Metropolitan Life Insurance Company	AA-
531	\$ 775,000	M	82	107	Lincoln National Life Insurance Company	AA-
532	\$ 1,000,000	M	82	62	Lincoln National Life Insurance Company	AA-
533	\$ 3,000,000	M	82	72	American General Life Insurance Company	A+
534	\$ 1,445,000	F	82	82	AXA Equitable Life Insurance Company	A+
535	\$ 1,500,000	F	82	82	AXA Equitable Life Insurance Company	A+
536	\$ 3,000,000	F	82	67	New York Life Insurance Company	AA+
537	\$ 550,000	M	82	55	Pruco Life Insurance Company	AA-
538	\$ 300,000	M	82	55	Pruco Life Insurance Company	AA-
539	\$ 1,220,000	M	82	83	ReliaStar Life Insurance Company of New York	A
540	\$ 1,250,000	M	82	79	AXA Equitable Life Insurance Company	A+

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
541	\$ 200,000	M	82	75	Lincoln National Life Insurance Company	AA-
542	\$ 70,000	M	82	30	Pioneer Mutual Life Insurance Company	NR
543	\$ 1,200,000	F	82	102	AXA Equitable Life Insurance Company	A+
544	\$ 800,000	M	82	72	Minnesota Life Insurance Company	AA-
545	\$ 1,000,000	M	82	63	Transamerica Life Insurance Company	AA-
546	\$ 500,000	M	82	63	Transamerica Life Insurance Company	AA-
547	\$ 800,000	F	82	75	John Alden Life Insurance Company	NR
548	\$ 1,000,000	M	82	74	Massachusetts Mutual Life Insurance Company	AA+
549	\$ 1,000,000	M	82	66	Ameritas Life Insurance Corporation	A+
550	\$ 2,000,000	M	82	66	Metropolitan Life Insurance Company	AA-
551	\$ 1,000,000	M	82	101	Pruco Life Insurance Company	AA-
552	\$ 6,500,000	M	82	110	Pacific Life Insurance Company	AA-
553	\$ 800,000	M	82	112	Lincoln National Life Insurance Company	AA-
554	\$ 2,000,000	M	82	108	Brighthouse Life Insurance Company	AA-
555	\$ 500,000	M	82	108	John Hancock Life Insurance Company (U.S.A.)	AA-
556	\$ 1,000,000	M	82	130	Pacific Life Insurance Company	AA-
557	\$ 2,500,000	M	82	113	American General Life Insurance Company	A+
558	\$ 1,000,000	M	82	102	American General Life Insurance Company	A+
559	\$ 250,000	M	82	47	North American Company for Life and Health Insurance	A+
560	\$ 750,000	M	82	47	North American Company for Life and Health Insurance	A+
561	\$ 1,000,000	M	82	28	Protective Life Insurance Company	AA-
562	\$ 2,000,000	M	81	92	Lincoln National Life Insurance Company	AA-
563	\$ 1,000,000	M	81	96	Metropolitan Life Insurance Company	AA-
564	\$ 600,000	M	81	76	Protective Life Insurance Company	AA-
565	\$ 5,000,000	M	81	84	Transamerica Life Insurance Company	AA-
566	\$ 2,840,000	M	81	99	Transamerica Life Insurance Company	AA-
567	\$ 1,000,000	F	81	83	John Hancock Life Insurance Company (U.S.A.)	AA-
568	\$ 400,000	M	81	94	John Hancock Life Insurance Company (U.S.A.)	AA-
569	\$ 6,637,021	M	81	181	John Hancock Life Insurance Company (U.S.A.)	AA-
570	\$ 750,000	M	81	71	North American Company for Life and Health Insurance	A+
571	\$ 1,000,000	M	81	71	John Hancock Life Insurance Company (U.S.A.)	AA-
572	\$ 500,000	M	81	71	North American Company for Life and Health Insurance	A+
573	\$ 1,000,000	M	81	98	Principal Life Insurance Company	A+
574	\$ 2,000,000	M	81	92	Lincoln National Life Insurance Company	AA-
575	\$ 1,200,000	F	81	117	Athene Annuity & Life Assurance Company	A
576	\$ 4,000,000	F	81	82	Transamerica Life Insurance Company	AA-
577	\$ 4,000,000	M	81	132	John Hancock Life Insurance Company (U.S.A.)	AA-
578	\$ 5,000,000	F	81	81	John Hancock Life Insurance Company (U.S.A.)	AA-
579	\$ 5,000,000	M	81	98	Lincoln National Life Insurance Company	AA-
580	\$ 50,000	M	81	24	Lincoln National Life Insurance Company	AA-
581	\$ 500,000	F	81	115	Ohio National Life Assurance Corporation	A
582	\$ 500,000	M	81	110	Pruco Life Insurance Company	AA-
583	\$ 750,000	M	81	90	General American Life Insurance Company	NR
584	\$ 306,854	M	81	60	Voya Retirement Insurance and Annuity Company	A
585	\$ 6,805,007	M	81	193	Metropolitan Life Insurance Company	AA-
586	\$ 500,000	M	81	54	Lincoln Benefit Life Company	BBB
587	\$ 1,500,000	M	81	111	John Hancock Life Insurance Company (U.S.A.)	AA-
588	\$ 323,027	F	81	140	Lincoln National Life Insurance Company	AA-
589	\$ 100,000	M	81	29	Time Insurance Company	NR
590	\$ 500,000	M	81	94	John Hancock Life Insurance Company (U.S.A.)	AA-
591	\$ 450,000	F	81	75	Lincoln National Life Insurance Company	AA-
592	\$ 1,000,000	M	81	147	Transamerica Life Insurance Company	AA-
593	\$ 1,000,000	M	81	97	Lincoln National Life Insurance Company	AA-
594	\$ 250,000	M	81	76	Brighthouse Life Insurance Company	AA-
595	\$ 250,000	M	81	118	Ohio National Life Assurance Corporation	A
596	\$ 876,519	M	81	192	Brighthouse Life Insurance Company	AA-
597	\$ 1,500,000	M	81	63	AXA Equitable Life Insurance Company	A+
598	\$ 4,000,000	M	81	74	Metropolitan Life Insurance Company	AA-
599	\$ 1,000,000	M	81	28	Protective Life Insurance Company	AA-
600	\$ 1,000,000	M	80	83	Pacific Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
601	\$ 5,000,000	M	80	56	West Coast Life Insurance Company	AA-
602	\$ 300,000	M	80	54	Penn Mutual Life Insurance Company	A+
603	\$ 2,000,000	F	80	109	Accordia Life and Annuity Company	A-
604	\$ 7,000,000	F	80	117	Pacific Life Insurance Company	AA-
605	\$ 490,620	M	80	69	Ameritas Life Insurance Corporation	A+
606	\$ 854,980	M	80	91	John Hancock Life Insurance Company (U.S.A.)	AA-
607	\$ 4,000,000	M	80	52	Massachusetts Mutual Life Insurance Company	AA+
608	\$ 1,400,000	F	80	120	John Hancock Life Insurance Company (U.S.A.)	AA-
609	\$ 3,000,000	M	80	91	Protective Life Insurance Company	AA-
610	\$ 2,500,000	M	80	122	John Hancock Life Insurance Company (U.S.A.)	AA-
611	\$ 2,500,000	M	80	122	John Hancock Life Insurance Company (U.S.A.)	AA-
612	\$ 2,000,000	M	80	100	Transamerica Life Insurance Company	AA-
613	\$ 200,000	M	80	95	Pruco Life Insurance Company	AA-
614	\$ 150,000	M	80	91	Genworth Life Insurance Company	B-
615	\$ 100,946	F	80	138	Genworth Life and Annuity Insurance Company	B-
616	\$ 2,000,000	M	80	83	Genworth Life Insurance Company	B-
617	\$ 1,000,000	M	80	81	Accordia Life and Annuity Company	A-
618	\$ 3,000,000	M	80	85	Pruco Life Insurance Company	AA-
619	\$ 200,000	F	80	121	West Coast Life Insurance Company	AA-
620	\$ 2,000,000	M	80	61	Athene Annuity & Life Assurance Company	A
621	\$ 1,000,000	F	80	105	John Hancock Life Insurance Company (U.S.A.)	AA-
622	\$ 3,000,000	F	80	82	John Hancock Life Insurance Company (U.S.A.)	AA-
623	\$ 7,097,434	M	80	141	Lincoln National Life Insurance Company	AA-
624	\$ 350,000	M	80	88	AXA Equitable Life Insurance Company	A+
625	\$ 1,100,000	M	80	119	Accordia Life and Annuity Company	A-
