

GWG Holdings, Inc.  
Form 424B3  
May 15, 2017

Filed pursuant to Rule 424(b)(3)

Registration No. 333-214896

PROSPECTUS SUPPLEMENT NO. 4

Supplement to Prospectus dated  
February 14, 2017

---

GWG HOLDINGS, INC.

---

Maximum of 150,000 Shares of Series 2 Redeemable Preferred Stock

This “Prospectus Supplement No. 4 — Supplement to Prospectus dated February 14, 2017,” supplements and amends our prospectus dated February 14, 2017 and our earlier issued Prospectus Supplement No. 1 dated March 15, 2017, Prospectus Supplement No. 2 (sticker) dated March 15, 2017 and Prospectus Supplement No. 3 (sticker) dated April 3, 2017 (referred to simply as our “prospectus”). You should read this supplement together with the prospectus since the information contained herein supplements and amends the information contained in the prospectus. Capitalized terms contained in this supplement have the same meanings as in the prospectus unless otherwise stated herein.

RECENT EVENTS

On May 12, 2017, we filed our Quarterly Report on Form 10-Q for the period ended March 31, 2017. This prospectus supplement has been prepared primarily to set forth certain information contained in that report.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This supplement is part of the prospectus and either it or its contents must accompany the prospectus to satisfy the prospectus-delivery requirements under the Securities Act of 1933.

The date of this prospectus supplement is May 15, 2017

TABLE OF CONTENTS

	Page
RISK RELATING TO FORWARD-LOOKING STATEMENTS	1
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION	3
OTHER INFORMATION	35
FINANCIAL INFORMATION	F-1

---

GWG Holdings, Inc.  
220 South Sixth Street, Suite 1200  
Minneapolis, MN 55402  
Tel: (612) 746-1944  
Fax: (612) 746-0445

## RISK RELATING TO FORWARD-LOOKING STATEMENTS

Certain matters discussed in this prospectus contain forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions about our operations and the investments we make, including, among other things, factors discussed under the heading “Risk Factors” in this prospectus and the following:

- changes in the secondary market for life insurance;
- changes resulting from the evolution of our business model and strategy with respect to the life insurance industry;
- our limited operating history;
- the valuation of assets reflected on our financial statements;
- the reliability of assumptions underlying our actuarial models, including our life expectancy estimates;
- our reliance on debt financing;
- risks relating to the validity and enforceability of the life insurance policies we purchase;
- risks relating to our ability to license and effectively apply technologies to improve and expand the scope of our business;
- our reliance on information provided and obtained by third parties;
- federal, state and FINRA regulatory matters;
- competition in the secondary market of life insurance;
- the relative illiquidity of life insurance policies;
- our ability to satisfy our debt obligations if we were to sell our entire portfolio of life insurance policies;
- life insurance company credit exposure;
- cost-of-insurance (premium) increases on our life insurance contracts;
- general economic outlook, including prevailing interest rates;
- performance of our investments in life insurance policies;
- financing requirements;
- risks associated with our merchant cash business;
- litigation risks;
- restrictive covenants contained in borrowing agreements; and
- our ability to make cash distributions in satisfaction of dividend obligations and redemption requests.

Forward-looking statements can be identified by the use of words like “believes,” “could,” “possibly,” “probably,” “anticipates,” “estimates,” “projects,” “expects,” “may,” “will,” “should,” “seek,” “intend,” “plan,” “expect,” or “consider” or the negative of expressions or other variations, or by discussions of strategy that involves risks and uncertainties. All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual transactions, results, performance or achievements to be materially different from any future transactions, results, performance or achievements expressed or implied by such forward-looking statements.

We base these forward-looking statements on current expectations and projections about future events and the information currently available to us. Although we believe that the assumptions for these forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Consequently, no representation or warranty can be given that the estimates, opinions, or assumptions made in or referenced by this prospectus will prove to be accurate. Some of the risks, uncertainties and assumptions are identified in the discussion entitled “Risk Factors”

in this prospectus. We undertake no obligation to update our forward-looking statements. We caution you that the forward-looking statements in (or incorporated by reference into) this prospectus are only estimates and predictions, or statements of current intent. Actual results or 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. These risks, uncertainties and assumptions include, but are not limited to, those discussed in this prospectus.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Note:* The following discussion and analysis of the financial condition and results of operations of the Company are derived from our Quarterly Report on Form 10-Q for the period ended March 31, 2017, filed with the SEC on May 12, 2017. We have not materially updated this discussion in any way, although it may be presented in a different order than in our Quarterly Report. As indicated in that 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. The statements in this discussion and analysis concerning expectations regarding our future performance, liquidity and capital resources, as well as other non-historical statements in this discussion and analysis, are forward-looking statements. See "Risks Relating to Forward-Looking Statements" above and in the prospectus. These forward-looking statements are subject to numerous risks and uncertainties. Our actual results could differ materially from those suggested or implied by any forward-looking statements.

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 prospectus supplement. 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.

### 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 are an emerging growth company and have elected to delay our adoption of new or revised accounting standards and, as a result, we may not comply with new or revised accounting standards at the same time as other public reporting companies that are not "emerging growth companies." This exemption will apply for a period of five years following our first sale of common equity securities under an effective registration statement (September 2019) or until we no longer qualify as an "emerging growth company" as defined under the JOBS Act, whichever is earlier.

### Overview

We are a financial services company disrupting and transforming the life insurance industry and related industries. We built our business by creating opportunities for consumers to obtain significantly more value for their life insurance policies as compared to the traditional options offered by the insurance industry by creating a secondary market. We are enhancing and extending these activities through innovation in our products and services, business processes, financing strategies, and advanced epigenetic technologies. At the same time, we are creating opportunities for investors to receive income and capital appreciation from our investment activities in the life insurance and related industries.

### Critical Accounting Policies

### Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with the Generally Accepted Accounting Principles (GAAP) requires us to make 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 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 ASC 325-30, Investments in Insurance Contracts (“ASC 325-30”), 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.

The fair value of our investment in our portfolio of insurance policies is evaluated at the end of each subsequent reporting period. Changes in the fair value of our portfolio are based on periodic evaluations and are recorded in our consolidated and combined statement of operations as changes in fair value of life insurance policies.

### Fair Value Components — Medical Underwriting

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

The Society of Actuaries recently finalized the 2015 Valuation Basic Table (“2015 VBT”). The 2015 VBT 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 new 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 2.55 million claims on policies from 51 insurance carriers. Life expectancies implied by the 2015 VBT are generally longer for male and female nonsmokers between the ages of 65 and 80, while smokers and insureds of both genders over the age of 85 have significantly lower life expectancies. We adopted the 2015 VBT in our valuation process in June 2016.

In the past, we attempted to update the independent life expectancy estimates on the insured lives in our portfolio, other than insured lives covered under small face amount policies (i.e., \$1 million in face value benefits or less), on a continuous rotating three-year cycle. Currently, however, we are required to attempt to update life expectancies on a rotating two-year cycle under the terms of our senior credit facility with LNV Corporation. Our prior experience in updating life expectancies has generally resulted in shorter life expectancies of the insureds within our portfolio, but often not as short as we earlier projected. For more information about life expectancy estimates and their impact upon our business and financial statements, see Note 4 to our consolidated financial statements.

We are aware of one additional pending cost of insurance (i.e., premium) increase affecting policies in our portfolio.

### 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.

4

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

March 31, 2017	December 31, 2016
10.96%	10.96%

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

We engaged Model Actuarial Pricing System, Inc. (“MAPS”) to prepare a calculation of our life insurance portfolio. MAPS owns and maintains the portfolio pricing software we use. MAPS processed policy data, future premium data, life expectancy estimate data, and other actuarial information to calculate a net present value for our portfolio using the specified discount rate of 10.96%. MAPS independently calculated the net present value of our portfolio of 753 policies to be \$545.4 million and furnished us with a letter documenting its calculation. A copy of such letter is filed as Exhibit 99.1 to our Quarterly Report on Form 10-Q for the period ended March 31, 2017, filed May 12, 2017.

#### Deferred Income Taxes

Under ASC 740, Income Taxes (“ASC 740”), deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established for deferred tax assets that are not considered “more likely than not” to be realized. Realization of deferred tax assets depends upon having sufficient past or future taxable income in periods to which the deductible temporary differences are expected to be recovered or within any applicable carryback or carryforward periods. After assessing the realization of the net deferred tax assets, we believe that it is “more likely than not” that we will be able to realize all of our deferred tax assets other than those which are expected to result in a capital loss.

#### Deferred Financing and Issuance Costs

Financing costs, which include issuance costs, sales commissions and other direct expenses, incurred under the senior credit facilities were capitalized and are amortized using the straight-line method over the term of the senior credit facilities. The Series I Secured Note obligations are reported net of financing costs, which are amortized using the interest method over the term of each respective borrowing. The L Bonds are reported net of financing costs, which are amortized using the interest method over the term of each respective borrowing.

#### Principal Revenue and Expense Items

We earn revenues from the following three primary sources.

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

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

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

Our main components of expense are summarized below.

- **Selling, General and Administrative Expenses.** We recognize and record expenses incurred in our business operations, including operations related to the purchasing and servicing of life insurance policies. These expenses include salaries and benefits, sales, marketing, occupancy and other expenditures.
- **Interest Expense.** We recognize and record interest expenses associated with the costs of financing our life insurance portfolio for the current period. These expenses include interest paid to our senior lenders under our senior credit facilities, interest paid on our L Bonds and other outstanding indebtedness such as our Series I Secured Notes. When we issue debt, we amortize the financing costs associated with such indebtedness over the outstanding term of the financing, and classify it as interest expense.

#### Results of Operations — Three Months Ended March 31, 2017 Compared to the Same Period in 2016

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

#### Revenue.

	Three Month Ended March 31,		
	2017	2016	
Revenue recognized from the receipt of policy benefits	\$ 16,606,000	\$ 14,627,000	
Revenue recognized from the change in fair value of life insurance policies, net of premiums and carrying costs(1)	2,794,000	3,087,000	
Gain on life settlements, net	\$ 19,400,000	\$ 17,714,000	
Number of policies matured	10	6	
The change in fair value related to new policies acquired during the period	\$ 10,602,000	\$ 8,019,000	

(1) The discount rate applied to estimate the fair value of the portfolio of life insurance policies we own was 10.96% as of March 31, 2017, compared to 11.08% as of March 31, 2016. The carrying value of policies acquired during each quarterly reporting period is adjusted to current fair value using the fair value discount rate applied to the entire portfolio as of that reporting date.

#### Expenses.

	Three Months Ended March 31,		Increase/ (Decrease)
	2017	2016	
Employee compensation and benefits(1)	\$ 3,163,000	\$ 2,466,000	\$ 697,000
Interest expense (including amortization of deferred financing costs)(2)	13,244,000	9,150,000	4,094,000
Legal and professional expenses(3)	947,000	1,206,000	(259,000 )
Other expenses(4)	2,780,000	2,412,000	368,000
Total expenses	\$ 20,134,000	\$ 15,234,000	\$ 4,900,000

- (1) We hired additional members to our sales, marketing and information technology teams. On March 31, 2016 we employed approximately 66 employees. On March 31, 2017, we employed approximately 70 employees.
- (2) The increase was due to the increase in the average debt outstanding and higher weighted average interest rate on our borrowings.
- (3) Decrease is due to fewer SEC filings and lower costs related to the filings.
- (4) Increase is due to increased sales and marketing costs associated with growing and servicing our financial advisor network as well as increased personnel and infrastructure costs.

*Deferred Income Taxes.* We also provided a valuation allowance against the deferred tax asset related to tax basis capital loss generated with respect to our settlement and subsequent disposal of an earlier investment. As we have no expectation of generating offsetting capital gains with the applicable carryforward period, we do not believe that it is “more likely than not” that the deferred asset will be realized.

*Income Tax Expense.* For the three months ended March 31, 2017, we realized income tax benefits of \$0.1 million. In the same period of 2016, we had an income tax expense of \$1.1 million. The effective tax rate for the three months ended March 31, 2017 and 2016, was 1.1% and 40.6%, respectively, compared to a statutory rate of 34%.

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			March 31,		
	March 31,			2016		
	2017					
Statutory federal income tax	\$ (15,500 )	34.0	%	\$ 908,000	34.0	%
State income taxes, net of federal benefit	(1,000 )	3.1	%	175,000	6.5	%
Other permanent differences	16,000	(36.0)	%	2,000	0.1	%
Total income tax expense	\$ (500 )	1.1	%	\$ 1,085,000	40.6	%

The most significant temporary differences between GAAP net income and taxable net income are the treatment of interest costs with respect to the acquisition of the life insurance policies and revenue recognition with respect to the mark-to-market of the life insurance portfolio.

#### Liquidity and Capital Resources

We finance our business through a combination of life insurance policy benefit receipts, origination fees, equity offerings, debt offerings, and our senior credit facilities. We have used our debt offerings and our senior credit facilities primarily for policy acquisition, policy servicing, and portfolio-related financing expenditures including paying principal and interest.

As of March 31, 2017 and December 31, 2016, we had approximately \$107.0 million and \$121.7 million, respectively, in combined available cash, cash equivalents, policy benefits receivable, if any, and available borrowing base surplus capacity, if any, under our senior credit facilities for the purpose of purchasing additional life insurance policies, paying premiums on existing policies, paying portfolio servicing expenses, and paying principal and interest on our outstanding financing obligations.

#### Financings Summary

We had the following outstanding debt balances as of March 31, 2017 and December 31, 2016:

	As of March 31, 2017		As of December 31, 2016	
Issuer/Borrower	Principal Amount Outstanding	Weighted Average Interest Rate	Principal Amount Outstanding	Weighted Average Interest Rate
GWG Holdings, Inc. – L Bonds	\$ 391,871,000	7.29 %	\$ 387,067,000	7.23 %
GWG Life, LLC – Series I Secured Notes	10,629,000	8.86 %	16,614,000	8.68 %
GWG DLP Funding IV, LLC – Senior credit facilities	159,470,000	7.47 %	162,725,000	7.34 %
Total	\$ 561,970,000	7.37 %	\$ 566,406,000	7.30 %

In November 2009, our wholly owned subsidiary GWG Life began a private placement of Series I Secured Notes to accredited investors only. This offering was closed in November 2011. As of March 31, 2017 and December 31, 2016, we had approximately \$10.6 million and \$16.6 million, respectively, in principal amount of Series I Secured Notes outstanding.