626	\$ 600,000	M	80	88	AXA Equitable Life Insurance Company	A+
627	\$ 5,000,000	M	80	120	AXA Equitable Life Insurance Company	A+
628	\$ 2,000,000	F	80	151	Lincoln National Life Insurance Company	AA-
629	\$ 2,200,000	F	80	135	ReliaStar Life Insurance Company	A
630	\$ 10,000,000	M	80	109	AXA Equitable Life Insurance Company	A+
631	\$ 1,000,000	F	80	125	American General Life Insurance Company	A+
632	\$ 250,000	M	80	123	Accordia Life and Annuity Company	A-
633	\$ 300,000	M	80	90	Lincoln National Life Insurance Company	AA-
634	\$ 340,000	M	80	90	Lincoln National Life Insurance Company	AA-
635	\$ 500,000	F	80	126	Accordia Life and Annuity Company	A-
636	\$ 1,697,278	M	80	102	John Hancock Life Insurance Company (U.S.A.)	AA-
637	\$ 6,000,000	M	80	205	Principal Life Insurance Company	A+
638	\$ 100,000	M	80	15	William Penn Life Insurance Company of New York	AA-
639	\$ 100,000	M	80	15	William Penn Life Insurance Company of New York	AA-
640	\$ 50,000	M	80	15	William Penn Life Insurance Company of New York	AA-
641	\$ 100,000	M	80	15	William Penn Life Insurance Company of New York	AA-
642	\$ 100,000	M	80	72	Genworth Life and Annuity Insurance Company	B-
643	\$ 4,000,000	F	80	181	John Hancock Life Insurance Company (U.S.A.)	AA-
644	\$ 250,000	M	80	86	ReliaStar Life Insurance Company of New York	A
645	\$ 350,000	M	80	94	Hartford Life and Annuity Insurance Company	BBB
646	\$ 500,000	M	80	86	ReliaStar Life Insurance Company of New York	A
647	\$ 1,000,000	M	80	92	North American Company for Life and Health Insurance	A+
648	\$ 2,000,000	M	80	137	Lincoln National Life Insurance Company	AA-
649	\$ 12,000,000	M	80	102	Brighthouse Life Insurance Company	AA-
650	\$ 5,600,000	M	80	118	ReliaStar Life Insurance Company	A
651	\$ 100,000	M	80	37	Jackson National Life Insurance Company	AA-
652	\$ 3,000,000	M	80	119	Transamerica Life Insurance Company	AA-
653	\$ 1,000,000	M	80	57	Transamerica Life Insurance Company	AA-
654	\$ 500,000	M	80	85	Protective Life Insurance Company	AA-
655	\$ 215,000	M	80	103	Texas Life Insurance Company	NR
656	\$ 600,000	M	80	96	Hartford Life and Annuity Insurance Company	BBB
657	\$ 1,000,000	M	80	94	Protective Life Insurance Company	AA-
658	\$ 200,000	M	80	43	AXA Equitable Life Insurance Company	A+
659	\$ 300,000	M	80	79	Jackson National Life Insurance Company	AA-
660	\$ 1,400,000	M	80	79	Pruco Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
661	\$ 700,000	M	80	77	William Penn Life Insurance Company of New York	AA-
662	\$ 300,000	M	80	77	William Penn Life Insurance Company of New York	AA-
663	\$ 5,000,000	M	79	123	Massachusetts Mutual Life Insurance Company	AA+
664	\$ 5,000,000	M	79	123	Massachusetts Mutual Life Insurance Company	AA+
665	\$ 6,500,000	F	79	83	General American Life Insurance Company	NR
666	\$ 5,000,000	M	79	40	Lincoln Benefit Life Company	BBB
667	\$ 200,000	M	79	53	ReliaStar Life Insurance Company	A
668	\$ 1,000,000	M	79	95	Transamerica Life Insurance Company	AA-
669	\$ 3,000,000	M	79	74	First Allmerica Financial Life Insurance Company	A-
670	\$ 8,000,000	M	79	85	Metropolitan Life Insurance Company	AA-
671	\$ 5,000,000	M	79	145	Pruco Life Insurance Company	AA-
672	\$ 250,000	M	79	129	Protective Life Insurance Company	AA-
673	\$ 750,000	M	79	119	Protective Life Insurance Company	AA-
674	\$ 3,000,000	M	79	106	John Hancock Life Insurance Company (U.S.A.)	AA-
675	\$ 5,000,000	M	79	106	John Hancock Life Insurance Company (U.S.A.)	AA-
676	\$ 250,000	M	79	82	Midland National Life Insurance Company	A+
677	\$ 2,000,000	M	79	131	John Hancock Life Insurance Company (U.S.A.)	AA-
678	\$ 1,000,000	M	79	84	First Allmerica Financial Life Insurance Company	A-
679	\$ 500,000	M	79	80	AXA Equitable Life Insurance Company	A+
680	\$ 355,700	M	79	83	Security Life of Denver Insurance Company	A
681	\$ 1,000,000	M	79	139	Security Mutual Life Insurance Company of New York	NR
682	\$ 1,000,000	M	79	109	Transamerica Life Insurance Company	AA-
683	\$ 1,000,000	M	79	61	Metropolitan Life Insurance Company	AA-
684	\$ 730,000	M	79	84	Transamerica Life Insurance Company	AA-
685	\$ 1,000,000	M	79	81	General American Life Insurance Company	NR
686	\$ 1,000,000	M	79	125	AXA Equitable Life Insurance Company	A+
687	\$ 1,000,000	M	79	125	AXA Equitable Life Insurance Company	A+
688	\$ 750,000	F	79	70	Delaware Life Insurance Company	BBB+
689	\$ 1,000,000	M	79	71	Transamerica Life Insurance Company	AA-
690	\$ 1,000,000	M	79	103	Security Life of Denver Insurance Company	A
691	\$ 1,500,000	M	79	54	Security Life of Denver Insurance Company	A
692	\$ 1,000,000	M	79	91	Lincoln National Life Insurance Company	AA-
693	\$ 12,450,000	M	79	129	Brighthouse Life Insurance Company	AA-
694	\$ 450,000	M	79	184	Genworth Life and Annuity Insurance Company	B-
695	\$ 100,000	F	79	128	Genworth Life Insurance Company	B-
696	\$ 475,000	F	79	119	American General Life Insurance Company	A+
697	\$ 1,000,000	M	79	91	Pacific Life Insurance Company	AA-
698	\$ 1,945,741	M	79	77	Security Life of Denver Insurance Company	A
699	\$ 1,000,000	M	79	90	North American Company for Life and Health Insurance	A+
700	\$ 500,000	M	79	62	Transamerica Life Insurance Company	AA-
701	\$ 1,500,000	M	79	138	Transamerica Life Insurance Company	AA-
702	\$ 1,015,462	M	79	36	Transamerica Life Insurance Company	AA-
703	\$ 353,743	M	79	82	AXA Equitable Life Insurance Company	A+
704	\$ 1,000,000	M	79	108	Lincoln National Life Insurance Company	AA-
705	\$ 2,000,000	M	78	103	American General Life Insurance Company	A+
706	\$ 500,000	M	78	61	American General Life Insurance Company	A+
707	\$ 3,000,000	F	78	117	General American Life Insurance Company	NR
708	\$ 4,000,000	F	78	124	American General Life Insurance Company	A+
709	\$ 10,000,000	F	78	139	ReliaStar Life Insurance Company	A
710	\$ 800,000	M	78	94	Lincoln National Life Insurance Company	AA-
711	\$ 500,000	M	78	88	United of Omaha Life Insurance Company	AA-
712	\$ 5,014,318	M	78	122	American General Life Insurance Company	A+
713	\$ 500,000	M	78	73	AXA Equitable Life Insurance Company	A+
714	\$ 2,000,000	M	78	106	Pruco Life Insurance Company	AA-
715	\$ 300,000	F	78	118	Minnesota Life Insurance Company	AA-
716	\$ 1,000,000	F	78	132	John Hancock Life Insurance Company (U.S.A.)	AA-
717	\$ 7,500,000	F	78	162	Security Life of Denver Insurance Company	A
718	\$ 370,000	F	78	110	Minnesota Life Insurance Company	AA-
719	\$ 754,428	M	78	24	North American Company for Life and Health Insurance	A+
720	\$ 5,000,000	M	78	113	American General Life Insurance Company	A+

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
721	\$ 172,245	F	78	39	Symetra Life Insurance Company	A
722	\$ 100,000	M	78	41	AXA Equitable Life Insurance Company	A+
723	\$ 4,000,000	M	78	104	Security Mutual Life Insurance Company of New York	NR
724	\$ 600,000	M	78	60	United of Omaha Life Insurance Company	AA-
725	\$ 250,000	M	78	56	Genworth Life and Annuity Insurance Company	B-
726	\$ 200,000	M	78	50	Metropolitan Life Insurance Company	AA-
727	\$ 100,000	M	78	50	Metropolitan Life Insurance Company	AA-
728	\$ 100,000	M	78	97	Transamerica Life Insurance Company	AA-
729	\$ 500,000	M	78	76	American General Life Insurance Company	A+
730	\$ 415,000	M	78	97	American General Life Insurance Company	A+
731	\$ 656,656	M	78	71	MONY Life Insurance Company of America	A+
732	\$ 300,000	M	78	60	American General Life Insurance Company	A+
733	\$ 3,000,000	F	78	142	ReliaStar Life Insurance Company	A
734	\$ 1,000,000	M	78	145	North American Company for Life and Health Insurance	A+
735	\$ 700,000	M	78	136	Brighthouse Life Insurance Company	AA-
736	\$ 1,000,000	M	78	118	Genworth Life and Annuity Insurance Company	B-
737	\$ 3,000,000	M	78	137	Massachusetts Mutual Life Insurance Company	AA+
738	\$ 1,060,000	M	78	101	Metropolitan Life Insurance Company	AA-
739	\$ 100,000	F	78	142	Midland National Life Insurance Company	A+
740	\$ 200,000	M	78	36	Midland National Life Insurance Company	A+
741	\$ 750,000	M	78	51	Genworth Life Insurance Company	B-
742	\$ 4,000,000	M	78	134	AXA Equitable Life Insurance Company	A+
743	\$ 800,000	M	78	17	Banner Life Insurance Company	AA-
744	\$ 343,000	M	78	112	AXA Equitable Life Insurance Company	A+
745	\$ 1,000,000	M	78	103	Protective Life Insurance Company	AA-
746	\$ 5,000,000	F	78	110	Lincoln National Life Insurance Company	AA-
747	\$ 500,000	M	77	79	Lincoln National Life Insurance Company	AA-
748	\$ 3,000,000	M	77	73	AXA Equitable Life Insurance Company	A+
749	\$ 1,000,000	M	77	88	Transamerica Life Insurance Company	AA-
750	\$ 3,000,000	M	77	85	Transamerica Life Insurance Company	AA-
751	\$ 400,000	M	77	65	Protective Life Insurance Company	AA-
752	\$ 1,784,686	M	77	142	Transamerica Life Insurance Company	AA-
753	\$ 1,000,000	M	77	121	John Hancock Life Insurance Company (U.S.A.)	AA-
754	\$ 4,547,770	F	77	166	Principal Life Insurance Company	A+
755	\$ 500,000	M	77	46	William Penn Life Insurance Company of New York	AA-
756	\$ 800,000	M	77	105	John Hancock Life Insurance Company (U.S.A.)	AA-
757	\$ 500,000	M	77	77	Protective Life Insurance Company	AA-
758	\$ 100,000	M	77	133	Protective Life Insurance Company	AA-
759	\$ 250,000	F	77	154	Protective Life Insurance Company	AA-
760	\$ 190,000	M	77	85	Protective Life Insurance Company	AA-
761	\$ 500,000	M	77	77	Delaware Life Insurance Company	BBB+
762	\$ 250,000	F	77	137	AXA Equitable Life Insurance Company	A+
763	\$ 89,626	F	77	98	Ameritas Life Insurance Corporation	A+
764	\$ 150,000	M	77	86	Genworth Life Insurance Company	B-
765	\$ 8,000,000	F	77	123	West Coast Life Insurance Company	AA-
766	\$ 1,000,000	M	77	133	John Hancock Life Insurance Company (U.S.A.)	AA-
767	\$ 1,000,000	F	77	124	Companion Life Insurance Company	AA-
768	\$ 2,000,072	M	77	157	American General Life Insurance Company	A+
769	\$ 300,000	M	77	73	First Allmerica Financial Life Insurance Company	A-
770	\$ 100,000	M	77	125	Genworth Life Insurance Company	B-
771	\$ 500,000	M	77	98	New York Life Insurance Company	AA+
772	\$ 500,000	M	77	98	New York Life Insurance Company	AA+
773	\$ 2,400,000	M	77	98	Phoenix Life Insurance Company	BB
774	\$ 1,000,000	M	77	106	John Hancock Life Insurance Company (U.S.A.)	AA-
775	\$ 1,500,000	M	77	106	John Hancock Life Insurance Company (U.S.A.)	AA-
776	\$ 750,000	M	77	133	Lincoln Benefit Life Company	BBB
777	\$ 100,000	M	77	82	MONY Life Insurance Company of America	A+
778	\$ 265,000	M	77	128	ReliaStar Life Insurance Company	A
779	\$ 1,000,000	M	77	110	Genworth Life and Annuity Insurance Company	B-
780	\$ 3,750,000	M	77	64	Brighthouse Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
781	\$ 350,000	M	77	102	Protective Life Insurance Company	AA-
782	\$ 500,000	F	77	129	John Hancock Life Insurance Company (U.S.A.)	AA-
783	\$ 1,500,000	M	77	143	Principal Life Insurance Company	A+
784	\$ 1,000,000	M	77	133	AXA Equitable Life Insurance Company	A+
785	\$ 365,600	M	77	30	Penn Mutual Life Insurance Company	A+
786	\$ 395,600	M	77	30	Penn Mutual Life Insurance Company	A+
787	\$ 250,000	M	77	74	Transamerica Life Insurance Company	AA-
788	\$ 450,000	M	76	100	Jackson National Life Insurance Company	AA-
789	\$ 1,841,877	M	76	118	Metropolitan Life Insurance Company	AA-
790	\$ 1,167,000	M	76	36	Transamerica Life Insurance Company	AA-
791	\$ 2,500,000	M	76	89	American General Life Insurance Company	A+
792	\$ 500,000	M	76	106	Ameritas Life Insurance Corporation	A+
793	\$ 370,000	M	76	106	Ameritas Life Insurance Corporation	A+
794	\$ 500,000	M	76	136	Protective Life Insurance Company	AA-
795	\$ 2,500,000	M	76	99	John Hancock Life Insurance Company (U.S.A.)	AA-
796	\$ 500,000	M	76	121	Pruco Life Insurance Company	AA-
797	\$ 1,000,000	F	76	117	United of Omaha Life Insurance Company	AA-
798	\$ 300,000	M	76	95	New England Life Insurance Company	A+
799	\$ 10,000,000	M	76	116	AXA Equitable Life Insurance Company	A+
800	\$ 1,500,000	M	76	122	Lincoln National Life Insurance Company	AA-
801	\$ 1,500,000	M	76	122	Lincoln National Life Insurance Company	AA-
802	\$ 1,500,000	M	76	122	Lincoln National Life Insurance Company	AA-
803	\$ 500,000	M	76	89	William Penn Life Insurance Company of New York	AA-
804	\$ 2,000,000	M	76	130	John Hancock Life Insurance Company (U.S.A.)	AA-
805	\$ 100,000	M	76	93	Protective Life Insurance Company	AA-
806	\$ 10,000,000	M	76	128	John Hancock Life Insurance Company (U.S.A.)	AA-
807	\$ 809,320	M	76	72	Commonwealth Annuity and Life Insurance Company	A-
808	\$ 8,600,000	M	76	138	AXA Equitable Life Insurance Company	A+
809	\$ 2,500,000	M	76	127	Banner Life Insurance Company	AA-
810	\$ 500,000	M	76	80	Lincoln National Life Insurance Company	AA-
811	\$ 485,000	M	76	135	Metropolitan Life Insurance Company	AA-
812	\$ 500,000	M	76	63	Phoenix Life Insurance Company	BB
813	\$ 8,000,000	M	76	171	Metropolitan Life Insurance Company	AA-
814	\$ 1,500,000	M	76	113	American General Life Insurance Company	A+
815	\$ 1,500,000	M	76	113	American General Life Insurance Company	A+
816	\$ 1,000,000	M	76	88	John Hancock Life Insurance Company (U.S.A.)	AA-
817	\$ 100,000	M	76	114	Transamerica Life Insurance Company	AA-
818	\$ 3,042,627	M	76	109	Massachusetts Mutual Life Insurance Company	AA+
819	\$ 1,150,000	M	76	62	Penn Mutual Life Insurance Company	A+
820	\$ 750,000	M	76	107	Midland National Life Insurance Company	A+
821	\$ 184,000	M	76	100	Protective Life Insurance Company	AA-
822	\$ 500,000	M	76	108	Protective Life Insurance Company	AA-
823	\$ 1,000,000	F	76	138	Security Life of Denver Insurance Company	A
824	\$ 1,000,000	M	76	153	John Hancock Life Insurance Company (U.S.A.)	AA-
825	\$ 6,000,000	M	76	172	United of Omaha Life Insurance Company	AA-
826	\$ 800,000	M	76	62	Protective Life Insurance Company	AA-
827	\$ 2,000,000	M	76	140	Brighthouse Life Insurance Company	AA-
828	\$ 500,000	M	76	101	Protective Life Insurance Company	AA-
829	\$ 750,000	M	76	168	Lincoln National Life Insurance Company	AA-
830	\$ 1,000,000	M	76	131	Protective Life Insurance Company	AA-
831	\$ 600,000	M	76	155	AXA Equitable Life Insurance Company	A+
832	\$ 800,000	M	76	142	Protective Life Insurance Company	AA-
833	\$ 500,000	M	76	101	AXA Equitable Life Insurance Company	A+
834	\$ 500,000	M	76	101	AXA Equitable Life Insurance Company	A+
835	\$ 1,000,000	M	76	187	North American Company for Life and Health Insurance	A+
836	\$ 750,000	M	76	79	Security Life of Denver Insurance Company	A
837	\$ 800,000	M	76	110	Protective Life Insurance Company	AA-
838	\$ 1,000,000	M	76	104	Protective Life Insurance Company	AA-
839	\$ 250,000	M	76	106	Protective Life Insurance Company	AA-
840	\$ 250,000	F	76	124	Wilton Reassurance Life Insurance Company	NR