In June 2011, we concluded a private placement offering of Series A for new investors, having received an aggregate \$24.6 million in subscriptions for our Series A. These subscriptions consisted of \$14.0 million in conversions of outstanding Series I Secured Notes and \$10.6 million of new investments. As of March 31, 2017 and December 31, 2016, we had approximately \$19.8 million and \$19.7 million of Series A stated value outstanding.

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. Through March 31, 2017, the total amount of these L Bonds sold, including renewals, was \$710.3 million. As of March 31, 2017 and December 31, 2016, respectively, we had approximately \$391.9 million and \$387.1 million in principal amount of L Bonds outstanding.

In October 2015, we began publicly offering up to 100,000 shares of our RPS at a per-share price of \$1,000. As of March 31, 2017 we had issued approximately \$87.1 million stated value of RPS.

On February 14, 2017, we began publicly offering up to 150,000 shares of RPS 2 at a per-share price of \$1,000. As of the date of this prospectus supplement we have sold 7,359 shares of RPS 2.

The weighted-average interest rate of our outstanding Series I Secured Notes as of March 31, 2017 and December 31, 2016 was 8.82% and 8.68%, respectively, and the weighted-average maturity at those dates was 1.46 and 1.14 years, respectively. The Series I Secured Notes have renewal features. Since we first issued our Series I Secured Notes, we have experienced \$172.3 million in maturities, of which as of March 31, 2017, \$125.0 million has renewed for an additional term. This has provided us with an aggregate renewal rate of approximately 73% for investments in these securities. Effective September 1, 2016, we no longer renew the Series I Secured Notes.

The weighted-average interest rate of our outstanding L Bonds as of March 31, 2017 and December 31, 2016 was 7.28% and 7.23%, respectively, and the weighted-average maturity at those dates was 2.23 and 2.13 years, respectively. Our L Bonds have renewal features. Since we first issued our L Bonds, we have experienced \$318.4 million in maturities, of which \$196.8 million has renewed through March 31, 2017 for an additional term. This has provided us with an aggregate renewal rate of approximately 62% for investments in these securities. Effective September 1, 2016, we discontinued the sales and renewals of 6-month and 1-year L Bonds.

Future contractual maturities of Series I Secured Notes and L Bonds at March 31, 2017 are:

Years Ending December 31,	Series I		Total
	Secured Notes	L Bonds	
Nine months ending December 31, 2017	\$ 4,538,000	\$ 70,454,000	\$ 74,992,000
2018	2,401,000	109,034,000	111,435,000
2019	1,024,000	103,419,000	104,443,000
2020	1,725,000	37,055,000	38,780,000
2021	941,000	28,901,000	29,842,000
2022	—	18,801,000	18,801,000
Thereafter	—	24,207,000	24,207,000
	\$ 10,629,000	\$ 391,871,000	\$ 402,500,000



The L Bonds and Series I Secured Notes are secured by all of our assets, and are subordinate to our senior credit facilities. The L Bonds and Series I Secured Notes are pari passu with respect to a security interest in our assets pursuant to an intercreditor agreement (see Notes 7 and 8).

We maintain a \$105 million senior credit facility with Autobahn/DZ Bank through DLP III. The senior credit facility is used to pay the premium expenses related to our portfolio of life insurance policies. As of both March 31, 2017 and December 31, 2016, we had no amounts outstanding under that senior credit facility, no life insurance policies were pledged, and we maintained an available borrowing base of \$0 million. On September 14, 2016, we paid off the senior credit facility in full with funds received under a new senior credit facility with LNV Corporation as described in Note 6.

8

On September 14, 2016, we entered into a \$172 million senior credit facility with LNV Corporation in which DLP IV is the borrower. We intend to use the proceeds from this facility to grow and maintain our portfolio of life insurance policies, for liquidity and for general corporate purposes. As of March 31, 2017 we had approximately \$159.5 million outstanding under the senior credit facility.

We expect to meet our ongoing operational capital needs through a combination of the receipt of policy benefits from our portfolio of life insurance policies and net proceeds from our L Bonds and RPS 2 offerings. We expect to meet our policy acquisition, servicing, and financing capital needs principally from the receipt of policy benefits from our portfolio of life insurance policies, net proceeds from our offering of L Bonds and RPS 2, and from our senior credit facilities. We estimate that our liquidity and capital resources are sufficient for our current and projected financial needs for at least the next twelve months. Nevertheless, if we are unable to continue our offerings for any reason (or if we become unsuccessful in selling our securities), 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 or Series I Secured Notes 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.

Capital expenditures have historically not been material and we do not anticipate making material capital expenditures in 2017 or beyond.

#### Debt Financings Summary

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

	As of March 31, 2017	As of December 31, 2016
Total senior facilities and other indebtedness		
Face amount outstanding	\$ 159,470,000	\$ 162,725,000
Unamortized selling costs	(6,082,000 )	(6,660,000 )
Carrying amount	\$ 153,388,000	\$ 156,065,000
Series I Secured Notes:		
Face amount outstanding	\$ 10,629,000	\$ 16,614,000
Redemptions in process	534,000	—
Unamortized selling costs	(163,000 )	(209,000 )
Carrying amount	\$ 11,000,000	\$ 16,405,000
L Bonds:		
Face amount outstanding	\$ 391,871,000	\$ 387,067,000
Subscriptions in process	3,642,000	5,882,000
Unamortized selling costs	\$ (12,197,000 )	\$ (11,636,000 )
Carrying amount	\$ 383,316,000	\$ 381,313,000
Portfolio Assets and Secured Indebtedness		

At March 31, 2017, the fair value of our investments in life insurance policies of \$545.4 million plus our cash balance of \$49.9 million and our restricted cash balance of \$48.1 million, plus matured policy benefits receivable of \$9.0 million, totaled \$652.4 million representing an excess of portfolio assets over secured indebtedness of \$90.4 million. At December 31, 2016, the fair value of our investments in life insurance policies of \$511.2 million plus our cash balance of \$78.5 million and our restricted cash balance of \$37.8 million, plus matured policy benefits receivable of \$5.3 million, totaled \$632.9 million, representing an excess of portfolio assets over secured indebtedness of \$66.4

million.

The following forward-looking table seeks to illustrate the impact that a hypothetical sale of our portfolio of life insurance assets at various discount rates would have on our ability to satisfy our debt obligations as of March 31, 2017. In all cases, the sale of the life insurance assets owned by DLP III and DLP IV will be used first to

9

Edgar Filing: GWG Holdings, Inc. - Form 424B3

satisfy all amounts owing, if any, under the respective senior credit facilities. The net sale proceeds remaining after satisfying all obligations under the senior credit facilities would be applied to L Bonds and Series I Secured Notes on a pari passu basis.

Portfolio Discount Rate	10%	11%	12%	13%	14%	15%	16%
Value of portfolio	\$572,050,000	\$544,815,000	\$519,751,000	\$496,631,000	\$475,257,000	\$455,455,000	\$437,071,000
Cash, cash equivalents and policy benefits receivable	107,000,000	107,000,000	107,000,000	107,000,000	107,000,000	107,000,000	107,000,000
Total assets	679,050,000	651,815,000	626,751,000	603,631,000	582,257,000	562,455,000	544,071,000
Senior credit facilities	159,471,000	159,471,000	159,471,000	159,471,000	159,471,000	159,471,000	159,471,000
Net after senior credit facilities	519,579,000	492,344,000	467,280,000	444,160,000	422,786,000	402,984,000	384,600,000
Series I Secured Notes and L Bonds	402,500,000	402,500,000	402,500,000	402,500,000	402,500,000	402,500,000	402,500,000
Net after Series I Secured Notes and L Bonds	117,079,000	89,844,000	64,780,000	41,660,000	20,286,000	484,000	(17,900,000)
Impairment to Series I Secured Notes and L Bonds	No impairment	No impairment	No impairment	No impairment	No impairment	No impairment	Impairment

The table illustrates that our ability to fully satisfy amounts owing under the L Bonds and Series I Secured Notes would likely be impaired upon the sale of all our life insurance assets at a price equivalent to a discount rate of approximately 15.03% or higher. At December 31, 2016, the impairment occurred at a discount rate of approximately 13.94% or higher. The discount rate used to calculate the fair value of our portfolio was 10.96% at both March 31, 2017 and December 31, 2016.

The table does not include any allowance for transactional fees and expenses associated with a portfolio sale (which expenses and fees could be substantial), and is provided to demonstrate how various discount rates used to value our portfolio could affect our ability to satisfy amounts owing under our debt obligations in light of our senior secured lender's right to priority payments. You should read the above table in conjunction with the information contained in other sections of this prospectus supplement and our Quarterly Report on Form 10-Q for the period ended March 31, 2017, filed May 12, 2017, including our discussion of discount rates included under the "Critical Accounting Policies — Fair Value Components — Discount Rate" caption above. 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.

## Cash Flows

The payment of premiums and servicing costs to maintain life insurance policies represents our most significant requirement for cash disbursement. When a policy is purchased, we are able to calculate the minimum premium payments required to maintain the policy in-force. Over time as the insured ages, premium payments will increase. Nevertheless, the probability of actually needing to pay the premiums decreases since 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, tracking costs, and debt servicing costs, including principal and interest payments all of which are excluded from our internal rate of return calculations. Until we receive a sufficient amount of proceeds from the policy benefits, we intend to pay these costs from our senior credit facilities, when permitted, and through the issuance of debt securities, including the L Bonds, and equity securities including our preferred stock.

The amount of payments for anticipated premiums and servicing costs that we will be required to make over the next five years to maintain our current portfolio, assuming no mortalities, is set forth in the table below.

Years Ending December 31,	Premiums	Servicing	Premiums and Servicing Fees
Nine months ending December 31, 2017	\$ 35,228,000	\$ 654,000	\$ 35,882,000
2018	51,895,000	654,000	52,549,000
2019	57,632,000	654,000	58,286,000
2020	62,464,000	654,000	63,118,000
2021	70,222,000	654,000	70,876,000
2022	78,953,000	654,000	79,607,000
	\$ 356,394,000	\$ 3,924,000	\$ 360,318,000

Our anticipated premium expenses are subject to the risk of increased cost of insurance charges (i.e., “COI” or premium charges) for the universal life insurance policies we own. In this regard, we are aware of one insurer that has notified us of its intent to increase COI charges on certain life insurance policies. As a result, we expect that our premium expense will increase and the fair value of our portfolio will be negatively impacted once the insurer has specified and implemented the proposed increases. Except as noted above, we are not aware of COI increases by other insurers, but we are aware that COI increases have become more prevalent in the industry. Thus, we expect that we may see additional insurers implementing COI increases in the future.

For the quarter-end dates set forth below, the following table illustrates the total amount of face value of policy benefits owned, and the trailing 12 months of life insurance policy benefits collected and premiums paid on our portfolio. The trailing 12-month benefits/premium coverage ratio indicates the ratio of policy benefits received 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 Collected	12-Month Trailing Premiums Paid	12-Month Trailing Benefits/ Premium Coverage Ratio	
December 31, 2014	779,099,000	18,050,000	23,265,000	77.6	%
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	40,240,000	120.4	%
March 31, 2017	1,447,558,000	48,189,000	42,753,000	112.7	%

We believe that the portfolio cash flow results set forth above are consistent with our general investment thesis: that the life insurance policy benefits we receive will continue to increase over time in relation to the premiums we are required to pay on the remaining policies in the portfolio. Nevertheless, we expect that our portfolio cash flow on a period-to-period basis will remain inconsistent until such time as we achieve our goal of acquiring a larger, more diversified portfolio of life insurance policies. As our receipt of life insurance policy benefits increases, we expect to use these cash flows to begin paying down our outstanding indebtedness and purchase additional 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 consolidated financial statements.

#### Off-Balance Sheet Arrangements

We are party to an office lease with U.S. Bank National Association as the landlord. On September 1, 2015, we entered into an amendment that expanded the leased space to 17,687 square feet and extended the term through August 31, 2025 (see Note 16).

#### 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 March 31, 2017, 96.3% of our life insurance policies, by face value benefits, were issued by companies that maintained an investment-grade rating (BBB or better) by Standard & Poor's.

## Interest Rate Risk

Our senior credit facilities are floating-rate financing. In addition, our ability to offer interest and dividend rates that attract capital (including in our continuous offering of L Bonds, RPS and RPS 2) is generally impacted by prevailing interest rates. Furthermore, while our L Bond, RPS and RPS 2 offerings provide us with fixed-rate debt and equity financing, our debt coverage ratio is calculated in relation to the interest rate of our debt financing. Therefore, fluctuations in interest rates impact our business by increasing our borrowing costs, and reducing availability under our debt financing arrangements. We calculate our portfolio earnings based upon the spread generated between the return on our life insurance portfolio and the cost of our financing. As a result, increases in interest rates will reduce the earnings we expect to achieve from our investments in life insurance policies.

## Non-GAAP Financial Measures

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

We use non-GAAP financial measures for maintaining compliance with covenants contained in our borrowing agreement with Autobahn/DZ Bank and 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 portfolio growth may result in current period GAAP financial results that may not be reflective of our long-term earnings potential or overall financial condition. Management believes that our non-GAAP financial measures permit investors to understand long-term earnings performance without regard to the volatility in GAAP financial results that can and do occur with the application of portfolio fair value (mark-to-market) accounting principles.

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

Our senior credit facility with Autobahn/DZ Bank requires us to maintain a "positive net income" and "tangible net worth," each of which are calculated on an adjusted non-GAAP basis using the method described below, without regard to GAAP-based fair value (mark-to-market) measures. In addition, our senior credit facility with Autobahn/DZ Bank requires us to maintain an "excess spread," which is the difference between (i) the weighted average of our expected internal rate of return of our portfolio of life insurance policies; and (ii) the weighted average of the Autobahn/DZ Bank senior credit facility's interest rate.

In addition, the Indenture governing our L Bonds and the note issuance and security agreement governing our Series I Secured Notes require us to maintain a "debt coverage ratio" designed to ensure that the expected cash flows from our



portfolio of life insurance policies is reasonably expected to be able to adequately service our total outstanding indebtedness. This ratio is calculated using non-GAAP measures in the method described below, again without regard to GAAP-based fair value measures.

*Adjusted Non-GAAP Net Income.* We calculate our adjusted non-GAAP net income by recognizing the actuarial gain accruing within our life insurance portfolio at the expected internal rate of return against our adjusted cost basis

without regard to fair value. We net this actuarial gain against our adjusted operating costs during the same period to calculate our net income on a non-GAAP basis. Our senior credit facility with Autobahn/DZ Bank requires us to maintain a positive net income calculated on an adjusted non-GAAP basis.