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
841	\$ 200,000	M	76	99	Transamerica Life Insurance Company	AA-
842	\$ 295,800	M	76	97	First Allmerica Financial Life Insurance Company	A-
843	\$ 400,000	M	76	86	Massachusetts Mutual Life Insurance Company	AA+
844	\$ 3,000,000	M	75	80	John Hancock Life Insurance Company (U.S.A.)	AA-
845	\$ 2,141,356	M	75	101	New York Life Insurance Company	AA+
846	\$ 2,204,843	M	75	101	New York Life Insurance Company	AA+
847	\$ 750,000	M	75	113	Security Life of Denver Insurance Company	A
848	\$ 2,500,000	M	75	123	Lincoln National Life Insurance Company	AA-
849	\$ 2,500,000	M	75	123	John Hancock Life Insurance Company (U.S.A.)	AA-
850	\$ 5,000,000	F	75	165	West Coast Life Insurance Company	AA-
851	\$ 420,000	M	75	106	RiverSource Life Insurance Company	AA-
852	\$ 5,000,000	M	75	122	John Hancock Life Insurance Company (U.S.A.)	AA-
853	\$ 250,000	M	75	54	American General Life Insurance Company	A+
854	\$ 2,000,000	M	75	106	Security Life of Denver Insurance Company	A
855	\$ 2,500,000	M	75	57	Transamerica Life Insurance Company	AA-
856	\$ 1,500,000	M	75	106	Security Life of Denver Insurance Company	A
857	\$ 4,000,000	M	75	134	MONY Life Insurance Company of America	A+
858	\$ 300,000	M	75	99	Protective Life Insurance Company	AA-
859	\$ 267,988	M	75	39	Minnesota Life Insurance Company	AA-
860	\$ 160,000	M	75	81	RiverSource Life Insurance Company	AA-
861	\$ 190,000	F	75	174	Protective Life Insurance Company	AA-
862	\$ 250,000	F	75	90	Protective Life Insurance Company	AA-
863	\$ 1,000,000	F	75	125	ReliaStar Life Insurance Company	A
864	\$ 1,000,000	F	75	140	American General Life Insurance Company	A+
865	\$ 390,025	M	75	127	Genworth Life and Annuity Insurance Company	B-
866	\$ 4,000,000	M	75	138	AXA Equitable Life Insurance Company	A+
867	\$ 1,000,000	M	75	85	Accordia Life and Annuity Company	A-
868	\$ 3,500,000	M	75	161	Ameritas Life Insurance Corporation	A+
869	\$ 1,500,000	M	75	161	Ameritas Life Insurance Corporation	A+
870	\$ 1,000,000	M	75	157	Banner Life Insurance Company	AA-
871	\$ 10,000,000	F	75	195	John Hancock Life Insurance Company (U.S.A.)	AA-
872	\$ 200,000	M	75	37	First Penn-Pacific Life Insurance Company	A-
873	\$ 500,000	M	75	106	Pruco Life Insurance Company	AA-
874	\$ 100,000	F	75	109	State Farm Life Insurance Company	AA
875	\$ 1,000,000	M	75	125	Banner Life Insurance Company	AA-
876	\$ 700,000	M	75	75	John Hancock Life Insurance Company (U.S.A.)	AA-
877	\$ 300,000	M	75	150	Banner Life Insurance Company	AA-
878	\$ 600,000	M	75	150	Banner Life Insurance Company	AA-
879	\$ 1,790,000	M	75	244	John Hancock Life Insurance Company (U.S.A.)	AA-
880	\$ 7,000,000	M	75	157	Protective Life Insurance Company	AA-
881	\$ 200,000	M	75	59	AXA Equitable Life Insurance Company	A+
882	\$ 355,468	M	75	76	Great American Life Insurance Company	A+
883	\$ 1,000,000	M	75	171	Protective Life Insurance Company	AA-
884	\$ 1,008,022	M	75	147	AXA Equitable Life Insurance Company	A+
885	\$ 200,000	M	75	32	North American Company for Life and Health Insurance	A+
886	\$ 1,000,000	M	75	52	Genworth Life and Annuity Insurance Company	B-
887	\$ 300,000	M	75	52	Genworth Life and Annuity Insurance Company	B-
888	\$ 500,000	M	75	77	Ameritas Life Insurance Corporation	A+
889	\$ 493,000	M	75	90	Lincoln National Life Insurance Company	AA-
890	\$ 250,000	M	74	38	Protective Life Insurance Company	AA-
891	\$ 650,000	F	74	57	Security Life of Denver Insurance Company	A
892	\$ 1,250,000	M	74	103	West Coast Life Insurance Company	AA-
893	\$ 3,000,000	F	74	210	John Hancock Life Insurance Company (U.S.A.)	AA-
894	\$ 750,000	M	74	116	Transamerica Life Insurance Company	AA-
895	\$ 150,000	M	74	24	Protective Life Insurance Company	AA-
896	\$ 1,500,000	F	74	152	Pruco Life Insurance Company	AA-
897	\$ 400,000	M	74	180	Protective Life Insurance Company	AA-
898	\$ 500,000	M	74	104	Ohio National Life Assurance Corporation	A
899	\$ 5,000,000	M	74	151	Metropolitan Life Insurance Company	AA-
900	\$ 420,000	M	74	136	Protective Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
901	\$ 100,000	M	74	127	Protective Life Insurance Company	AA-
902	\$ 150,000	M	74	24	AXA Equitable Life Insurance Company	A+
903	\$ 5,000,000	M	74	108	Transamerica Life Insurance Company	AA-
904	\$ 1,000,000	M	74	113	American General Life Insurance Company	A+
905	\$ 1,000,000	M	74	43	John Hancock Life Insurance Company (U.S.A.)	AA-
906	\$ 232,000	M	74	163	Protective Life Insurance Company	AA-
907	\$ 185,000	M	74	115	Genworth Life and Annuity Insurance Company	B-
908	\$ 1,350,000	M	74	103	Lincoln National Life Insurance Company	AA-
909	\$ 5,000,000	M	74	109	John Hancock Life Insurance Company (U.S.A.)	AA-
910	\$ 10,000,000	M	74	152	Principal Life Insurance Company	A+
911	\$ 5,000,000	M	74	109	John Hancock Life Insurance Company (U.S.A.)	AA-
912	\$ 2,400,000	M	74	85	Transamerica Life Insurance Company	AA-
913	\$ 314,000	M	74	139	Genworth Life Insurance Company	B-
914	\$ 250,000	M	74	139	Genworth Life Insurance Company	B-
915	\$ 5,000,000	M	74	169	John Hancock Life Insurance Company (U.S.A.)	AA-
916	\$ 315,577	F	74	125	Lincoln National Life Insurance Company	AA-
917	\$ 250,000	M	74	64	U.S. Financial Life Insurance Company	NR
918	\$ 1,000,000	M	74	140	Nationwide Life and Annuity Insurance Company	A+
919	\$ 1,000,000	M	74	146	John Hancock Life Insurance Company (U.S.A.)	AA-
920	\$ 1,000,000	M	74	86	Transamerica Life Insurance Company	AA-
921	\$ 4,000,000	M	74	90	Lincoln National Life Insurance Company	AA-
922	\$ 12,000,000	M	74	155	American General Life Insurance Company	A+
923	\$ 570,000	M	74	87	Transamerica Life Insurance Company	AA-
924	\$ 1,000,000	M	74	187	John Hancock Life Insurance Company (U.S.A.)	AA-
925	\$ 750,000	M	74	156	Genworth Life and Annuity Insurance Company	B-
926	\$ 2,500,000	M	74	131	American General Life Insurance Company	A+
927	\$ 280,698	M	74	111	Pruco Life Insurance Company	AA-
928	\$ 1,250,000	M	74	167	John Hancock Life Insurance Company (U.S.A.)	AA-
929	\$ 247,000	M	74	43	Jackson National Life Insurance Company	AA-
930	\$ 1,000,000	M	74	149	Security Life of Denver Insurance Company	A
931	\$ 300,000	F	74	35	North American Company for Life and Health Insurance	A+
932	\$ 250,000	M	74	105	North American Company for Life and Health Insurance	A+
933	\$ 836,370	M	74	111	Pruco Life Insurance Company	AA-
934	\$ 5,000,000	M	74	92	John Hancock Life Insurance Company (U.S.A.)	AA-
935	\$ 2,000,000	M	74	130	ReliaStar Life Insurance Company	A
936	\$ 1,000,000	M	74	136	Security Life of Denver Insurance Company	A
937	\$ 400,000	M	73	147	Lincoln National Life Insurance Company	AA-
938	\$ 250,000	F	73	110	Ohio National Life Assurance Corporation	A
939	\$ 1,500,000	M	73	101	Midland National Life Insurance Company	A+
940	\$ 1,500,000	M	73	74	Lincoln National Life Insurance Company	AA-
941	\$ 700,000	M	73	112	Massachusetts Mutual Life Insurance Company	AA+
942	\$ 300,000	M	73	179	John Hancock Life Insurance Company (U.S.A.)	AA-
943	\$ 500,000	M	73	95	Lincoln Benefit Life Company	BBB
944	\$ 92,000	F	73	183	Protective Life Insurance Company	AA-
945	\$ 202,700	M	73	100	Farmers New World Life Insurance Company	NR
946	\$ 250,000	M	73	168	Lincoln National Life Insurance Company	AA-
947	\$ 100,000	M	73	85	Massachusetts Mutual Life Insurance Company	AA+
948	\$ 252,259	M	73	87	Massachusetts Mutual Life Insurance Company	AA+
949	\$ 57,500	M	73	78	Lincoln National Life Insurance Company	AA-
950	\$ 500,000	M	73	144	Protective Life Insurance Company	AA-
951	\$ 2,000,000	M	73	150	Hartford Life and Annuity Insurance Company	BBB
952	\$ 1,000,000	M	73	145	Transamerica Life Insurance Company	AA-
953	\$ 1,000,000	M	73	152	Protective Life Insurance Company	AA-
954	\$ 6,000,000	M	73	184	AXA Equitable Life Insurance Company	A+
955	\$ 650,000	M	73	117	Protective Life Insurance Company	AA-
956	\$ 750,000	M	73	133	USAA Life Insurance Company	AA+
957	\$ 1,000,000	M	73	79	Protective Life Insurance Company	AA-
958	\$ 1,000,000	M	73	79	Protective Life Insurance Company	AA-
959	\$ 1,000,000	M	73	79	Protective Life Insurance Company	AA-
960	\$ 1,251,474	M	73	134	AXA Equitable Life Insurance Company	A+

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
961	\$ 1,000,000	M	73	115	Protective Life Insurance Company	AA-
962	\$ 1,650,000	M	73	115	Protective Life Insurance Company	AA-
963	\$ 1,000,000	F	73	101	United of Omaha Life Insurance Company	AA-
964	\$ 1,000,000	M	73	88	Transamerica Life Insurance Company	AA-
965	\$ 500,000	M	73	123	Massachusetts Mutual Life Insurance Company	AA+
966	\$ 600,000	M	73	98	Lincoln National Life Insurance Company	AA-
967	\$ 250,000	M	73	95	American General Life Insurance Company	A+
968	\$ 1,000,000	M	73	67	Transamerica Life Insurance Company	AA-
969	\$ 5,000,000	F	73	176	AXA Equitable Life Insurance Company	A+
970	\$ 502,756	M	73	149	New England Life Insurance Company	A+
971	\$ 300,000	M	73	150	Security Life of Denver Insurance Company	A
972	\$ 305,000	M	73	106	MetLife Insurance Company USA	AA-
973	\$ 2,000,000	M	72	48	Metropolitan Life Insurance Company	AA-
974	\$ 2,000,000	M	72	48	Metropolitan Life Insurance Company	AA-
975	\$ 2,000,000	M	72	120	Transamerica Life Insurance Company	AA-
976	\$ 1,000,000	M	72	120	Genworth Life Insurance Company	B-
977	\$ 1,000,000	M	72	174	AXA Equitable Life Insurance Company	A+
978	\$ 1,000,000	M	72	66	Protective Life Insurance Company	AA-
979	\$ 200,000	M	72	163	Protective Life Insurance Company	AA-
980	\$ 100,000	F	72	159	North American Company for Life and Health Insurance	A+
981	\$ 750,000	M	72	112	North American Company for Life and Health Insurance	A+
982	\$ 175,000	F	72	94	Lincoln National Life Insurance Company	AA-
983	\$ 300,000	M	72	119	Farmers New World Life Insurance Company	NR
984	\$ 1,000,000	M	72	116	Transamerica Life Insurance Company	AA-
985	\$ 1,000,000	M	72	137	John Hancock Life Insurance Company (U.S.A.)	AA-
986	\$ 2,000,000	M	72	167	John Hancock Life Insurance Company (U.S.A.)	AA-
987	\$ 1,000,000	M	72	116	Protective Life Insurance Company	AA-
988	\$ 1,000,000	M	72	146	Accordia Life and Annuity Company	A-
989	\$ 400,000	F	72	132	MONY Life Insurance Company of America	A+
990	\$ 4,000,000	M	72	118	MetLife Insurance Company USA	AA-
991	\$ 1,000,000	M	72	73	AXA Equitable Life Insurance Company	A+
992	\$ 5,000,000	M	72	131	John Hancock Life Insurance Company (U.S.A.)	AA-
993	\$ 4,000,000	M	72	131	MONY Life Insurance Company of America	A+
994	\$ 1,532,043	M	72	140	John Hancock Life Insurance Company (U.S.A.)	AA-
995	\$ 385,741	M	72	83	Security Life of Denver Insurance Company	A
996	\$ 3,000,000	M	72	145	Guardian Life Insurance Company of America	AA+
997	\$ 500,000	M	72	165	Lincoln National Life Insurance Company	AA-
998	\$ 500,000	M	72	158	United of Omaha Life Insurance Company	AA-
999	\$ 1,000,000	M	72	151	Lincoln Benefit Life Company	BBB
1000	\$ 750,000	F	72	164	John Hancock Life Insurance Company (U.S.A.)	AA-
1001	\$ 1,000,000	M	72	177	Transamerica Life Insurance Company	AA-
1002	\$ 1,000,000	M	72	185	Ameritas Life Insurance Corporation	A+
1003	\$ 5,000,000	M	72	192	Lincoln National Life Insurance Company	AA-
1004	\$ 534,703	M	72	111	Pacific Life Insurance Company	AA-
1005	\$ 1,000,000	M	72	90	AXA Equitable Life Insurance Company	A+
1006	\$ 400,000	M	72	86	Protective Life Insurance Company	AA-
1007	\$ 182,134	M	72	86	Genworth Life and Annuity Insurance Company	B-
1008	\$ 1,470,000	M	72	119	Brighthouse Life Insurance Company	AA-
1009	\$ 280,000	M	72	135	Genworth Life and Annuity Insurance Company	B-
1010	\$ 500,000	M	72	58	Banner Life Insurance Company	AA-
1011	\$ 3,000,000	M	72	115	Lincoln National Life Insurance Company	AA-
1012	\$ 3,000,000	M	72	115	Lincoln National Life Insurance Company	AA-
1013	\$ 300,000	M	72	158	MetLife Insurance Company USA	AA-
1014	\$ 250,000	M	72	102	American General Life Insurance Company	A+
1015	\$ 500,000	M	72	57	Security Life of Denver Insurance Company	A
1016	\$ 539,300	M	72	103	Farmers New World Life Insurance Company	NR
1017	\$ 500,000	M	72	125	Protective Life Insurance Company	AA-
1018	\$ 6,000,000	M	72	169	Protective Life Insurance Company	AA-
1019	\$ 156,538	F	71	80	New York Life Insurance Company	AA+
1020	\$ 1,000,000	M	71	144	Lincoln National Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
1021	\$ 150,000	M	71	104	Protective Life Insurance Company	AA-
1022	\$ 2,500,000	M	71	157	Pruco Life Insurance Company	AA-
1023	\$ 2,500,000	M	71	157	Pruco Life Insurance Company	AA-
1024	\$ 750,000	M	71	147	The Northwestern Mutual Life Insurance Company	AA+
1025	\$ 250,000	F	71	61	Transamerica Life Insurance Company	AA-
1026	\$ 500,000	M	71	32	Security Life of Denver Insurance Company	A
1027	\$ 1,000,000	M	71	122	Transamerica Life Insurance Company	AA-
1028	\$ 250,000	F	71	141	Protective Life Insurance Company	AA-
1029	\$ 300,000	M	71	86	Protective Life Insurance Company	AA-
1030	\$ 3,000,000	M	71	191	John Hancock Life Insurance Company (U.S.A.)	AA-
1031	\$ 1,200,000	M	71	141	Massachusetts Mutual Life Insurance Company	AA+
1032	\$ 3,000,000	M	71	148	Transamerica Life Insurance Company	AA-
1033	\$ 3,000,000	M	71	139	Genworth Life Insurance Company	B-
1034	\$ 1,200,000	M	71	141	Genworth Life Insurance Company	B-
1035	\$ 2,000,000	M	71	172	John Hancock Life Insurance Company (U.S.A.)	AA-
1036	\$ 1,100,000	M	71	140	John Hancock Life Insurance Company (U.S.A.)	AA-
1037	\$ 13,250,000	M	71	197	TIAA-CREF Life Insurance Company	AA+
1038	\$ 500,000	M	71	104	Lincoln National Life Insurance Company	AA-
1039	\$ 560,000	M	71	125	AXA Equitable Life Insurance Company	A+
1040	\$ 1,000,000	M	71	32	MONY Life Insurance Company of America	A+
1041	\$ 100,000	M	71	107	Phoenix Life Insurance Company	BB
1042	\$ 250,995	M	71	162	State Farm Life Insurance Company	AA
1043	\$ 200,000	M	71	162	State Farm Life Insurance Company	AA
1044	\$ 217,578	M	71	79	Sunset Life Insurance Company of America	NR
1045	\$ 1,000,000	M	71	135	Brighthouse Life Insurance Company	AA-
1046	\$ 1,000,000	M	71	135	Brighthouse Life Insurance Company	AA-
1047	\$ 1,500,000	M	71	133	AXA Equitable Life Insurance Company	A+
1048	\$ 850,000	M	71	135	Brighthouse Life Insurance Company	AA-
1049	\$ 1,000,000	M	71	135	Brighthouse Life Insurance Company	AA-
1050	\$ 250,000	M	71	49	Brighthouse Life Insurance Company	AA-
1051	\$ 570,000	M	71	126	Nationwide Life Insurance Company	A-
1052	\$ 200,000	M	71	144	Allstate Life Insurance Company of New York	A+
1053	\$ 250,000	M	71	128	Genworth Life and Annuity Insurance Company	B-
1054	\$ 750,000	M	71	154	Pekin Life Insurance Company	NR
1055	\$ 500,000	M	71	158	Hartford Life and Annuity Insurance Company	BBB
1056	\$ 300,000	M	71	166	Protective Life Insurance Company	AA-
1057	\$ 500,000	M	71	158	Hartford Life and Annuity Insurance Company	BBB
1058	\$ 500,000	M	71	154	Lincoln Benefit Life Company	BBB
1059	\$ 500,000	M	71	147	Protective Life Insurance Company	AA-
1060	\$ 2,000,000	M	71	97	Ohio National Life Assurance Corporation	A
1061	\$ 250,000	M	71	88	Protective Life Insurance Company	AA-
1062	\$ 500,000	M	71	64	Symetra Life Insurance Company	A
1063	\$ 850,000	M	71	159	Protective Life Insurance Company	AA-
1064	\$ 500,000	M	71	120	Allstate Life Insurance Company of New York	A+
1065	\$ 500,000	M	71	168	American General Life Insurance Company	A+
1066	\$ 1,000,000	M	71	159	Lincoln National Life Insurance Company	AA-
1067	\$ 500,000	M	71	159	Lincoln National Life Insurance Company	AA-
1068	\$ 250,000	M	71	120	Principal Life Insurance Company	A+
1069	\$ 375,000	M	71	98	U.S. Financial Life Insurance Company	NR
1070	\$ 1,000,000	M	71	168	American General Life Insurance Company	A+
1071	\$ 439,500	M	71	174	Federal Employee Group Life Insurance	NR
1072	\$ 500,000	M	71	66	Protective Life Insurance Company	AA-
1073	\$ 1,000,000	M	70	58	Lincoln National Life Insurance Company	AA-
1074	\$ 1,000,000	M	70	67	Transamerica Life Insurance Company	AA-
1075	\$ 5,616,468	M	70	167	John Hancock Life Insurance Company (U.S.A.)	AA-
1076	\$ 250,000	M	70	148	Pruco Life Insurance Company	AA-
1077	\$ 3,000,000	M	70	98	ReliaStar Life Insurance Company	A
1078	\$ 2,000,000	M	70	98	AXA Equitable Life Insurance Company	A+
1079	\$ 2,000,000	M	70	98	AXA Equitable Life Insurance Company	A+
1080	\$ 400,000	M	70	154	Lincoln National Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
1081	\$ 250,000	M	70	182	Protective Life Insurance Company	AA-
1082	\$ 1,000,000	M	70	94	The Savings Bank Mutual Life Insurance Company of Massachusetts	NR
1083	\$ 320,000	M	70	150	Transamerica Life Insurance Company	AA-
1084	\$ 1,000,000	M	70	143	Sun Life Assurance Company of Canada (U.S.)	AA-
1085	\$ 5,000,000	M	70	97	Athene Annuity & Life Assurance Company	A
1086	\$ 846,510	M	70	116	Lincoln National Life Insurance Company	AA-
1087	\$ 846,210	M	70	116	Lincoln National Life Insurance Company	AA-
1088	\$ 600,000	M	70	73	William Penn Life Insurance Company of New York	AA-
1089	\$ 229,725	F	70	90	Hartford Life and Annuity Insurance Company	BBB
1090	\$ 105,333	F	70	118	Lincoln Benefit Life Company	BBB
1091	\$ 67,602	F	70	118	Allstate Life Insurance Company of New York	A+
1092	\$ 5,000,000	M	70	118	Lincoln National Life Insurance Company	AA-
1093	\$ 4,383,532	M	70	167	John Hancock Life Insurance Company (U.S.A.)	AA-
1094	\$ 900,000	M	70	171	American General Life Insurance Company	A+
1095	\$ 400,000	M	70	109	Metropolitan Life Insurance Company	AA-
1096	\$ 350,000	M	70	43	Lincoln National Life Insurance Company	AA-
1097	\$ 240,000	M	70	111	New York Life Insurance Company	AA+
1098	\$ 1,000,000	M	70	125	USAA Life Insurance Company	AA+
1099	\$ 491,028	M	70	156	Lincoln Benefit Life Company	BBB
1100	\$ 2,000,000	M	70	106	North American Company for Life and Health Insurance	A+
1101	\$ 500,000	M	70	110	AXA Equitable Life Insurance Company	A+
1102	\$ 500,000	F	70	84	Kansas City Life Insurance Company	NR
1103	\$ 1,000,000	M	70	114	Protective Life Insurance Company	AA-
1104	\$ 2,000,000	M	70	143	Transamerica Life Insurance Company	AA-
1105	\$ 1,000,000	M	70	156	Metropolitan Life Insurance Company	AA-
1106	\$ 250,000	M	70	120	American General Life Insurance Company	A+
1107	\$ 1,000,000	M	70	180	Accordia Life and Annuity Company	A-
1108	\$ 1,000,000	M	70	172	Transamerica Life Insurance Company	AA-
1109	\$ 1,000,000	M	70	192	Principal Life Insurance Company	A+
1110	\$ 100,000	F	70	31	Nationwide Life and Annuity Insurance Company	A+
1111	\$ 900,000	M	70	112	Banner Life Insurance Company	AA-
1112	\$ 600,000	M	70	186	Lincoln National Life Insurance Company	AA-
1113	\$ 2,000,000	M	70	185	AXA Equitable Life Insurance Company	A+
1114	\$ 750,000	M	69	113	Pacific Life Insurance Company	AA-
1115	\$ 350,000	M	69	93	RiverSource Life Insurance Company	AA-
1116	\$ 500,000	F	69	156	Banner Life Insurance Company	AA-
1117	\$ 200,000	M	69	147	Pruco Life Insurance Company	AA-
1118	\$ 200,000	M	69	147	Pruco Life Insurance Company	AA-
1119	\$ 650,000	M	69	169	Lincoln National Life Insurance Company	AA-
1120	\$ 492,547	M	69	101	AXA Equitable Life Insurance Company	A+
1121	\$ 1,000,000	M	69	105	Pruco Life Insurance Company	AA-
1122	\$ 500,000	F	69	117	American General Life Insurance Company	A+
1123	\$ 400,000	M	69	117	Jackson National Life Insurance Company	AA-
1124	\$ 750,000	M	69	71	Massachusetts Mutual Life Insurance Company	AA+
1125	\$ 306,552	M	69	143	First Allmerica Financial Life Insurance Company	A-
1126	\$ 989,361	M	69	142	General American Life Insurance Company	NR
1127	\$ 100,000	M	69	145	Shenandoah Life Insurance Company	NR
1128	\$ 3,500,000	M	69	158	AXA Equitable Life Insurance Company	A+
1129	\$ 350,000	M	69	140	Transamerica Life Insurance Company	AA-
1130	\$ 1,000,000	F	69	229	Transamerica Life Insurance Company	AA-
1131	\$ 150,000	M	69	116	Massachusetts Mutual Life Insurance Company	AA+
1132	\$ 300,000	M	69	102	Protective Life Insurance Company	AA-
1133	\$ 900,000	M	69	134	Protective Life Insurance Company	AA-
1134	\$ 250,000	F	69	124	Genworth Life and Annuity Insurance Company	B-
1135	\$ 2,000,000	F	68	178	Metropolitan Life Insurance Company	AA-
1136	\$ 500,000	M	68	57	Transamerica Life Insurance Company	AA-
1137	\$ 540,000	M	68	156	Protective Life Insurance Company	AA-
1138	\$ 265,000	M	68	143	Protective Life Insurance Company	AA-
1139	\$ 250,000	M	68	105	Transamerica Life Insurance Company	AA-
1140	\$ 10,000,000	M	68	82	Lincoln National Life Insurance Company	AA-