Three months ended March 31,	2017	2016
GAAP net income (loss) attributable to common shareholders	\$ (1,913,000 )	\$ 1,074,000
Unrealized fair value gain(1)	(13,884,000 )	(11,532,000 )
Adjusted cost basis increase(2)	21,722,000	15,367,000
Accrual of unrealized actuarial gain(3)	4,910,000	6,067,000
Total adjusted non-GAAP net income(4)	\$ 10,835,000	\$ 10,976,000

- (1) Reversal of unrealized fair value gain of life insurance policies for current period.
- (2) Adjusted cost basis is increased to include interest, premiums and servicing fees that are expensed under GAAP.
- (3) Accrual of actuarial gain at expected internal rate of return based on non-GAAP investment cost basis for the period.
- (4) We must maintain an annual positive consolidated net income, calculated on a non-GAAP basis, to maintain compliance with our revolving credit facility with DZ Bank/Autobahn.

**Adjusted Non-GAAP Tangible Net Worth.** We calculate our adjusted non-GAAP tangible net worth by recognizing the actuarial gain accruing within our life insurance policies at the expected internal rate of return of the policies we own without regard to fair value. We net this actuarial gain against our costs during the same period to calculate our adjusted tangible net worth on a non-GAAP basis. Our senior credit facility with Autobahn/DZ Bank requires us to maintain a tangible net worth in excess of \$45 million calculated on an adjusted non-GAAP basis.

	As of March 31, 2017	As of December 31, 2016
GAAP net worth	\$ 89,955,000	\$ 67,298,000
Less intangible assets(1)	(19,094,000 )	(19,442,000 )
GAAP tangible net worth	70,861,000	47,856,000
Unrealized fair value gain(2)	(278,509,000 )	(264,625,000 )
Adjusted cost basis increase(3)	262,448,000	248,377,000
Accrual of unrealized actuarial gain(4)	137,718,000	132,808,000
Total adjusted non-GAAP tangible net worth	\$ 192,518,000	\$ 164,416,000

- (1) Unamortized portion of deferred financing costs and pre-paid insurance.
- (2) Reversal of cumulative unrealized GAAP fair value gain or loss of life insurance policies.
- (3) Adjusted cost basis is increased to include interest, premiums and servicing fees that are not expensed under GAAP.
- (4) Accrual of cumulative actuarial gain at expected internal rate of return based on the non-GAAP investment cost basis.

Excess Spread. Our senior credit facility with Autobahn/DZ Bank requires us to maintain a 2.00% “excess spread” between our weighted-average expected internal rate of return (“IRR”) of our portfolio of life insurance policies and the senior credit facility’s interest rate. The expected IRR of our portfolio is based upon future cash flow forecasts derived from a probabilistic analysis of our policy benefits received and policy premiums paid in relation to our non-GAAP investment cost basis.

A presentation of our excess spread and our total excess spread is set forth below. Management uses the “total excess spread” to gauge expected profitability of our investments and uses the “excess spread” to monitor compliance with our borrowing covenants.

	As of March 31, 2017		As of December 31, 2016	
Weighted-average expected IRR(1)	11.42	%	11.34	%
Weighted-average revolving credit facility interest rate(2)	7.47	%	7.34	%
Excess spread	3.95	%	4.00	%
Total weighted-average interest rate on indebtedness for borrowed money(3)	7.37	%	7.30	%
Total excess spread(4)	4.05	%	4.04	%

13

(1) This represents the weighted-average expected internal rate of return of the life insurance policies as of the measurement date based upon our non-GAAP investment cost basis in our insurance policies and the expected cash flows from the life insurance portfolio.

	As of March 31, 2017	As of December 31, 2016
Non-GAAP Investment Cost Basis		
GAAP fair value	\$ 545,397,000	\$ 511,192,000
Unrealized fair value gain(A)	(278,509,000 )	(264,625,000 )
Adjusted cost basis increase(B)	262,448,000	248,377,000
Non-GAAP investment cost basis(C)	\$ 529,336,000	\$ 494,944,000

(A) This represents the reversal of cumulative unrealized GAAP fair value gain of life insurance policies.

(B) Adjusted cost basis is increased to include interest, premiums and servicing fees that are expensed under GAAP.

(C) This is the non-GAAP cost basis in life insurance policies from which our expected internal rate of return is calculated.

(2) This is the weighted-average interest rate for both revolving senior credit facilities as of the measurement date.

(3) Represents the weighted-average interest rate paid on all interest-bearing indebtedness as of the measurement date, determined as follows:

	As of March 31, 2017	As of December 31, 2016
Indebtedness		
Senior credit facilities	\$ 159,470,000	\$ 162,725,000
Series I Secured Notes	10,629,000	16,614,000
L Bonds	391,871,000	387,067,000
Total	\$ 561,970,000	\$ 566,406,000

#### Interest Rates on Indebtedness

Senior credit facilities	7.47	%	7.34	%
Series I Secured Notes	8.82	%	8.68	%
L Bond	7.28	%	7.23	%
Weighted-average interest rates on indebtedness	7.37	%	7.30	%

(4) Calculated as the weighted average expected IRR (1) minus the weighted-average interest rate on interest-bearing indebtedness (3).

**Debt Coverage Ratio.** Our L Bond and Series I Secured Notes 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, policy benefits receivable, if any, and the net present value of the life insurance portfolio.

Edgar Filing: GWG Holdings, Inc. - Form 424B3

	As of March 31, 2017		As of December 31, 2016	
Life insurance portfolio policy benefits	\$ 1,447,558,000		\$ 1,361,675,000	
Discount rate of future cash flows	7.37	%	7.30	%
Net present value of life insurance portfolio policy benefits	\$ 656,084,000		\$ 614,908,000	
Cash, cash equivalents and policy benefits receivable	107,000,000		121,659,000	
Total Coverage	763,084,000		736,567,000	
Senior credit facilities	159,470,000		162,725,000	
Series I Secured Notes	10,629,000		16,614,000	
L Bonds	391,871,000		387,067,000	
Total Indebtedness	\$ 561,970,000		\$ 566,406,000	
Debt Coverage Ratio	73.64	%	76.90	%

As of March 31, 2017, we were in compliance with the debt coverage ratio.

Non-GAAP Expected Portfolio Internal Rate of Return at Purchase. Non-GAAP expected portfolio IRR at purchase is calculated as the weighted average (by face amount of policy benefits) of the IRR expected at the time of purchase for all life insurance policies held in the portfolio. This non-GAAP measure isolates our IRR expectation at purchase utilizing our underwriting life expectancy assumptions at that time. This measure does not change with the passage of time as compared to our non-GAAP investment cost basis that increases with the payment of premiums, financing costs, and the effective life expectancy which changes over time, both of which are used to calculate our expected portfolio IRR.

	As of March 31, 2017	As of December 31, 2016
Life insurance portfolio policy benefits	\$ 1,447,558,000	\$ 1,361,675,000
Total number of policies	753	690

Non-GAAP Expected Portfolio Internal Rate of Return at Purchase	15.69	%	15.64	%
---	-------	---	-------	---

We have in the past reported non-GAAP net asset value among our other non-GAAP financial measures. We have determined, however, to cease reporting this measure primarily because we do not believe that it is sufficiently additive to our existing non-GAAP measures in aiding users of our financial statements and disclosures to measure and evaluate our financial condition or operating results. Moreover, we are not aware of other reporting companies in our industry that use this measure to evaluate their financial condition or operating results.

#### Portfolio Information

Our portfolio of life insurance policies, owned by our subsidiaries as of March 31, 2017, is summarized below:

#### Life Insurance Portfolio Summary

Total portfolio face value of policy benefits	\$ 1,447,558,000
Average face value per policy	\$ 1,922,000
Average face value per insured life	\$ 2,145,000
Average age of insured (yrs.)*	81.5
Average life expectancy estimate (yrs.)*	6.9
Total number of policies	753
Number of unique lives	675
Demographics	73% Males 27% Females
Number of smokers	29
Largest policy as % of total portfolio	0.92 %
Average policy as % of total portfolio	0.13 %
Average annual premium as % of face value	3.28 %

\*Averages presented in the table are weighted averages.

Edgar Filing: GWG Holdings, Inc. - Form 424B3

Our portfolio of life insurance policies, owned by our wholly owned subsidiaries as of March 31, 2017, 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	Policies	Policy Benefits	Wtd. Avg. Life Expectancy (yrs.)	Percentage of Total				
					Number of Policies		Policy Benefits		
95	99	7	8,128,000	1.8	0.9	%	0.6	%	
90	94	69	\$ 133,727,000	2.8	9.2	%	9.2	%	
85	89	179	\$ 361,613,000	4.8	23.8	%	25.0	%	
80	84	165	\$ 396,772,000	6.3	21.9	%	27.4	%	
75	79	139	\$ 263,357,000	9.2	18.5	%	18.2	%	
70	74	120	\$ 178,541,000	10.1	15.9	%	12.3	%	
60	69	74	\$ 105,420,000	11.1	9.8	%	7.3	%	
Total		753	\$ 1,447,558,000	6.9	100.0	%	100.0	%	

Our portfolio of life insurance policies, owned by our wholly owned subsidiaries as of March 31, 2017, 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)	Policies	Policy Benefits	Percentage of Total				
				Number of Policies		Policy Benefits		
2	47	202	\$ 326,803,000	26.8	%	22.6	%	
48	71	156	313,717,000	20.7	%	21.7	%	
72	95	149	295,904,000	19.8	%	20.4	%	
96	119	107	219,780,000	14.2	%	15.2	%	
120	143	72	154,668,000	9.6	%	10.7	%	
144	202	67	136,687,000	8.9	%	9.4	%	
Total		753	\$ 1,447,558,000	100.0	%	100.0	%	

We track concentrations of pre-existing medical conditions among insured individuals within our portfolio based on information contained in life expectancy reports. We track these medical conditions within the following ten primary disease categories: (1) cancer, (2) cardiovascular, (3) cerebrovascular, (4) dementia, (5) diabetes, (6) multiple, (7) neurological disorders, (8) no disease, (9) other, and (10) respiratory diseases. Our primary disease categories are summary generalizations based on the ICD-9 codes we track on each insured individuals within our portfolio. ICD-9 codes, published by the World Health Organization, are used worldwide for medical diagnoses and treatment systems, as well as morbidity and mortality statistics. Currently, the primary disease categories within our portfolio that represent a concentration of over 10% are multiple, cardiovascular, and other which constitute 26.7%, 20.0%, and 11.9%, respectively, of the face amount of insured benefits of our portfolio as at March 31, 2017.

Portfolio Credit Risk Management

We rely on the payment of policy benefit claims by life insurance companies as our most significant source of cash flows. The life insurance assets we own represent obligations of third-party life insurance companies to pay the benefit amount under the relevant 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 portfolio among a number of insurance companies.





Approximately 96.3% of life insurance assets in our portfolio were issued by insurance companies with investment-grade credit ratings from Standard & Poor's, as of March 31, 2017. Our 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:

Rank	Policy Benefits	Percentage of Policy Benefit Amount		Insurance Company	Ins. Co. S&P Rating
1	\$ 212,471,000	14.7	%	John Hancock Life Insurance Company (U.S.A.)	AA-
2	\$ 187,557,000	13.0	%	AXA Equitable Life Insurance Company	AA-
3	\$ 165,446,000	11.4	%	Lincoln National Life Insurance Company	AA-
4	\$ 146,354,000	10.1	%	Transamerica Life Insurance Company	AA-
5	\$ 89,941,000	6.2	%	Metropolitan Life Insurance Company	AA-
6	\$ 58,625,000	4.0	%	American General Life Insurance Company	A+
7	\$ 58,250,000	4.0	%	Massachusetts Mutual Life Insurance Company	AA+
8	\$ 47,390,000	3.3	%	West Coast Life Insurance Company	AA-
9	\$ 45,670,000	3.1	%	Reliastar Life Insurance Company	A
10	\$ 44,250,000	3.1	%	Pacific Life Insurance Company	AA-
	1,055,955,000	72.9	%		

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 since this information is part of the data we consider when valuing our portfolio of life insurance policies for our financial statements.

Name of Bond	Maturity	YTM		Duration (Years)	Bond S&P Rating
AXA 1.125%	5/15/2028	1.04	%	11.1	A
Manulife Finl 4.15%	3/4/2026	3.28	%	8.9	A
Lincoln National Corp Ind 3.625%	12/12/2026	3.52	%	9.7	A
Amer Intl Grp 4.875%	6/1/2022	3.09	%	5.2	BBB+
Protective Life 7.375%	10/15/2019	2.17	%	2.5	A-
Metlife 3.048%	12/15/2022	2.60	%	5.7	A-
Prudential Finl Inc Mtms Book 3.5%	5/15/2024	2.83	%	7.1	A
Average yield on insurance bonds		2.65	%	7.2	

The table above indicates the current yields to maturity (YTM) for the senior bonds of selected life insurance carriers with durations, on average, that are similar to our life insurance portfolio. As of March 31, 2017, the average yield to maturity of these bonds was 2.65%, which we believe reflects, in part, the financial market's judgment that credit risk is low with regard to these carriers' financial obligations. It should be noted that the obligations of life insurance carriers to pay life insurance policy benefits ranks senior to all of their other financial obligations, such as the bonds they issue. This "super senior" priority is not reflected in the yield to maturity in the table and, if considered, would result in a lower yield to maturity all else being equal. As such, as long as the respective premium payments have been made, it is highly likely that the owner of the insurance policy will collect the insurance policy benefit upon the mortality of the insured.

*Value Proposition.* We define the value proposition presented by our portfolio of life insurance assets as our ability to earn superior risk-adjusted returns. At any time, we calculate our returns from our life insurance assets based upon (i) our historical results; and (ii) the future cash flows we expect to realize from our statistical forecasts. To forecast our expected future cash flows, we use the probabilistic method of analysis. The actuarial software we use to produce our expected future cash flows and conduct our probabilistic analysis was developed by the actuarial firm Milliman and is now owned by MAPS. The expected internal rate of return of our portfolio is based upon future cash flow forecasts

derived from a probabilistic analysis of our policy benefits received and policy premiums paid in relation to our non-GAAP investment cost basis. As of March 31, 2017, the expected internal rate of return on our portfolio of life insurance assets was 11.42% based on our portfolio benefits of \$1.448 billion and our non-GAAP investment cost basis of \$529.3 million (including purchase price, premiums paid, and financing costs incurred to date).

We seek to further enhance our understanding of our expected future cash flow forecast by applying a stochastic analysis, sometimes referred to as a “Monte Carlo simulation,” to provide us with a greater understanding of the variability of our future cash flow projections. The stochastic analysis we perform is built within the MAPS actuarial software and provides internal rate of return calculations for different statistical confidence intervals. The results of our stochastic analysis, in which we run 10,000 random mortality scenarios, demonstrates that the scenario ranking at the 50th percentile of all 10,000 results generates an internal rate of return of 11.37%, which is near to our expected internal rate of return of 11.42%. The stochastic analysis results also reveal that our portfolio is expected to generate an internal rate of return of 10.84% or better in 75% of all generated scenarios; and an internal rate of return of 10.38% or better in 90% of all generated scenarios. As the portfolio continues to grow, all else equal, the percentage of observations that result in an internal rate of return at or very near 11.37% (currently our median, or 50th percentile, internal rate of return expectation) is expected to increase, thereby lowering future cash flow volatility and potentially justifying our use of lower discount rates to value our portfolio.

In sum, we believe our statistical analyses show that, if we can continue to grow and maintain our investments in life insurance assets, then, in the absence of significant negative events affecting our most significant risks, including but not limited to longevity and credit risk, and interest rate and financing risk, those investments will provide superior risk-adjusted returns for our company and provide us with the means to generate attractive returns for our investors.

Edgar Filing: GWG Holdings, Inc. - Form 424B3

The complete detail of our portfolio of life insurance policies, owned by our wholly owned subsidiaries as of March 31, 2017, organized by the current age of the insured and the associated policy benefits, sex, estimated life expectancy, issuing insurance carrier, and the credit rating of the issuing insurance carrier, is set forth below.

Life Insurance Portfolio Detail  
(as of March 31, 2017)

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
1	\$ 4,000,000	M	96	24	Metropolitan Life Insurance Company	AA-
2	\$ 1,100,000	M	96	16	Reliastar Life Insurance Company	A
3	\$ 1,500,000	F	96	21	Accordia Life and Annuity Company	A-
4	\$ 1,000,000	F	95	21	Transamerica Life Insurance Company	AA-
5	\$ 184,000	M	95	34	Reliastar Life Insurance Company	A
6	\$ 219,000	M	95	34	Reliastar Life Insurance Company	A
7	\$ 125,000	F	95	2	Lincoln National Life Insurance Company	AA-
8	\$ 250,000	M	94	19	North American Company for Life and Health Insurance	A+
9	\$ 8,000,000	F	94	12	Massachusetts Mutual Life Insurance Company	AA+
10	\$ 3,500,000	M	94	26	Reliastar Life Insurance Company	A
11	\$ 264,000	F	94	11	Lincoln Benefit Life Company	BBB+
12	\$ 250,000	M	94	5	Transamerica Life Insurance Company	AA-
13	\$ 572,429	F	93	22	Reliastar Life Insurance Company	A
14	\$ 3,000,000	M	93	27	West Coast Life Insurance Company	AA-
15	\$ 500,000	M	93	4	John Hancock Life Insurance Company (U.S.A.)	AA-
16	\$ 5,000,000	F	93	41	American General Life Insurance Company	A+
17	\$ 2,000,000	F	93	4	Pruco Life Insurance Company	AA-
18	\$ 500,000	F	93	37	Sun Life Assurance Company of Canada (U.S.)	AA-
19	\$ 1,682,773	F	92	37	Hartford Life and Annuity Insurance Company	BBB+
20	\$ 5,000,000	M	92	20	John Hancock Life Insurance Company (U.S.A.)	AA-
21	\$ 3,100,000	F	92	22	Lincoln Benefit Life Company	BBB+
22	\$ 500,000	F	92	51	John Hancock Life Insurance Company (U.S.A.)	AA-
23	\$ 400,000	F	92	54	Principal Life Insurance Company	A+
24	\$ 144,000	M	92	46	Lincoln National Life Insurance Company	AA-
25	\$ 5,000,000	F	92	21	John Hancock Life Insurance Company (U.S.A.)	AA-
26	\$ 1,000,000	F	92	22	Lincoln National Life Insurance Company	AA-
27	\$ 500,000	M	92	36	Reliastar Life Insurance Company	A

Edgar Filing: GWG Holdings, Inc. - Form 424B3

28	\$	1,000,000	M	92	7	Voya Retirement Insurance and Annuity Company	A
29	\$	300,000	F	92	14	West Coast Life Insurance Company	AA-
30	\$	500,000	M	91	36	Massachusetts Mutual Life Insurance Company	AA+
31	\$	1,000,000	F	91	37	United of Omaha Life Insurance Company	AA-
32	\$	3,500,000	F	91	57	John Hancock Life Insurance Company (U.S.A.)	AA-
33	\$	500,000	M	91	36	Allianz Life Insurance Company of North America	AA
34	\$	1,500,000	F	91	51	Lincoln National Life Insurance Company	AA-
35	\$	5,000,000	M	91	29	John Hancock Life Insurance Company (U.S.A.)	AA-
36	\$	3,000,000	F	91	22	Lincoln National Life Insurance Company	AA-
37	\$	500,000	F	91	25	Lincoln National Life Insurance Company	AA-
38	\$	5,000,000	F	91	27	Reliastar Life Insurance Company	A
39	\$	5,000,000	F	91	9	Lincoln National Life Insurance Company	AA-
40	\$	715,000	F	91	40	Lincoln National Life Insurance Company	AA-
41	\$	1,000,000	F	91	58	Lincoln National Life Insurance Company	AA-
42	\$	1,203,520	M	91	46	Columbus Life Insurance Company	AA
43	\$	1,350,000	F	91	24	Lincoln National Life Insurance Company	AA-

19

Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
44	\$ 1,000,000	F	91	35	Pan-American Assurance Company	N/A
45	\$ 5,000,000	F	90	34	Massachusetts Mutual Life Insurance Company	AA+
46	\$ 100,000	M	90	24	American General Life Insurance Company	A+
47	\$ 2,500,000	F	90	35	American General Life Insurance Company	A+
48	\$ 2,500,000	M	90	40	Pacific Life Insurance Company	AA-
49	\$ 5,000,000	M	90	39	AXA Equitable Life Insurance Company	AA-
50	\$ 1,200,000	F	90	28	Massachusetts Mutual Life Insurance Company	AA+
51	\$ 1,200,000	F	90	28	Massachusetts Mutual Life Insurance Company	AA+
52	\$ 375,000	M	90	28	Lincoln National Life Insurance Company	AA-
53	\$ 1,103,922	F	90	47	Sun Life Assurance Company of Canada (U.S.)	AA-
54	\$ 1,000,000	F	90	50	Transamerica Life Insurance Company	AA-
55	\$ 250,000	F	90	50	Transamerica Life Insurance Company	AA-
56	\$ 500,000	F	90	29	Transamerica Life Insurance Company	AA-
57	\$ 1,050,000	M	90	31	John Hancock Life Insurance Company (U.S.A.)	AA-
58	\$ 5,000,000	M	90	38	AIG Life Insurance Company	A+
59	\$ 3,000,000	M	90	79	Transamerica Life Insurance Company	AA-
60	\$ 500,000	M	90	47	Lincoln National Life Insurance Company	AA-
61	\$ 4,785,380	F	90	29	John Hancock Life Insurance Company (U.S.A.)	AA-
62	\$ 1,803,455	F	90	57	Metropolitan Life Insurance Company	AA-
63	\$ 1,529,270	F	90	57	Metropolitan Life Insurance Company	AA-
64	\$ 800,000	M	90	48	Lincoln National Life Insurance Company	AA-
65	\$ 400,000	M	90	33	Lincoln National Life Insurance Company	AA-
66	\$ 977,000	M	90	31	New York Life Insurance Company	AA+
67	\$ 2,000,000	M	90	28	John Hancock Life Insurance Company (U.S.A.)	AA-
68	\$ 5,000,000	M	90	38	John Hancock Life Insurance Company (U.S.A.)	AA-
69	\$ 500,000	F	90	22	Nationwide Life and Annuity Insurance Company	A+
70	\$ 2,225,000	F	90	69		AA-

Edgar Filing: GWG Holdings, Inc. - Form 424B3

					Transamerica Life Insurance Company		
71	\$	3,000,000	F	90	66	Massachusetts Mutual Life Insurance Company	AA+
72	\$	1,500,000	M	90	32	Union Central Life Insurance Company	N/A
73	\$	300,000	M	90	35	John Hancock Life Insurance Company (U.S.A.)	AA-
74	\$	3,500,000	F	90	29	Lincoln National Life Insurance Company	AA-
75	\$	396,791	M	90	22	Lincoln National Life Insurance Company	AA-
76	\$	1,500,000	M	90	87	Transamerica Life Insurance Company	AA-
77	\$	1,000,000	F	89	40	Metropolitan Life Insurance Company	AA-
78	\$	248,859	F	89	21	Lincoln National Life Insurance Company	AA-
79	\$	1,000,000	F	89	48	General American Life Insurance Company	AA-
80	\$	500,000	F	89	53	Sun Life Assurance Company of Canada (U.S.)	AA-
81	\$	5,000,000	F	89	24	Transamerica Life Insurance Company	AA-
82	\$	3,000,000	M	89	32	Transamerica Life Insurance Company	AA-
83	\$	250,000	M	89	56	Metropolitan Life Insurance Company	AA-
84	\$	6,000,000	F	89	43	Sun Life Assurance Company of Canada (U.S.)	AA-
85	\$	4,000,000	F	89	57	Transamerica Life Insurance Company	AA-
86	\$	2,000,000	F	89	35	Beneficial Life Insurance Company	N/A
87	\$	250,000	F	89	35	John Hancock Life Insurance Company (U.S.A.)	AA-
88	\$	1,000,000	F	89	26	New York Life Insurance Company	AA+
89	\$	1,000,000	M	89	29	AXA Equitable Life Insurance Company	AA-
90	\$	1,250,000	M	89	23	Columbus Life Insurance Company	AA
91	\$	300,000	M	89	23	Columbus Life Insurance Company	AA
92	\$	10,000,000	F	89	57	West Coast Life Insurance Company	AA-

20

## Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
93	\$ 649,026	F	89	57	Midland National Life Insurance Company	A+
94	\$ 2,500,000	M	89	50	Transamerica Life Insurance Company	AA-
95	\$ 1,000,000	F	89	38	West Coast Life Insurance Company	AA-
96	\$ 2,000,000	F	89	38	West Coast Life Insurance Company	AA-
97	\$ 800,000	M	89	40	National Western Life Insurance Company	A
98	\$ 500,000	F	89	36	Transamerica Life Insurance Company	AA-
99	\$ 400,000	F	89	36	Lincoln Benefit Life Company	BBB+
100	\$ 1,269,017	M	89	21	Hartford Life and Annuity Insurance Company	BBB+
101	\$ 1,500,000	F	89	39	Transamerica Life Insurance Company	AA-
102	\$ 500,000	F	89	39	Transamerica Life Insurance Company	AA-
103	\$ 200,000	M	89	36	Lincoln Benefit Life Company	BBB+
104	\$ 4,445,467	M	89	43	Penn Mutual Life Insurance Company	A+
105	\$ 7,500,000	M	89	35	Lincoln National Life Insurance Company	AA-
106	\$ 3,600,000	F	89	53	AXA Equitable Life Insurance Company	AA-
107	\$ 4,513,823	F	89	23	Accordia Life and Annuity Company	A-
108	\$ 3,000,000	M	89	29	Lincoln National Life Insurance Company	AA-
109	\$ 309,000	M	89	23	Transamerica Life Insurance Company	AA-
110	\$ 2,000,000	M	89	33	John Hancock Life Insurance Company (U.S.A.)	AA-
111	\$ 100,000	F	89	42	American General Life Insurance Company	A+
112	\$ 100,000	F	89	42	American General Life Insurance Company	A+
113	\$ 2,000,000	F	89	60	U.S. Financial Life Insurance Company	N/A
114	\$ 1,000,000	M	89	29	Lincoln National Life Insurance Company	AA-
115	\$ 1,000,000	M	88	36	John Hancock Life Insurance Company (U.S.A.)	AA-
116	\$ 2,000,000	M	88	36	John Hancock Life Insurance Company (U.S.A.)	AA-
117	\$ 5,000,000	M	88	36	Lincoln National Life Insurance Company	AA-
118	\$ 1,200,000	M	88	57		AA-



Edgar Filing: GWG Holdings, Inc. - Form 424B3

					Transamerica Life Insurance Company	
119	\$ 1,000,000	M	88	63	AXA Equitable Life Insurance Company	AA-
120	\$ 5,000,000	F	88	54	Lincoln National Life Insurance Company	AA-
121	\$ 250,000	M	88	34	Wilton Reassurance Life Insurance Company	N/A
122	\$ 1,000,000	F	88	72	Security Life of Denver Insurance Company	A
123	\$ 200,000	F	88	70	Lincoln National Life Insurance Company	AA-
124	\$ 330,000	M	88	55	AXA Equitable Life Insurance Company	AA-
125	\$ 175,000	M	88	55	Metropolitan Life Insurance Company	AA-
126	\$ 335,000	M	88	55	Metropolitan Life Insurance Company	AA-
127	\$ 3,000,000	M	88	60	AXA Equitable Life Insurance Company	AA-
128	\$ 1,000,000	F	88	17	State Farm Life Insurance Company	AA
129	\$ 209,176	M	88	76	Lincoln National Life Insurance Company	AA-
130	\$ 8,500,000	M	88	72	Massachusetts Mutual Life Insurance Company	AA+
131	\$ 5,000,000	M	88	84	West Coast Life Insurance Company	AA-
132	\$ 1,000,000	M	88	20	Transamerica Life Insurance Company	AA-
133	\$ 500,000	M	88	65	Metropolitan Life Insurance Company	AA-
134	\$ 500,000	F	88	42	Beneficial Life Insurance Company	N/A
135	\$ 1,000,000	M	88	29	Security Life of Denver Insurance Company	A
136	\$ 5,000,000	M	88	64	Lincoln National Life Insurance Company	AA-
137	\$ 120,500	M	88	25	New England Life Insurance Company	A+
138	\$ 2,000,000	M	88	72	Security Life of Denver Insurance Company	A
139	\$ 2,000,000	M	88	72	Security Life of Denver Insurance Company	A
140	\$ 2,000,000	M	88	72	Security Life of Denver Insurance Company	A
141	\$ 1,500,000	M	88	43	AXA Equitable Life Insurance Company	AA-
142	\$ 1,365,000	F	87	77	Transamerica Life Insurance Company	AA-

## Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
143	\$ 1,000,000	M	87	33	Sun Life Assurance Company of Canada (U.S.)	AA-
144	\$ 1,000,000	M	87	27	Massachusetts Mutual Life Insurance Company	AA+
145	\$ 1,000,000	F	87	58	AXA Equitable Life Insurance Company	AA-
146	\$ 2,000,000	M	87	80	Transamerica Life Insurance Company	AA-
147	\$ 2,000,000	M	87	39	Metropolitan Life Insurance Company	AA-
148	\$ 3,000,000	M	87	39	Metropolitan Life Insurance Company	AA-
149	\$ 1,000,000	M	87	25	John Hancock Life Insurance Company (U.S.A.)	AA-
150	\$ 2,000,000	F	87	69	AXA Equitable Life Insurance Company	AA-
151	\$ 5,000,000	F	87	44	Security Life of Denver Insurance Company	A
152	\$ 3,000,000	F	87	67	Sun Life Assurance Company of Canada (U.S.)	AA-
153	\$ 125,000	M	87	49	Jackson National Life Insurance Company	AA
154	\$ 1,000,000	M	87	40	AXA Equitable Life Insurance Company	AA-
155	\$ 2,328,547	M	87	31	Metropolitan Life Insurance Company	AA-
156	\$ 2,000,000	M	87	31	Metropolitan Life Insurance Company	AA-
157	\$ 750,000	F	87	65	Lincoln National Life Insurance Company	AA-
158	\$ 1,500,000	F	87	65	Lincoln National Life Insurance Company	AA-
159	\$ 400,000	F	87	65	Lincoln National Life Insurance Company	AA-
160	\$ 1,250,000	F	87	65	Lincoln National Life Insurance Company	AA-
161	\$ 2,000,000	M	87	46	Lincoln National Life Insurance Company	AA-
162	\$ 3,000,000	F	87	49	Transamerica Life Insurance Company	AA-
163	\$ 5,000,000	M	87	56	Security Life of Denver Insurance Company	A
164	\$ 347,211	F	87	24	Pruco Life Insurance Company	AA-
165	\$ 1,000,000	M	87	33	John Hancock Life Insurance Company (U.S.A.)	AA-
166	\$ 1,800,000	M	87	38	John Hancock Life Insurance Company (U.S.A.)	AA-
167	\$ 284,924	M	87	45	Transamerica Life Insurance Company	AA-

## Edgar Filing: GWG Holdings, Inc. - Form 424B3

168	\$	5,000,000	F	87	76	American General Life Insurance Company	A+
169	\$	2,000,000	M	87	47	AXA Equitable Life Insurance Company	AA-
170	\$	1,750,000	M	87	47	AXA Equitable Life Insurance Company	AA-
171	\$	2,000,000	F	87	72	John Hancock Life Insurance Company (U.S.A.)	AA-
172	\$	500,000	F	87	21	Transamerica Life Insurance Company	AA-
173	\$	4,000,000	M	87	36	Metropolitan Life Insurance Company	AA-
174	\$	2,000,000	M	87	22	Transamerica Life Insurance Company	AA-
175	\$	1,425,000	M	87	42	John Hancock Life Insurance Company (U.S.A.)	AA-
176	\$	800,000	M	87	36	Metropolitan Life Insurance Company	AA-
177	\$	5,000,000	F	86	83	AXA Equitable Life Insurance Company	AA-
178	\$	1,000,000	F	86	67	John Hancock Life Insurance Company (U.S.A.)	AA-
179	\$	694,487	M	86	61	Lincoln National Life Insurance Company	AA-
180	\$	6,000,000	F	86	105	American General Life Insurance Company	A+
181	\$	1,433,572	M	86	39	Security Mutual Life Insurance Company of NY	N/A
182	\$	1,500,000	M	86	23	Transamerica Life Insurance Company	AA-
183	\$	1,500,000	F	86	111	Lincoln Benefit Life Company	BBB+
184	\$	1,000,000	F	86	30	Metropolitan Life Insurance Company	AA-
185	\$	4,000,000	M	86	22	John Hancock Life Insurance Company (U.S.A.)	AA-
186	\$	1,000,000	M	86	60	John Hancock Life Insurance Company (U.S.A.)	AA-
187	\$	2,000,000	F	86	81	Lincoln Benefit Life Company	BBB+
188	\$	1,000,000	M	86	39	Security Life of Denver Insurance Company	A
189	\$	2,000,000	F	86	57	New York Life Insurance Company	AA+
190	\$	2,400,000	M	86	23	Genworth Life Insurance Company	BB-
191	\$	3,000,000	M	86	74	Transamerica Life Insurance Company	AA-
192	\$	1,500,000	M	86	62	AXA Equitable Life Insurance Company	AA-

Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
193	\$ 5,000,000	M	86	71	Security Life of Denver Insurance Company	A
194	\$ 7,600,000	F	86	81	Transamerica Life Insurance Company	AA-
195	\$ 250,000	M	86	14	Midland National Life Insurance Company	A+
196	\$ 1,000,000	M	86	49	Lincoln National Life Insurance Company	AA-
197	\$ 450,000	M	86	49	American General Life Insurance Company	A+
198	\$ 2,500,000	F	86	60	American General Life Insurance Company	A+
199	\$ 2,500,000	M	86	44	AXA Equitable Life Insurance Company	AA-
200	\$ 3,000,000	M	86	44	Lincoln National Life Insurance Company	AA-
201	\$ 500,000	M	86	28	Genworth Life Insurance Company	BB-
202	\$ 1,980,000	M	86	36	New York Life Insurance Company	AA+
203	\$ 500,000	M	86	34	New England Life Insurance Company	A+
204	\$ 4,000,000	F	86	52	Reliastar Life Insurance Company	A
205	\$ 3,000,000	F	86	32	AXA Equitable Life Insurance Company	AA-
206	\$ 1,703,959	M	86	55	Lincoln National Life Insurance Company	AA-
207	\$ 500,000	M	86	9	Great Southern Life Insurance Company	N/A
208	\$ 1,000,000	M	86	43	Hartford Life and Annuity Insurance Company	BBB+
209	\$ 3,500,000	F	86	90	Lincoln Benefit Life Company	BBB+
210	\$ 1,000,000	M	86	75	Lincoln National Life Insurance Company	AA-
211	\$ 500,000	M	86	40	Hartford Life and Annuity Insurance Company	BBB+
212	\$ 300,000	M	86	46	New England Life Insurance Company	A+
213	\$ 10,000,000	M	85	110	Pacific Life Insurance Company	AA-
214	\$ 1,000,000	M	85	47	Texas Life Insurance Company	N/A
215	\$ 500,000	M	85	87	Metropolitan Life Insurance Company	AA-
216	\$ 2,000,000	M	85	48	National Life Insurance Company	A+
217	\$ 2,147,816	F	85	101	John Hancock Life Insurance Company (U.S.A.)	AA-
218	\$ 4,200,000	F	85	100	Transamerica Life Insurance Company	AA-
219	\$ 325,000	M	85	48	Genworth Life and Annuity Insurance Company	BB-
220	\$ 175,000	M	85	48	Genworth Life and Annuity Insurance Company	BB-

Edgar Filing: GWG Holdings, Inc. - Form 424B3

221	\$	850,000	M	85	44	American General Life Insurance Company	A+
222	\$	750,000	M	85	70	West Coast Life Insurance Company	AA-
223	\$	5,000,000	M	85	41	AXA Equitable Life Insurance Company	AA-
224	\$	385,000	M	85	57	Metropolitan Life Insurance Company	AA-
225	\$	500,000	M	85	57	Metropolitan Life Insurance Company	AA-
226	\$	5,000,000	M	85	58	Lincoln National Life Insurance Company	AA-
227	\$	1,500,000	M	85	64	Lincoln National Life Insurance Company	AA-
228	\$	250,000	M	85	37	Ohio State Insurance Company	N/A
229	\$	3,500,000	F	85	72	AXA Equitable Life Insurance Company	AA-
230	\$	1,000,000	F	85	84	West Coast Life Insurance Company	AA-
231	\$	8,500,000	M	85	87	John Hancock Life Insurance Company (U.S.A.)	AA-
232	\$	600,000	M	85	83	AXA Equitable Life Insurance Company	AA-
233	\$	3,000,000	F	85	52	Metropolitan Life Insurance Company	AA-
234	\$	4,500,000	M	85	57	AXA Equitable Life Insurance Company	AA-
235	\$	250,000	M	85	36	Transamerica Life Insurance Company	AA-
236	\$	2,275,000	M	85	75	Reliastar Life Insurance Company	A
237	\$	300,000	F	85	90	AXA Equitable Life Insurance Company	AA-
238	\$	500,000	F	85	90	AXA Equitable Life Insurance Company	AA-
239	\$	340,000	F	85	70	Jackson National Life Insurance Company	AA
240	\$	2,000,000	M	85	77	Pacific Life Insurance Company	AA-
241	\$	3,500,000	M	85	64	AXA Equitable Life Insurance Company	AA-
242	\$	7,600,000	M	85	84	Transamerica Life Insurance Company	AA-

23

Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
243	\$ 2,000,000	M	85	60	American National Insurance Company	A
244	\$ 250,000	M	85	63	Voya Retirement Insurance and Annuity Company	A
245	\$ 1,800,000	F	85	45	Lincoln National Life Insurance Company	AA-
246	\$ 3,000,000	M	85	46	Metropolitan Life Insurance Company	AA-
247	\$ 1,275,000	M	85	40	General American Life Insurance Company	AA-
248	\$ 2,000,000	F	85	81	Lincoln National Life Insurance Company	AA-
249	\$ 2,247,450	F	85	45	Transamerica Life Insurance Company	AA-
250	\$ 750,000	M	85	72	AXA Equitable Life Insurance Company	AA-
251	\$ 500,000	F	85	81	Metropolitan Life Insurance Company	AA-
252	\$ 400,000	M	85	34	Transamerica Life Insurance Company	AA-
253	\$ 1,000,000	M	85	45	Metropolitan Life Insurance Company	AA-
254	\$ 3,500,000	M	85	49	Pacific Life Insurance Company	AA-
255	\$ 2,500,000	M	85	49	AXA Equitable Life Insurance Company	AA-
256	\$ 80,000	F	84	43	Protective Life Insurance Company	AA-
257	\$ 1,000,000	M	84	54	Lincoln National Life Insurance Company	AA-
258	\$ 3,000,000	M	84	27	U.S. Financial Life Insurance Company	N/A
259	\$ 1,500,000	M	84	57	Pacific Life Insurance Company	AA-
260	\$ 600,000	M	84	56	Massachusetts Mutual Life Insurance Company	AA+
261	\$ 5,000,000	M	84	92	American General Life Insurance Company	A+
262	\$ 1,900,000	M	84	50	American National Insurance Company	A
263	\$ 500,000	M	84	32	New York Life Insurance Company	AA+
264	\$ 500,000	M	84	32	New York Life Insurance Company	AA+
265	\$ 75,000	M	84	35	Fidelity and Guaranty Insurance Company	BBB-
266	\$ 10,000,000	M	84	58	Lincoln National Life Insurance Company	AA-
267	\$ 1,000,000	M	84	137	Reliastar Life Insurance Company	A
268	\$ 1,000,000	F	84	61	American General Life Insurance Company	A+
269	\$ 750,000	M	84	62	John Hancock Life Insurance Company (U.S.A.)	AA-
270	\$ 1,995,000	F	84	65		AA-

Edgar Filing: GWG Holdings, Inc. - Form 424B3

					Transamerica Life Insurance Company	
271	\$ 4,000,000	M	84	41	Lincoln National Life Insurance Company	AA-
272	\$ 838,542	M	84	106	Transamerica Life Insurance Company	AA-
273	\$ 120,000	F	84	75	Lincoln National Life Insurance Company	AA-
274	\$ 77,000	F	84	75	Lincoln National Life Insurance Company	AA-
275	\$ 10,000,000	M	84	67	AXA Equitable Life Insurance Company	AA-
276	\$ 900,000	M	84	59	Hartford Life and Annuity Insurance Company	BBB+
277	\$ 1,000,000	M	84	54	Hartford Life and Annuity Insurance Company	BBB+
278	\$ 1,000,000	M	84	54	Jackson National Life Insurance Company	AA
279	\$ 2,300,000	M	84	11	American General Life Insurance Company	A+
280	\$ 6,217,200	F	84	89	Phoenix Life Insurance Company	BB-
281	\$ 2,500,000	F	84	57	Reliastar Life Insurance Company	A
282	\$ 5,000,000	F	84	44	Massachusetts Mutual Life Insurance Company	AA+
283	\$ 5,000,000	M	84	63	Transamerica Life Insurance Company	AA-
284	\$ 500,000	F	84	87	AXA Equitable Life Insurance Company	AA-
285	\$ 1,000,000	M	84	37	American General Life Insurance Company	A+
286	\$ 2,400,000	M	84	58	Phoenix Life Insurance Company	BB-
287	\$ 350,000	M	84	24	Jackson National Life Insurance Company	AA
288	\$ 5,000,000	M	84	67	Lincoln National Life Insurance Company	AA-
289	\$ 3,000,000	M	83	52	Protective Life Insurance Company	AA-
290	\$ 1,500,000	M	83	52	American General Life Insurance Company	A+

24

Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
291	\$ 2,000,000	F	83	89	Transamerica Life Insurance Company	AA-
292	\$ 5,000,000	F	83	63	Security Mutual Life Insurance Company of NY	N/A
293	\$ 5,000,000	M	83	74	AXA Equitable Life Insurance Company	AA-
294	\$ 850,000	F	83	83	Zurich Life Insurance Company	A
295	\$ 550,000	M	83	101	Genworth Life Insurance Company	BB-
296	\$ 500,000	M	83	50	West Coast Life Insurance Company	AA-
297	\$ 1,680,000	F	83	55	AXA Equitable Life Insurance Company	AA-
298	\$ 1,000,000	F	83	76	Lincoln National Life Insurance Company	AA-
299	\$ 2,000,000	M	83	70	New York Life Insurance Company	AA+
300	\$ 250,000	M	83	126	Reliastar Life Insurance Company	A
301	\$ 1,250,000	M	83	85	Metropolitan Life Insurance Company	AA-
302	\$ 1,000,000	M	83	52	AXA Equitable Life Insurance Company	AA-
303	\$ 1,000,000	M	83	44	American General Life Insurance Company	A+
304	\$ 1,500,000	M	83	55	Lincoln Benefit Life Company	BBB+
305	\$ 10,000,000	F	83	52	Transamerica Life Insurance Company	AA-
306	\$ 2,000,000	F	83	71	Lincoln National Life Insurance Company	AA-
307	\$ 10,000,000	M	83	64	New York Life Insurance Company	AA+
308	\$ 417,300	M	83	85	Jackson National Life Insurance Company	AA
309	\$ 10,000,000	M	83	55	Hartford Life and Annuity Insurance Company	BBB+
310	\$ 5,000,000	M	83	58	AXA Equitable Life Insurance Company	AA-
311	\$ 300,000	F	83	60	Hartford Life and Annuity Insurance Company	BBB+
312	\$ 2,502,000	M	83	130	Transamerica Life Insurance Company	AA-
313	\$ 170,000	F	83	50	Reliastar Life Insurance Company	A
314	\$ 240,000	M	83	31	Lincoln National Life Insurance Company	AA-
315	\$ 10,000,000	M	83	98	John Hancock Life Insurance Company (U.S.A.)	AA-
316	\$ 2,000,000	M	83	55	Ohio National Life Assurance Corporation	A+
317	\$ 1,000,000	M	83	55	Ohio National Life Assurance Corporation	A+
318	\$ 3,000,000	F	83	91	West Coast Life Insurance Company	AA-