	Face Amount	Gender	Age (ALB) (1)	LE (mo.) (2)	Insurance Company	S&P Rating
1141	\$ 250,000	F	68	184	Principal Life Insurance Company	A+
1142	\$ 250,000	M	68	146	American General Life Insurance Company	A+
1143	\$ 250,000	M	68	132	Wilco Life Insurance Company	NR
1144	\$ 500,000	M	68	134	Protective Life Insurance Company	AA-
1145	\$ 500,000	F	68	108	MONY Life Insurance Company of America	A+
1146	\$ 250,000	F	68	186	West Coast Life Insurance Company	AA-
1147	\$ 1,500,000	M	68	143	John Hancock Life Insurance Company (U.S.A.)	AA-
1148	\$ 100,000	M	68	75	State Farm Life Insurance Company	AA
1149	\$ 200,000	M	68	197	North American Company for Life and Health Insurance	A+
1150	\$ 850,000	M	68	192	Principal Life Insurance Company	A+
1151	\$ 250,000	F	68	182	Transamerica Life Insurance Company	AA-
1152	\$ 1,000,000	M	68	96	Metropolitan Tower Life Insurance Company	AA-
1153	\$ 1,000,000	M	68	183	AXA Equitable Life Insurance Company	A+
1154	\$ 1,000,000	M	68	154	Security Life of Denver Insurance Company	A
1155	\$ 248,280	M	68	109	Ohio National Life Assurance Corporation	A
1156	\$ 5,000,000	M	68	227	Lincoln National Life Insurance Company	AA-
1157	\$ 3,500,000	M	67	191	Pruco Life Insurance Company	AA-
1158	\$ 1,000,000	M	67	131	John Hancock Life Insurance Company (U.S.A.)	AA-
1159	\$ 350,000	M	67	108	Hartford Life and Annuity Insurance Company	BBB
1160	\$ 4,000,000	M	67	91	William Penn Life Insurance Company of New York	AA-
1161	\$ 250,000	M	67	110	Pacific Life Insurance Company	AA-
1162	\$ 500,000	M	67	138	United of Omaha Life Insurance Company	AA-
1163	\$ 150,000	M	67	72	John Hancock Life Insurance Company (U.S.A.)	AA-
1164	\$ 1,000,000	M	67	169	Banner Life Insurance Company	AA-
1165	\$ 2,000,000	M	67	206	Accordia Life and Annuity Company	A-
1166	\$ 1,000,000	M	67	148	Pruco Life Insurance Company	AA-
1167	\$ 250,000	M	67	153	Pruco Life Insurance Company	AA-
1168	\$ 200,000	F	67	38	Pruco Life Insurance Company	AA-
1169	\$ 350,000	M	67	29	EMC National Life Company	NR
1170	\$ 300,000	M	67	23	Symetra Life Insurance Company	A
1171	\$ 250,000	F	67	110	Lincoln National Life Insurance Company	AA-
1172	\$ 250,000	F	67	110	Lincoln National Life Insurance Company	AA-
1173	\$ 500,000	M	67	49	Athene Annuity & Life Assurance Company	A
1174	\$ 1,000,000	M	66	169	John Hancock Life Insurance Company (U.S.A.)	AA-
1175	\$ 1,500,000	M	66	166	Metropolitan Life Insurance Company	AA-
1176	\$ 3,000,000	M	66	138	U.S. Financial Life Insurance Company	NR
1177	\$ 3,000,000	M	66	245	AXA Equitable Life Insurance Company	A+
1178	\$ 400,000	M	66	48	Ohio National Life Assurance Corporation	A
1179	\$ 500,000	M	66	142	Security Mutual Life Insurance Company of New York	NR
1180	\$ 250,000	M	66	83	Transamerica Life Insurance Company	AA-
1181	\$ 1,500,000	M	66	168	New York Life Insurance Company	AA+
1182	\$ 750,000	M	66	19	USAA Life Insurance Company	AA+
1183	\$ 1,000,000	M	66	26	John Hancock Life Insurance Company (U.S.A.)	AA-
1184	\$ 250,000	M	65	71	Lincoln National Life Insurance Company	AA-
1185	\$ 400,000	M	65	173	Transamerica Life Insurance Company	AA-
1186	\$ 750,000	M	65	163	John Hancock Life Insurance Company (U.S.A.)	AA-
1187	\$ 2,500,000	M	65	125	Transamerica Life Insurance Company	AA-
1188	\$ 1,000,000	M	65	52	Pruco Life Insurance Company	AA-
1189	\$ 250,000	M	64	151	American General Life Insurance Company	A+
1190	\$ 150,000	M	62	84	Jackson National Life Insurance Company	AA-
<u>\$ 2,088,445,176</u>						

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.

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

Dated as of April 26, 2019

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 FOURTH 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.

Table of Contents

	Page
ARTICLE I DEFINITIONS	1
Section 1.01. <u>Definitions</u>	1
ARTICLE II FORMATION, TERM, PURPOSE AND POWERS	19
Section 2.01. <u>Formation</u>	19
Section 2.02. <u>Name</u>	19
Section 2.03. <u>Term</u>	19
Section 2.04. <u>Offices</u>	19
Section 2.05. <u>Agent for Service of Process; Existence and Good Standing; Foreign Qualification</u>	20
Section 2.06. <u>Business Purpose</u>	20
Section 2.07. <u>Powers of the Partnership</u>	20
Section 2.08. <u>Partners; Admission of New Partners</u>	20
Section 2.09. <u>Withdrawal</u>	21
Section 2.10. <u>Investment Representations of Partners</u>	21
ARTICLE III MANAGEMENT	21
Section 3.01. <u>General Partner</u>	21
Section 3.02. <u>Compensation</u>	22
Section 3.03. <u>Expenses</u>	22
Section 3.04. <u>Officers</u>	22
Section 3.05. <u>Additional Subsidiaries; Charities</u>	23
Section 3.06. <u>Authority of Partners</u>	24
Section 3.07. <u>Action by Written Consent or Ratification</u>	24
Section 3.08. <u>Additional General Partner</u>	25
ARTICLE IV DISTRIBUTIONS	25
Section 4.01. <u>Distributions in General</u>	25
Section 4.02. <u>Tax Distributions and Redemptions</u>	26
Section 4.03. <u>Liquidation Distribution</u>	28
Section 4.04. <u>Disproportionate Distributions</u>	28
Section 4.05. <u>Limitations on Distribution</u>	28
Section 4.06. <u>Distribution of Sales Proceeds</u>	28
ARTICLE V CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS; TAX ALLOCATIONS; TAX MATTERS	29
Section 5.01. <u>Capital Contributions</u>	29
Section 5.02. <u>Capital Accounts</u>	29
Section 5.03. <u>Additional Capital Contributions</u>	30
Section 5.04. <u>Allocations of Profits and Losses</u>	30
Section 5.05. <u>Special Allocations</u>	34

Section 5.06.	Tax Allocations	36
Section 5.07.	Tax Advances	36
Section 5.08.	Tax Matters	37
Section 5.09.	Other Allocation Provisions	37
Section 5.10.	Subclass 2 FLP Unit Accounts	38
ARTICLE VI BOOKS AND RECORDS; REPORTS		38
Section 6.01.	Books and Records	38
ARTICLE VII PARTNERSHIP UNITS		39
Section 7.01.	Units	39
Section 7.02.	Register	40
Section 7.03.	Registered Partners	41
Section 7.04.	Issuance of Additional Class S Units	41
Section 7.05.	Conversion of Class S Preferred Units	42
Section 7.06.	Conversion of Class S Ordinary Units	43
Section 7.07.	Combinations of Fractional Class S Units	43
Section 7.08.	Conversion of Preferred Series Unit Accounts	43
Section 7.09.	Optional Redemption of Preferred Series B Unit Accounts and Preferred Series A Subclass 3 Unit Accounts	44
Section 7.10.	Mandatory Redemption of Preferred Series Unit Accounts	45
Section 7.11.	Preemptive Rights	45
Section 7.12.	Additional Issuances and Indebtedness	46
Section 7.13.	Adjustments to Conversion Price; Elective Conversion Upon Partnership Sale or Dissolution	47
Section 7.14.	Redemption Limitation	47
ARTICLE VIII TRANSFER RESTRICTIONS		48
Section 8.01.	Limited Partner Transfers	48
Section 8.02.	Mandatory Exchanges	48
Section 8.03.	Encumbrances	48
Section 8.04.	Further Restrictions	48
Section 8.05.	Rights of Assignees	49
Section 8.06.	Admissions, Withdrawals and Removals	50
Section 8.07.	Admission of Assignees as Substitute Limited Partners	50
Section 8.08.	Withdrawal and Removal of Limited Partners	50
Section 8.09.	Indirect Transfer to an Equity Holder	51
ARTICLE IX DISSOLUTION, LIQUIDATION AND TERMINATION		51
Section 9.01.	No Dissolution	51
Section 9.02.	Events Causing Dissolution	51
Section 9.03.	Distribution upon Dissolution	52
Section 9.04.	Time for Liquidation	53
Section 9.05.	Termination	53
Section 9.06.	Claims of the Partners	53
Section 9.07.	Survival of Certain Provisions	53

<u>ARTICLE X LIABILITY AND INDEMNIFICATION</u>	53
<u>Section 10.01.</u> <u>Liability of Partners</u>	53
<u>Section 10.02.</u> <u>Indemnification</u>	55
<u>Section 10.03.</u> <u>Exculpation</u>	57
<u>ARTICLE XI MISCELLANEOUS</u>	57
<u>Section 11.01.</u> <u>Severability</u>	57
<u>Section 11.02.</u> <u>Notices</u>	58
<u>Section 11.03.</u> <u>Cumulative Remedies</u>	58
<u>Section 11.04.</u> <u>Binding Effect</u>	58
<u>Section 11.05.</u> <u>Interpretation</u>	59
<u>Section 11.06.</u> <u>Counterparts</u>	59
<u>Section 11.07.</u> <u>Further Assurances</u>	59
<u>Section 11.08.</u> <u>Entire Agreement</u>	59
<u>Section 11.09.</u> <u>Governing Law</u>	59
<u>Section 11.10.</u> <u>Dispute Resolution</u>	60
<u>Section 11.11.</u> <u>Expenses</u>	62
<u>Section 11.12.</u> <u>Amendments and Waivers</u>	63
<u>Section 11.13.</u> <u>No Third Party Beneficiaries</u>	64
<u>Section 11.14.</u> <u>Headings</u>	65
<u>Section 11.15.</u> <u>Power of Attorney</u>	65
<u>Section 11.16.</u> <u>Separate Agreements; Schedules</u>	65
<u>Section 11.17.</u> <u>Partnership Status</u>	65
<u>Section 11.18.</u> <u>Delivery by Email</u>	65

ANNEXES:
Annex A Form of Joinder Agreement

EXHIBITS:
Exhibit A Exchange Fund Portfolio Interests

SCHEDULES:
Schedule A Partners of Partnership Schedule B Quarterly Rate Cap
Schedule C Determination of Capital Accounts

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

This FOURTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (this “Agreement”) of Beneficient Company Holdings, L.P. (the “Partnership”) is made as of the 26th day of April, 2019, 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, and (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 (the “Existing Agreement”); and

WHEREAS, the parties hereto desire to enter into this Fourth Amended and Restated Limited Partnership Agreement of the Partnership to amend the Existing Agreement and to, amongst other things, rename certain outstanding Classes.

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 B.

“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(b).

“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; and (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; 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 or Quarterly Preferred Series A Return, as applicable, for such period. The Hypothetical Preferred Opening Capital Account Balance with respect to each Preferred Series Unit Account outstanding as of September 1, 2017 is set forth on Schedule C.

“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.

“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 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 1 Unit Accounts, (b) Preferred Series A Subclass 2 Unit Accounts, and (c) Preferred Series A Subclass 3 Unit Accounts.

“Preferred Series A Unit Conversion Amount” has the meaning set forth in Section 7.08(a).

“Preferred Series A Unit Conversion Price” means, subject to Section 7.13, an amount equal to \$8.50.