Edgar Filing: GWG Holdings, Inc. - Form 424B3

319	\$	7,000,000	M	83	72	Genworth Life Insurance Company	BB-
320	\$	8,000,000	M	82	112	Metropolitan Life Insurance Company	AA-
321	\$	3,000,000	M	82	130	Metropolitan Life Insurance Company	AA-
322	\$	6,000,000	M	82	90	Transamerica Life Insurance Company	AA-
323	\$	8,000,000	M	82	69	AXA Equitable Life Insurance Company	AA-
324	\$	600,000	M	82	40	Lincoln National Life Insurance Company	AA-
325	\$	800,000	M	82	65	North American Company for Life And Health Insurance	A+
326	\$	2,000,000	M	82	18	Metropolitan Life Insurance Company	AA-
327	\$	3,000,000	F	82	54	AXA Equitable Life Insurance Company	AA-
328	\$	3,000,000	F	82	54	AXA Equitable Life Insurance Company	AA-
329	\$	320,987	F	82	91	John Hancock Life Insurance Company (U.S.A.)	AA-
330	\$	1,000,000	M	82	43	AXA Equitable Life Insurance Company	AA-
331	\$	50,000	M	82	72	Transamerica Life Insurance Company	AA-
332	\$	700,000	M	82	86	Banner Life Insurance Company	AA-
333	\$	1,000,000	M	82	86	John Hancock Life Insurance Company (U.S.A.)	AA-
334	\$	2,000,000	F	82	76	Pacific Life Insurance Company	AA-
335	\$	3,000,000	M	82	95	John Hancock Life Insurance Company (U.S.A.)	AA-
336	\$	1,750,000	M	82	68	AXA Equitable Life Insurance Company	AA-

25

Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
337	\$ 250,000	M	82	65	American General Life Insurance Company	A+
338	\$ 2,000,000	F	82	62	Transamerica Life Insurance Company	AA-
339	\$ 3,500,000	M	82	71	Metropolitan Life Insurance Company	AA-
340	\$ 250,000	F	82	88	Accordia Life and Annuity Company	A-
341	\$ 1,000,000	M	82	44	Pacific Life Insurance Company	AA-
342	\$ 3,000,000	M	82	109	Principal Life Insurance Company	A+
343	\$ 200,000	M	82	37	Pruco Life Insurance Company	AA-
344	\$ 1,700,000	M	82	49	Lincoln National Life Insurance Company	AA-
345	\$ 1,210,000	M	82	52	Lincoln National Life Insurance Company	AA-
346	\$ 3,000,000	M	81	32	Pacific Life Insurance Company	AA-
347	\$ 3,000,000	M	81	32	Minnesota Life Insurance Company	A+
348	\$ 3,000,000	M	81	32	Pruco Life Insurance Company	AA-
349	\$ 3,000,000	M	81	77	Reliastar Life Insurance Company	A
350	\$ 5,000,000	M	81	84	Pacific Life Insurance Company	AA-
351	\$ 5,000,000	M	81	84	Pacific Life Insurance Company	AA-
352	\$ 4,000,000	M	81	67	Lincoln National Life Insurance Company	AA-
353	\$ 500,000	M	81	42	Genworth Life and Annuity Insurance Company	BB-
354	\$ 250,000	M	81	63	United of Omaha Life Insurance Company	AA-
355	\$ 3,601,500	M	81	81	Transamerica Life Insurance Company	AA-
356	\$ 300,000	F	81	85	Metropolitan Life Insurance Company	AA-
357	\$ 200,000	M	81	60	Protective Life Insurance Company	AA-
358	\$ 150,000	M	81	60	Protective Life Insurance Company	AA-
359	\$ 150,000	M	81	60	Protective Life Insurance Company	AA-
360	\$ 350,000	M	81	60	Lincoln National Life Insurance Company	AA-
361	\$ 1,187,327	M	81	83	Transamerica Life Insurance Company	AA-
362	\$ 5,000,000	M	81	115	Principal Life Insurance Company	A+
363	\$ 150,000	M	81	79	MetLife Insurance Company USA	A+
364	\$ 5,000,000	M	81	94	John Hancock Life Insurance Company (U.S.A.)	AA-
365	\$ 100,000	M	81	98	Protective Life Insurance Company	AA-
366	\$ 7,000,000	M	81	73	Lincoln Benefit Life Company	BBB+
367	\$ 8,000,000	F	81	93	John Hancock Life Insurance Company (U.S.A.)	AA-
368	\$ 100,000	M	81	54	North American Company for Life And Health Insurance	A+
369	\$ 1,000,000	M	81	102		AA-

Edgar Filing: GWG Holdings, Inc. - Form 424B3

					Lincoln National Life Insurance Company	
370	\$ 6,799,139	M	81	108	AXA Equitable Life Insurance Company	AA-
371	\$ 1,000,000	F	81	75	Lincoln Benefit Life Company	BBB+
372	\$ 476,574	M	81	59	Transamerica Life Insurance Company	AA-
373	\$ 1,000,000	M	81	80	Penn Mutual Life Insurance Company	A+
374	\$ 250,000	M	81	83	AXA Equitable Life Insurance Company	AA-
375	\$ 6,000,000	M	81	108	AXA Equitable Life Insurance Company	AA-
376	\$ 130,000	M	81	40	Genworth Life Insurance Company	BB-
377	\$ 5,500,000	M	81	108	Metropolitan Life Insurance Company	AA-
378	\$ 1,000,000	M	81	119	Protective Life Insurance Company	AA-
379	\$ 4,000,000	M	81	82	Lincoln National Life Insurance Company	AA-
380	\$ 2,000,000	M	81	69	Metropolitan Life Insurance Company	AA-
381	\$ 2,000,000	M	81	69	Metropolitan Life Insurance Company	AA-
382	\$ 4,300,000	F	81	96	American National Insurance Company	A
383	\$ 100,000	M	81	72	Prudential Insurance Company of America	AA-
384	\$ 6,000,000	M	81	105	AXA Equitable Life Insurance Company	AA-
385	\$ 200,000	M	81	54	Kansas City Life Insurance Company	N/A

## Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
386	\$ 200,000	M	81	45	Lincoln National Life Insurance Company	AA-
387	\$ 1,029,871	M	81	127	Principal Life Insurance Company	A+
388	\$ 6,000,000	M	81	93	AXA Equitable Life Insurance Company	AA-
389	\$ 1,500,000	F	81	63	Protective Life Insurance Company	AA-
390	\$ 750,000	M	81	57	Lincoln National Life Insurance Company	AA-
391	\$ 180,000	F	81	80	Midland National Life Insurance Company	A+
392	\$ 500,000	M	81	37	Transamerica Life Insurance Company	AA-
393	\$ 70,000	M	80	39	Pioneer Mutual Life Insurance Company	N/A
394	\$ 800,000	F	80	88	Prudential Insurance Company of America	AA-
395	\$ 5,000,000	M	80	67	John Hancock Life Insurance Company (U.S.A.)	AA-
396	\$ 1,000,000	M	80	83	Sun Life Assurance Company of Canada (U.S.)	AA-
397	\$ 5,000,000	M	80	76	John Hancock Life Insurance Company (U.S.A.)	AA-
398	\$ 1,250,000	M	80	86	AXA Equitable Life Insurance Company	AA-
399	\$ 3,000,000	F	80	76	New York Life Insurance Company	AA+
400	\$ 1,009,467	M	80	47	John Hancock Life Insurance Company (U.S.A.)	AA-
401	\$ 4,000,000	M	80	40	Metropolitan Life Insurance Company	AA-
402	\$ 2,500,000	M	80	75	Massachusetts Mutual Life Insurance Company	AA+
403	\$ 2,500,000	M	80	75	Massachusetts Mutual Life Insurance Company	AA+
404	\$ 5,000,000	M	80	46	John Hancock Life Insurance Company (U.S.A.)	AA-
405	\$ 1,000,000	M	80	73	Transamerica Life Insurance Company	AA-
406	\$ 500,000	M	80	99	Transamerica Life Insurance Company	AA-
407	\$ 2,250,000	M	80	81	Massachusetts Mutual Life Insurance Company	AA+
408	\$ 775,000	M	80	110	Lincoln National Life Insurance Company	AA-
409	\$ 1,000,000	F	80	110	John Hancock Life Insurance Company (U.S.A.)	AA-
410	\$ 1,445,000	F	80	91	AXA Equitable Life Insurance Company	AA-
411	\$ 1,500,000	F	80	91	AXA Equitable Life Insurance Company	AA-

Edgar Filing: GWG Holdings, Inc. - Form 424B3

412	\$	1,000,000	M	80	73	Lincoln National Life Insurance Company	AA-
413	\$	325,000	M	80	33	American General Life Insurance Company	A+
414	\$	3,750,000	M	80	37	AXA Equitable Life Insurance Company	AA-
415	\$	1,000,000	M	80	97	Metropolitan Life Insurance Company	AA-
416	\$	800,000	M	80	87	Minnesota Life Insurance Company	A+
417	\$	5,000,000	F	80	103	Reliastar Life Insurance Company	A
418	\$	1,200,000	F	80	100	AXA Equitable Life Insurance Company	AA-
419	\$	5,000,000	M	80	164	West Coast Life Insurance Company	AA-
420	\$	3,000,000	M	80	83	Principal Life Insurance Company	A+
421	\$	5,000,000	M	79	124	Lincoln National Life Insurance Company	AA-
422	\$	3,000,000	M	79	73	American General Life Insurance Company	A+
423	\$	500,000	M	79	56	John Hancock Life Insurance Company (U.S.A.)	AA-
424	\$	500,000	M	79	123	Prudential Insurance Company of America	AA-
425	\$	1,000,000	M	79	101	Metropolitan Life Insurance Company	AA-
426	\$	1,200,000	F	79	121	Athene Annuity & Life Assurance Company	A-
427	\$	2,840,000	M	79	86	Transamerica Life Insurance Company	AA-
428	\$	750,000	M	79	77	North American Company for Life and Health Insurance	A+
429	\$	1,000,000	M	79	77	John Hancock Life Insurance Company (U.S.A.)	AA-
430	\$	500,000	M	79	77	North American Company for Life and Health Insurance	A+
431	\$	500,000	F	79	103	Columbus Life Insurance Company	AA
432	\$	4,000,000	F	79	81	Transamerica Life Insurance Company	AA-
433	\$	1,000,000	F	79	64	John Hancock Life Insurance Company (U.S.A.)	AA-

27

## Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
434	\$ 2,000,000	M	79	89	Lincoln National Life Insurance Company	AA-
435	\$ 2,000,000	M	79	89	Lincoln National Life Insurance Company	AA-
436	\$ 4,000,000	M	79	135	John Hancock Life Insurance Company (U.S.A.)	AA-
437	\$ 300,000	M	79	70	Lincoln National Life Insurance Company	AA-
438	\$ 1,750,000	M	79	52	John Hancock Life Insurance Company (U.S.A.)	AA-
439	\$ 5,000,000	M	79	91	Transamerica Life Insurance Company	AA-
440	\$ 1,000,000	M	79	110	Principal Life Insurance Company	A+
441	\$ 500,000	F	79	129	Ohio National Life Assurance Corporation	A+
442	\$ 550,000	M	79	68	Pruco Life Insurance Company	AA-
443	\$ 300,000	M	79	68	Pruco Life Insurance Company	AA-
444	\$ 6,250,000	M	79	179	John Hancock Life Insurance Company (U.S.A.)	AA-
445	\$ 750,000	M	79	104	General American Life Insurance Company	AA-
446	\$ 2,000,000	F	79	46	Transamerica Life Insurance Company	AA-
447	\$ 400,000	M	79	108	John Hancock Life Insurance Company (U.S.A.)	AA-
448	\$ 300,000	M	78	68	Penn Mutual Life Insurance Company	A+
449	\$ 1,000,000	M	78	93	Accordia Life and Annuity Company	A-
450	\$ 3,000,000	M	78	86	Pruco Life Insurance Company	AA-
451	\$ 200,000	F	78	134	West Coast Life Insurance Company	AA-
452	\$ 1,100,000	M	78	128	Accordia Life and Annuity Company	A-
453	\$ 3,000,000	M	78	93	Protective Life Insurance Company	AA-
454	\$ 50,000	M	78	35	Lincoln National Life Insurance Company	AA-
455	\$ 4,000,000	M	78	58	Massachusetts Mutual Life Insurance Company	AA+
456	\$ 1,000,000	F	78	118	John Hancock Life Insurance Company (U.S.A.)	AA-
457	\$ 5,000,000	M	78	108	Lincoln National Life Insurance Company	AA-
458	\$ 7,000,000	F	78	111	Pacific Life Insurance Company	AA-
459	\$ 100,946	F	78	149	Genworth Life and Annuity Insurance Company	BB-
460	\$ 2,000,000	M	78	94	Genworth Life Insurance Company	BB-
461	\$ 350,000	M	78	100	AXA Equitable Life Insurance Company	AA-
462	\$ 600,000	M	78	100		AA-