“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 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 1 Unit Accounts, Preferred Series A Subclass 2 Unit Accounts, Preferred Series A Subclass 3 Unit Accounts and Preferred Series B Unit Accounts.

“Preferred Series Unit Conversion Amount” has the meaning set forth in Section 7.08(b).

“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” (a) 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 2 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 (b) below; (b) 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 (c) 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 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 B.

“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, 2020; 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 A1 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.

¹ NTD: Exhibit A will be Exhibit 3.1 of the Transaction Document (Exchange Fund Portfolio Interests).

“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.

“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.

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 on Schedule A hereto (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 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(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 Accounts;

(c) third, *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(c) and Tax Distributions under Section 4.02 are equal to the unpaid Total Class S Preferred Return; and

(d) thereafter, to the holders of Class S Units, Class A Units, Preferred Series A Subclass 1 Unit Accounts and Preferred Series A Subclass 3 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(d) 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 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, the General Partner shall not make a Partnership distribution to any Partner if such distribution would violate the Act or other applicable Law.

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 B Unit Accounts in an amount equal to the positive Sub-Capital Accounts attributable to such Preferred Series B Unit Accounts;

(ii) second, *pro rata* to the holders of Preferred Series A Subclass 1 Unit Accounts and Preferred Series A Subclass 3 Unit Accounts in an amount equal to the positive Sub-Capital Account attributable to such Preferred Series A Unit Accounts; and

(iii) third, *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) and otherwise in accordance with Schedule C. 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, Pro Rata among the Preferred Series A 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)(v) over (B) the aggregate amount of Profit previously allocated to the Preferred Series A Unit Accounts pursuant to this Section 5.04(a)(i);

(ii) second, 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;

(iii) third, 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;

(iv) fourth, 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)(vi) over (B) the aggregate amount of Profit previously allocated to the Class S Preferred Units pursuant to this Section 5.04(a)(iv) and Section 5.04(c)(ii);

(v) fifth, 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;

(vi) sixth, 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)(vi) 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)(vi);

(vii) seventh, 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)(vii); and

(viii) eighth, 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)(vii) and Section 5.04(a)(viii) 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)(v) 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 A Unit Accounts in an amount equal to their remaining positive Capital Account balances; and

(vi) sixth, 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)(viii), 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, 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)(v) over (B) the aggregate amount of Profit previously allocated to the Preferred Series A Unit Accounts pursuant to Section 5.04(a)(i);

(iv) fourth, 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 Series A Opening Capital Account Balance of such Preferred Series A Unit Accounts;

(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)(v), 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)(viii) 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, 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, 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.

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 1 (“Preferred Series A Subclass 1 Unit Accounts”), Series A subclass 2 (“Preferred Series A Subclass 2 Unit Accounts”) and subclass 3 (the “Preferred Series A Subclass 3 Unit Accounts”), and Series B (the “Preferred Series B 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). Upon execution of this Agreement, and without any action required to be taken by the Partnership or any Partner, (i) all NPC-A Unit Accounts (as that term is defined in the Existing Agreement) that were issued and outstanding pursuant to the Existing Agreement are hereby converted into an equal amount of Preferred Series A Subclass 1 Unit Accounts, (ii) all NPC-A Prime Unit Accounts (as that term is defined in the Existing Agreement) that were issued and outstanding pursuant to the Existing Agreement are hereby converted into an equal amount of Preferred Series A Subclass 2 Unit Accounts and (iii) all NPC-C Unit Accounts (as that term is defined in the Existing Agreement) that were issued and outstanding pursuant to the Existing Agreement are hereby converted into an equal amount of Preferred Series A Subclass 3 Unit Accounts.

(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 Section 4.02, 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 the [*] 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) At any time on or after January 1, 2021, a holder of Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts), may, in any calendar year, elect to convert an amount of Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts) 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 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(c) on the first Quarterly Exchange Date that such Preferred Series A Unit Account is eligible to be converted.

(b) 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 Unit Conversion Amount" and together with a Preferred Series A 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(c) on the first Quarterly Exchange Date that such Preferred Series Unit Account is eligible to be converted.

(c) 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 B Unit Account, the Preferred Series B Unit Conversion Price, and (B) in the case of the Preferred Series A Unit Account, the Preferred Series A 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.

(d) 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.

(e) 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(b)) in accordance with Section 7.08(b) (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.

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 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(a), 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 Indemnatee 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 Indemnatee(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 Indemnatee(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 Indemnatee(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 if brought against a Consenting Party is brought against an employee, officer, director, agent or indemnitee of such 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: _____
Name:
Title:

Annex A

JOINDER AGREEMENT

Reference is made to the Fourth Amended and Restated Limited Partnership Agreement of Beneficient Company Holdings, L.P. (the “Partnership”), dated as of _____, 2019, (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:

Exhibit A

Exchange Fund Portfolio Interest

Note: The various exchange fund interests listed below are held in Liquid Trusts 1 through 8 and some interests may be split among various Liquid Trusts.

Interest Name	Value Acquired
	\$ 141,782
	\$ 3,282,071
	\$ 25,565
	\$ 2,622,838
	\$ 4,877,389
	\$ 124,702
	\$ 162,094
	\$ 6,397,563
	\$ 160,670
	\$ 537,239
	\$ 1,955,028
	\$ 11,071
	\$ 101,103
	\$ (299,950)
	\$ 319,122
	\$ 4,038,571
	\$ 5,987,016
	\$ 67,843
	\$ 97,557
	\$ 449,012
	\$ 6,115,353
	\$ 18,666
	\$ 1,135,056
	\$ 957,876
	\$ 57,261
	\$ 2,665,367
	\$ 1,481,101
	\$ 81,198
	\$ 117,358
	\$ 41,481,970
	\$ 2,020,129
	\$ 192,454
	\$ (304,668)
	\$ 271,081
	\$ 2,990,237
	\$ 60,532

Interest Name	Value Acquired
	\$ 748,438
	\$ 200,444
	\$ 486,863
	\$ 1,689,000
	\$ 434,140
	\$ 346,834
	\$ 38,531
	\$ 618,410
	\$ 3,277,267
	\$ 58,690
	\$ 412,500
	\$ 85,851
	\$ 1,899,283
	\$ 1,537,601
	\$ 20,234
	\$ 68,194
	\$ 991,095
	\$ 29,208
	\$ 345,763
	\$ 1,821,905
	\$ 11,100,908
	\$ 733,810
	\$ 6,255,669
	\$ 38,718,224
	\$ 2,192,697
	\$ 30,828,348
	\$ 42,395,286
	\$ 2,235,833
	\$ 2,300,005
	\$ 2,224,312
	\$ 8,353,939
	\$ 86,639,058
	\$ 13,511,715
	\$ 1,775,176
	\$ (410,393)
	\$ 120,778
	\$ 103,397
	\$ 664,665
	\$ 670,107
	\$ 3,466,076
	\$ 1,312,719
	\$ 13,377,952
	\$ 5,704,182

Interest Name	Value Acquired
	\$ 5,520
	\$ 7,313
	\$ 3,897,219
	\$ 6,174
	\$ 49,949,280
	\$ 1
	\$ 445,013
	\$ 4,273,645
	\$ 591,070
	\$ 612,739
	\$ 381,550
	\$ 26,943,608
	\$ 2
	\$ 104,934
	\$ 284,832
	\$ 3,018,556
	\$ 606,665
	\$ 96,820
	\$ 10,140,886
	\$ 35,190
	\$ 2,186,685
	\$ 92,166
	\$ 410,888
	\$ 530,115
	\$ 206,559
	\$ 4,631,809

Schedule A

Partners of Partnership

Owner Name	Equity Type	Amount	Capital Account
	Subclass 1 Class A Units	46,281,920	\$ 462,819,198
	Subclass 2 Class A Units	18,197,431	\$ 181,974,314
	Preferred Series A Subclass 1	N/A	\$ 80,000,000
	Preferred Series A Subclass 1	N/A	\$ 871,733,366
	Preferred Series A Subclass 1	N/A	\$ 4,000,000
	Preferred Series A Subclass 1	N/A	\$ 52,986,803
	Preferred Series A Subclass 1	N/A	\$ 16,925,913
	Preferred Series A Subclass 1	N/A	\$ 4,000,000
	Preferred Series A Subclass 1	N/A	\$ 4,000,000
	Preferred Series A Subclass 2	N/A	\$ 57,218,703
	Class S Ordinary Units	304,491	\$ 3,044,910
	Class S Ordinary Units	4,707,886	\$ 47,078,860
	Class S Ordinary Units	291,114	\$ 2,911,140
	Class S Ordinary Units	1,000	\$ 10,000
	Subclass 1 FLP Unit Accounts	N/A	\$ -
	Subclass 2 FLP Unit Accounts	N/A	\$ -
	Total		<u><u>\$1,788,703,207</u></u>

Schedule B

Quarterly Rate Cap

For any measurement period the Quarterly Rate Cap shall be as follows:

Annualized Revenues * (in millions)			
<i>More Than</i>		<i>Less Than or Equal To</i>	Quarterly Rate Cap
\$	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 C

Determination of Capital Accounts

The following capital is established as the initial sub-capital account balances for the Preferred Series A Subclass 1 Unit Accounts as of September 1, 2017. The sub-capital account balances were determined in accordance with the final valuation as of May 31, 2018.

Preferred Unit Type	Owner	Value
Preferred Series A Subclass 1		\$ 1,073,255,191
Preferred Series A Subclass 1		\$ 20,544,770