Edgar Filing: GWG Holdings, Inc. - Form 424B3

					AXA Equitable Life Insurance Company		
463	\$	1,000,000	M	78	73	Pacific Life Insurance Company	AA-
464	\$	2,000,000	M	78	108	Transamerica Life Insurance Company	AA-
465	\$	200,000	M	78	106	Prudential Insurance Company of America	AA-
466	\$	2,000,000	F	78	156	Lincoln National Life Insurance Company	AA-
467	\$	150,000	M	78	95	Genworth Life Insurance Company	BB-
468	\$	490,620	M	78	76	Ameritas Life Insurance Corporation	A+
469	\$	600,000	M	78	73	Protective Life Insurance Company	AA-
470	\$	2,000,000	M	78	54	Athene Annuity & Life Assurance Company	A-
471	\$	5,000,000	M	78	51	West Coast Life Insurance Company	AA-
472	\$	1,000,000	M	77	73	Metropolitan Life Insurance Company	AA-
473	\$	730,000	M	77	91	Transamerica Life Insurance Company	AA-
474	\$	5,000,000	M	77	137	Pruco Life Insurance Company	AA-
475	\$	750,000	M	77	103	Protective Life Insurance Company	AA-
476	\$	250,000	M	77	93	Midland National Life Insurance Company	A+
477	\$	5,000,000	M	77	125	AXA Equitable Life Insurance Company	AA-
478	\$	3,000,000	M	77	47	Accordia Life and Annuity Company	A-
479	\$	1,000,000	M	77	137	AXA Equitable Life Insurance Company	AA-
480	\$	500,000	M	77	91	AXA Equitable Life Insurance Company	AA-
481	\$	3,000,000	M	77	103	John Hancock Life Insurance Company (U.S.A.)	AA-
482	\$	5,000,000	M	77	103	John Hancock Life Insurance Company (U.S.A.)	AA-
483	\$	1,000,000	M	77	117	Security Life of Denver Insurance Company	A

28

Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
484	\$ 3,000,000	F	77	96	John Hancock Life Insurance Company (U.S.A.)	AA-
485	\$ 5,000,000	M	77	131	Massachusetts Mutual Life Insurance Company	AA+
486	\$ 5,000,000	M	77	131	Massachusetts Mutual Life Insurance Company	AA+
487	\$ 8,000,000	M	77	89	Metropolitan Life Insurance Company	AA-
488	\$ 2,000,000	F	77	108	Accordia Life and Annuity Company	A-
489	\$ 1,000,000	M	77	85	Transamerica Life Insurance Company	AA-
490	\$ 2,200,000	F	77	130	Reliastar Life Insurance Company	A
491	\$ 10,000,000	M	77	122	AXA Equitable Life Insurance Company	AA-
492	\$ 2,500,000	M	77	129	John Hancock Life Insurance Company (U.S.A.)	AA-
493	\$ 2,500,000	M	77	129	John Hancock Life Insurance Company (U.S.A.)	AA-
494	\$ 1,000,000	M	77	149	Security Mutual Life Insurance Company of NY	N/A
495	\$ 1,000,000	M	77	93	Athene Annuity & Life Assurance Company of New York	A-
496	\$ 5,000,000	M	77	78	Lincoln Benefit Life Company	BBB+
497	\$ 250,000	M	77	130	West Coast Life Insurance Company	AA-
498	\$ 1,000,000	M	77	95	General American Life Insurance Company	AA-
499	\$ 1,000,000	M	77	107	Transamerica Life Insurance Company	AA-
500	\$ 100,000	M	77	63	Transamerica Life Insurance Company	AA-
501	\$ 7,097,434	M	77	147	Lincoln National Life Insurance Company	AA-
502	\$ 250,000	M	76	90	Lincoln Benefit Life Company	BBB+
503	\$ 600,000	M	76	64	United of Omaha Life Insurance Company	AA-
504	\$ 1,000,000	M	76	116	Transamerica Life Insurance Company	AA-
505	\$ 100,000	M	76	110	Transamerica Life Insurance Company	AA-
506	\$ 200,000	M	76	62	Reliastar Life Insurance Company	A
507	\$ 3,000,000	F	76	145	Security Life of Denver Insurance Company	A
508	\$ 200,000	M	76	62	Metropolitan Life Insurance Company	AA-
509	\$ 100,000	M	76	62	Metropolitan Life Insurance Company	AA-
510	\$ 2,000,000	M	76	101	Protective Life Insurance Company	AA-



Edgar Filing: GWG Holdings, Inc. - Form 424B3

511	\$	1,500,000	M	76	101	Protective Life Insurance Company	AA-
512	\$	100,000	M	76	48	AXA Equitable Life Insurance Company	AA-
513	\$	500,000	M	76	85	AXA Equitable Life Insurance Company	AA-
514	\$	500,000	M	76	98	United of Omaha Life Insurance Company	AA-
515	\$	750,000	M	76	24	North American Company for Life And Health Insurance	A+
516	\$	4,000,000	F	76	132	American General Life Insurance Company	A+
517	\$	300,000	M	76	74	AIG Life Insurance Company	A+
518	\$	500,000	M	76	83	AIG Life Insurance Company	A+
519	\$	355,700	M	76	98	Security Life of Denver Insurance Company	A
520	\$	300,000	M	76	32	Lincoln National Life Insurance Company	AA-
521	\$	750,000	F	76	74	Delaware Life Insurance Company	BBB+
522	\$	5,004,704	M	76	128	American General Life Insurance Company	A+
523	\$	4,000,000	M	76	103	Security Mutual Life Insurance Company of NY	N/A
524	\$	2,000,000	M	76	141	John Hancock Life Insurance Company (U.S.A.)	AA-
525	\$	10,000,000	F	76	129	Reliastar Life Insurance Company	A
526	\$	1,000,000	F	76	144	John Hancock Life Insurance Company (U.S.A.)	AA-
527	\$	7,500,000	F	76	167	Security Life of Denver Insurance Company	A
528	\$	500,000	M	76	67	American General Life Insurance Company	A+

29

## Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
529	\$ 3,000,000	F	76	105	General American Life Insurance Company	AA-
530	\$ 300,000	F	76	127	Minnesota Life Insurance Company	A+
531	\$ 4,547,770	F	75	170	Principal Life Insurance Company	A+
532	\$ 500,000	M	75	82	Protective Life Insurance Company	AA-
533	\$ 1,000,000	M	75	87	Security Life of Denver Insurance Company	A
534	\$ 500,000	M	75	32	Midland National Life Insurance Company	A+
535	\$ 1,000,000	M	75	145	John Hancock Life Insurance Company (U.S.A.)	AA-
536	\$ 1,000,000	M	75	92	Transamerica Life Insurance Company	AA-
537	\$ 3,000,000	M	75	67	AXA Equitable Life Insurance Company	AA-
538	\$ 1,000,000	F	75	137	Companion Life Insurance Company	AA-
539	\$ 1,000,000	M	75	133	John Hancock Life Insurance Company (U.S.A.)	AA-
540	\$ 500,000	M	75	56	William Penn Life Insurance Company of New York	AA-
541	\$ 8,000,000	F	75	125	West Coast Life Insurance Company	AA-
542	\$ 100,000	M	75	37	Voya Retirement Insurance and Annuity Company	A
543	\$ 250,000	F	75	150	AXA Equitable Life Insurance Company	AA-
544	\$ 172,245	F	75	50	Symetra Life Insurance Company	A
545	\$ 2,000,000	M	75	114	Pruco Life Insurance Company	AA-
546	\$ 190,000	M	75	97	Protective Life Insurance Company	AA-
547	\$ 415,000	M	75	110	AIG Life Insurance Company	A+
548	\$ 100,000	M	75	145	Protective Life Insurance Company	AA-
549	\$ 2,000,072	M	75	162	American General Life Insurance Company	A+
550	\$ 5,000,000	M	75	123	AIG Life Insurance Company	A+
551	\$ 89,626	F	75	112	Union Central Life Insurance Company	N/A
552	\$ 2,000,000	M	75	90	American General Life Insurance Company	A+
553	\$ 400,000	M	75	75	Protective Life Insurance Company	AA-
554	\$ 250,000	M	75	68	Genworth Life and Annuity Insurance Company	BB-
555	\$ 500,000	M	75	89	Delaware Life Insurance Company	BBB+
556	\$ 1,784,686	M	75	148	Transamerica Life Insurance Company	AA-
557	\$ 667,738	M	75	79	MONY Life Insurance Company of America	AA-
558	\$ 100,000	M	75	137	Genworth Life Insurance Company	BB-
559	\$ 370,000	F	75	120	Minnesota Life Insurance Company	A+
560	\$ 500,000	M	74	117		A+

Edgar Filing: GWG Holdings, Inc. - Form 424B3

					Ameritas Life Insurance Corporation	
561	\$ 370,000	M	74	117	Ameritas Life Insurance Corporation	A+
562	\$ 1,000,000	F	74	114	United of Omaha Life Insurance Company	AA-
563	\$ 150,000	M	74	98	Genworth Life Insurance Company	BB-
564	\$ 100,000	M	74	105	Protective Life Insurance Company	AA-
565	\$ 2,500,000	M	74	98	John Hancock Life Insurance Company (U.S.A.)	AA-
566	\$ 500,000	M	74	129	Pruco Life Insurance Company	AA-
567	\$ 1,000,000	M	74	101	John Hancock Life Insurance Company (U.S.A.)	AA-
568	\$ 8,600,000	M	74	146	AXA Equitable Life Insurance Company	AA-
569	\$ 485,000	M	74	147	Metropolitan Life Insurance Company	AA-
570	\$ 2,500,000	M	74	100	American General Life Insurance Company	A+
571	\$ 3,000,000	M	74	88	Transamerica Life Insurance Company	AA-
572	\$ 500,000	M	74	94	New York Life Insurance Company	AA+
573	\$ 800,000	M	74	117	John Hancock Life Insurance Company (U.S.A.)	AA-

30

Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
574	\$ 1,500,000	M	74	120	Lincoln National Life Insurance Company	AA-
575	\$ 1,500,000	M	74	120	Lincoln National Life Insurance Company	AA-
576	\$ 1,500,000	M	74	120	Lincoln National Life Insurance Company	AA-
577	\$ 1,500,000	M	74	122	American General Life Insurance Company	A+
578	\$ 1,500,000	M	74	122	American General Life Insurance Company	A+
579	\$ 2,000,000	M	74	126	John Hancock Life Insurance Company (U.S.A.)	AA-
580	\$ 2,500,000	M	74	131	Banner Life Insurance Company	AA-
581	\$ 800,000	M	74	79	Commonwealth Annuity and Life Insurance Company	A-
582	\$ 1,167,000	M	74	45	Transamerica Life Insurance Company	AA-
583	\$ 450,000	M	74	113	Jackson National Life Insurance Company	AA
584	\$ 10,000,000	M	74	139	John Hancock Life Insurance Company (U.S.A.)	AA-
585	\$ 250,000	F	74	166	Protective Life Insurance Company	AA-
586	\$ 750,000	M	73	125	Security Life of Denver Insurance Company	A
587	\$ 500,000	M	73	92	Lincoln National Life Insurance Company	AA-
588	\$ 2,000,000	M	73	95	New York Life Insurance Company	AA+
589	\$ 2,000,000	M	73	95	New York Life Insurance Company	AA+
590	\$ 5,000,000	M	73	124	John Hancock Life Insurance Company (U.S.A.)	AA-
591	\$ 250,000	F	73	103	Protective Life Insurance Company	AA-
592	\$ 500,000	M	73	101	William Penn Life Insurance Company of New York	AA-
593	\$ 2,500,000	M	73	110	Lincoln National Life Insurance Company	AA-
594	\$ 2,500,000	M	73	110	John Hancock Life Insurance Company (U.S.A.)	AA-
595	\$ 500,000	M	73	123	Metropolitan Life Insurance Company	AA-
596	\$ 2,000,000	M	73	115	Voya Retirement Insurance and Annuity Company	A
597	\$ 1,500,000	M	73	115	Voya Retirement Insurance and Annuity Company	A
598	\$ 390,025	M	73	140	Genworth Life and Annuity Insurance Company	BB-
599	\$ 230,000	M	73	112	Transamerica Life Insurance Company	AA-
600	\$ 500,000	M	73	75	Phoenix Life Insurance Company	BB-
601	\$ 300,000	M	73	109	Protective Life Insurance Company	AA-

Edgar Filing: GWG Holdings, Inc. - Form 424B3

602	\$	190,000	F	73	186	Protective Life Insurance Company	AA-
603	\$	250,000	M	73	64	American General Life Insurance Company	A+
604	\$	160,000	M	73	87	RiverSource Life Insurance Company	AA-
605	\$	267,988	M	73	48	Minnesota Life Insurance Company	A+
606	\$	75,000	F	73	97	American General Life Insurance Company	A+
607	\$	300,000	M	73	106	New England Life Insurance Company	A+
608	\$	600,000	M	73	80	AXA Equitable Life Insurance Company	AA-
609	\$	1,500,000	M	73	104	Metropolitan Life Insurance Company	AA-
610	\$	4,000,000	M	73	136	MONY Life Insurance Company of America	AA-
611	\$	1,000,000	F	73	139	Reliastar Life Insurance Company	A
612	\$	420,000	M	73	117	RiverSource Life Insurance Company	AA-
613	\$	10,000,000	M	73	113	AXA Equitable Life Insurance Company	AA-
614	\$	4,000,000	M	73	141	AXA Equitable Life Insurance Company	AA-
615	\$	250,000	M	72	46	Protective Life Insurance Company	AA-
616	\$	650,000	F	72	67	Security Life of Denver Insurance Company	A
617	\$	1,000,000	M	72	124	AIG Life Insurance Company	A+
618	\$	500,000	M	72	115	Ohio National Life Assurance Corporation	A+
619	\$	2,500,000	M	72	47	Transamerica Life Insurance Company	AA-
620	\$	400,000	M	72	190	Protective Life Insurance Company	AA-
621	\$	232,000	M	72	174	Protective Life Insurance Company	AA-
622	\$	3,000,000	M	72	154	John Hancock Life Insurance Company (U.S.A.)	AA-

Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
623	\$ 185,000	M	72	126	Genworth Life and Annuity Insurance Company	BB-
624	\$ 750,000	M	72	120	Transamerica Life Insurance Company	AA-
625	\$ 1,350,000	M	72	95	Lincoln National Life Insurance Company	AA-
626	\$ 139,398	F	72	19	Lincoln National Life Insurance Company	AA-
627	\$ 1,250,000	M	72	95	West Coast Life Insurance Company	AA-
628	\$ 500,000	M	72	31	North American Company for Life and Health Insurance	A+
629	\$ 600,000	M	72	31	West Coast Life Insurance Company	AA-
630	\$ 5,000,000	M	72	175	John Hancock Life Insurance Company (U.S.A.)	AA-
631	\$ 5,000,000	M	72	86	Transamerica Life Insurance Company	AA-
632	\$ 500,000	M	72	88	Transamerica Life Insurance Company	AA-
633	\$ 500,000	M	72	88	North American Company for Life And Health Insurance	A+
634	\$ 420,000	M	72	126	Protective Life Insurance Company	AA-
635	\$ 100,000	M	72	41	Genworth Life and Annuity Insurance Company	BB-
636	\$ 300,000	M	72	41	Genworth Life Insurance Company	BB-
637	\$ 1,000,000	M	72	50	John Hancock Life Insurance Company (U.S.A.)	AA-
638	\$ 5,000,000	M	72	110	John Hancock Life Insurance Company (U.S.A.)	AA-
639	\$ 5,000,000	M	72	110	John Hancock Life Insurance Company (U.S.A.)	AA-
640	\$ 1,000,000	F	72	153	American General Life Insurance Company	A+
641	\$ 100,000	M	72	131	Protective Life Insurance Company	AA-
642	\$ 5,000,000	M	72	146	Metropolitan Life Insurance Company	AA-
643	\$ 250,000	F	71	116	Ohio National Life Assurance Corporation	A+
644	\$ 57,500	M	71	89	Lincoln National Life Insurance Company	AA-
645	\$ 1,000,000	M	71	164	Protective Life Insurance Company	AA-
646	\$ 1,000,000	M	71	151	Transamerica Life Insurance Company	AA-
647	\$ 400,000	M	71	155	Lincoln National Life Insurance Company	AA-
648	\$ 1,500,000	F	71	147	Pruco Life Insurance Company	AA-
649	\$ 10,000,000	M	71	162	Principal Life Insurance Company	A+
650	\$ 92,000	F	71	194	Protective Life Insurance Company	AA-

Edgar Filing: GWG Holdings, Inc. - Form 424B3

651	\$	300,000	M	71	190	John Hancock Life Insurance Company (U.S.A.)	AA-
652	\$	1,500,000	M	71	67	Lincoln National Life Insurance Company	AA-
653	\$	250,000	M	71	94	Massachusetts Mutual Life Insurance Company	AA+
654	\$	150,000	M	71	30	Protective Life Insurance Company	AA-
655	\$	150,000	M	71	30	AXA Equitable Life Insurance Company	AA-
656	\$	500,000	M	71	156	Protective Life Insurance Company	AA-
657	\$	250,000	M	71	179	Lincoln National Life Insurance Company	AA-
658	\$	202,700	M	71	111	Farmers New World Life Insurance Company	N/A
659	\$	700,000	M	71	111	Massachusetts Mutual Life Insurance Company	AA+
660	\$	750,000	M	70	129	North American Company for Life And Health Insurance	A+
661	\$	1,532,043	M	70	148	John Hancock Life Insurance Company (U.S.A.)	AA-
662	\$	1,000,000	M	70	182	AXA Equitable Life Insurance Company	AA-
663	\$	1,000,000	M	70	82	AXA Equitable Life Insurance Company	AA-
664	\$	200,000	M	70	174	Protective Life Insurance Company	AA-
665	\$	2,000,000	M	70	166	John Hancock Life Insurance Company (U.S.A.)	AA-
666	\$	2,000,000	M	70	108	Transamerica Life Insurance Company	AA-
667	\$	1,000,000	M	70	108	Genworth Life Insurance Company	BB-
668	\$	100,000	M	70	96	Massachusetts Mutual Life Insurance Company	AA+
669	\$	5,000,000	M	70	112	John Hancock Life Insurance Company (U.S.A.)	AA-

32

## Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
670	\$ 4,000,000	M	70	112	AXA Equitable Life Insurance Company	AA-
671	\$ 2,000,000	M	70	155	Hartford Life and Annuity Insurance Company	BBB+
672	\$ 175,000	F	70	106	Lincoln National Life Insurance Company	AA-
673	\$ 1,000,000	M	70	158	Accordia Life and Annuity Company	A-
674	\$ 1,000,000	M	70	58	Protective Life Insurance Company	AA-
675	\$ 1,000,000	M	70	126	Transamerica Life Insurance Company	AA-
676	\$ 1,000,000	M	70	126	Protective Life Insurance Company	AA-
677	\$ 1,500,000	M	70	100	Midland National Life Insurance Company	A+
678	\$ 400,000	F	70	137	AXA Equitable Life Insurance Company	AA-
679	\$ 500,000	M	70	106	Lincoln Benefit Life Company	BBB+
680	\$ 1,000,000	M	69	41	AXA Equitable Life Insurance Company	AA-
681	\$ 250,000	M	69	144	State Farm Life Insurance Company	AA
682	\$ 200,000	M	69	144	State Farm Life Insurance Company	AA
683	\$ 1,200,000	M	69	121	Massachusetts Mutual Life Insurance Company	AA+
684	\$ 1,000,000	M	69	133	Transamerica Life Insurance Company	AA-
685	\$ 250,000	F	69	70	Transamerica Life Insurance Company	AA-
686	\$ 2,500,000	M	69	155	Pruco Life Insurance Company	AA-
687	\$ 2,500,000	M	69	155	Pruco Life Insurance Company	AA-
688	\$ 4,000,000	M	69	128	MetLife Insurance Company USA	A+
689	\$ 3,000,000	M	69	143	Genworth Life Insurance Company	BB-
690	\$ 1,200,000	M	69	143	Genworth Life Insurance Company	BB-
691	\$ 500,000	M	69	39	Voya Retirement Insurance and Annuity Company	A
692	\$ 1,000,000	M	69	82	Protective Life Insurance Company	AA-
693	\$ 2,000,000	M	69	167	John Hancock Life Insurance Company (U.S.A.)	AA-
694	\$ 250,000	F	69	152	Protective Life Insurance Company	AA-
695	\$ 150,000	M	69	113	Protective Life Insurance Company	AA-
696	\$ 13,250,000	M	69	202	TIAA-CREF Life Insurance Company	AA+
697	\$ 500,000	M	69	115	Lincoln National Life Insurance Company	AA-
698	\$ 156,538	F	69	102	New York Life Insurance Company	AA+
699	\$ 2,000,000	M	69	48	Metropolitan Life Insurance Company	AA-
700	\$ 2,000,000	M	69	48	Metropolitan Life Insurance Company	AA-
701	\$ 1,000,000	M	69	148		AA-



Edgar Filing: GWG Holdings, Inc. - Form 424B3

					John Hancock Life Insurance Company (U.S.A.)	
702	\$ 560,000	M	69	111	AXA Equitable Life Insurance Company	AA-
703	\$ 1,100,000	M	69	149	John Hancock Life Insurance Company (U.S.A.)	AA-
704	\$ 3,000,000	M	69	188	John Hancock Life Insurance Company (U.S.A.)	AA-
705	\$ 300,000	M	69	87	Protective Life Insurance Company	AA-
706	\$ 1,000,000	M	68	154	Lincoln National Life Insurance Company	AA-
707	\$ 3,000,000	M	68	96	Reliastar Life Insurance Company	A
708	\$ 2,000,000	M	68	96	AXA Equitable Life Insurance Company	AA-
709	\$ 2,000,000	M	68	96	AXA Equitable Life Insurance Company	AA-
710	\$ 750,000	M	68	156	Northwestern Mutual Life Insurance Company	AA+
711	\$ 5,000,000	M	68	100	Athene Annuity & Life Assurance Company	A-
712	\$ 1,000,000	M	68	143	Sun Life Assurance Company of Canada (U.S.)	AA-
713	\$ 846,510	M	68	124	Lincoln National Life Insurance Company	AA-
714	\$ 846,210	M	68	124	Lincoln National Life Insurance Company	AA-
715	\$ 5,000,000	M	68	116	Lincoln National Life Insurance Company	AA-
716	\$ 600,000	M	68	83	William Penn Life Insurance Company of New York	AA-
717	\$ 229,725	F	68	102	Hartford Life and Annuity Insurance Company	BBB+
718	\$ 100,000	M	68	118	Phoenix Life Insurance Company	BB-

33

Edgar Filing: GWG Holdings, Inc. - Form 424B3

	Face Amount	Gender	Age (ALB)	LE (mo.)(1)	Insurance Company	S&P Rating
719	\$ 5,616,468	M	68	175	John Hancock Life Insurance Company (U.S.A.)	AA-
720	\$ 4,383,532	M	68	193	John Hancock Life Insurance Company (U.S.A.)	AA-
721	\$ 400,000	M	67	185	Lincoln National Life Insurance Company	AA-
722	\$ 1,000,000	M	67	45	Lincoln National Life Insurance Company	AA-
723	\$ 1,000,000	M	67	74	Transamerica Life Insurance Company	AA-
724	\$ 350,000	F	67	81	Assurity Life Insurance Company	N/A
725	\$ 492,547	M	67	92	AXA Equitable Life Insurance Company	AA-
726	\$ 105,798	F	67	130	Lincoln Benefit Life Company	BBB+
727	\$ 67,602	F	67	130	Allstate Life Insurance Company of New York	A+
728	\$ 320,581	M	67	21	American General Life Insurance Company	A+
729	\$ 1,000,000	M	67	104	The Savings Bank Life Insurance Company of Massachusetts	A-
730	\$ 350,000	M	67	93	RiverSource Life Insurance Company	AA-
731	\$ 320,000	M	67	157	Transamerica Life Insurance Company	AA-
732	\$ 200,000	M	67	158	Prudential Insurance Company of America	AA-
733	\$ 200,000	M	67	158	Prudential Insurance Company of America	AA-
734	\$ 250,000	M	67	158	Pruco Life Insurance Company	AA-
735	\$ 750,000	M	67	123	Pacific Life Insurance Company	AA-
736	\$ 250,000	M	67	193	Zurich Life Insurance Company	A
737	\$ 20,000	F	67	16	Nationwide Life and Annuity Insurance Company	A+
738	\$ 500,000	F	67	127	AIG Life Insurance Company	A+
739	\$ 650,000	M	67	180	Lincoln National Life Insurance Company	AA-
740	\$ 2,000,000	F	66	170	Metropolitan Life Insurance Company	AA-
741	\$ 750,000	M	66	80	Massachusetts Mutual Life Insurance Company	AA+
742	\$ 250,000	F	66	173	Principal Life Insurance Company	A+
743	\$ 500,000	M	66	72	Transamerica Life Insurance Company	AA-
744	\$ 265,000	M	66	154	Protective Life Insurance Company	AA-
745	\$ 10,000,000	M	66	60	Lincoln National Life Insurance Company	AA-
746	\$ 400,000	M	66	127		AA

Edgar Filing: GWG Holdings, Inc. - Form 424B3

					Jackson National Life Insurance Company	
747	\$	500,000	F	66	166	AA-
748	\$	540,000	M	66	167	AA-
					West Coast Life Insurance Company	
749	\$	500,000	M	66	131	AA-
					Transamerica Life Insurance Company	
750	\$	350,000	M	65	118	BBB+
					Hartford Life and Annuity Insurance Company	
751	\$	3,500,000	M	65	194	AA-
					Prudential Insurance Company of America	
752	\$	250,000	M	65	115	AA-
					Transamerica Life Insurance Company	
753	\$	150,000	M	60	93	AA
					Jackson National Life Insurance Company	
	\$	1,447,557,987				

(ALB) Age Last Birthday - the insured's age is current as of the measurement date.

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

## OTHER INFORMATION

### M-Panel Technology Update

We recently announced the execution of our exclusive license of “DNA Methylation Based Predictor of Mortality” technology from the University of California, Los Angeles (UCLA) for the life insurance and related industries. The technology is based on the DNA methylation research of Dr. Steve Horvath, who in 2013 reported that through DNA methylation, human cells have a mechanism that records “biological age” independent from “chronological age.” In 2016, Dr. Horvath discovered a specific set of DNA methylation based biomarkers that are highly predictive of all-cause mortality. The discovery was made through a meta-analysis study of epigenetic biomarkers in over 13,000 individuals whose health and mortality was studied for decades. Dr. Horvath’s breakthrough research identified specific epigenetic biomarkers and an associated predictive algorithm called extrinsic epigenetic age acceleration (“EEAA”) to estimate individual life expectancies. We have licensed EEAA from the University of California, Los Angeles for use in the development of commercialized epigenetic testing that is predictive of aging, all-cause mortality, and other conditions. We refer to the development of our commercialized epigenetic test as M-Panel technology.

In the most basic terms, epigenetic tests measure chemical changes that occur along the human epigenome. The human epigenome refers to the physical area above the human gene (a.k.a. DNA). Researchers have found that a wide range of factors, such as aging and the environment, impact chemical changes occurring in the epigenome. M-Panel technology measures methylation based chemical changes along the gene (a.k.a. methylation based biomarkers). In general, one can think about a methylated gene as a gene that is “turned off” because of aging or environmental factors. To illustrate, a human can have a disease-causing gene, but not develop the associated disease if the gene is methylated and “turned off” in the epigenome. Similarly, a human can have the correct gene yet develop a disease, if the correct gene becomes methylated and “turned off” because of aging or environment. This is a very simple illustration of complex human biology, but it demonstrates the basics of what methylation based biomarker testing “is” measuring and what it “is not” measuring. M-Panel technology does not measure the DNA genetic code that you have at birth. From a business perspective, we are particularly interested in research that indicates that methylation levels change in response to a variety of specific environmental factors. As a result, the measurement of these specific methylation patterns allow for the development of predictive algorithms that are indicative of a wide range of human behaviors and conditions. This is the basis of Dr. Horvath’s research and the identification of both the “biological age” and EEAA. We believe that we are the first company to identify the application of the epigenetic technology to life insurance and related businesses.

In order to better assess the applications of EEAA and epigenetic testing to the life insurance and related industries, we retained a leading global consultancy firm and an insurance technology expert to research and report on the value of M-Panel technology and to evaluate associated market opportunities. The conclusion of the research report, at a high level, found that (i) M-Panel technology has the potential to revolutionize the insurance and annuity industries; (ii) there are a range of deployment models of M-Panel technology that depend on factors including the amount of funding we apply towards the opportunity and the acceptance of the technology by customers, insurance companies, and reinsurance companies; and (iii) there are multiple actions that we can take to strengthen the technology, explore partnerships, and commercialize the opportunity.

The initial goal of the research was to convert EEAA’s methylation factors and hazard ratios into actuarial mortality curves and to estimate the implied changes to an individual’s life insurance pricing. The research concluded that using M-Panel analysis could reveal life expectancy changes of two or more years for approximately 25% of the population. In addition, the research concluded that M-Panel analysis could result in changes to life insurance pricing that would put the test on par with other major life expectancy underwriting factors, such as gender and smoking. The research concluded that M-Panel technology produces an ability to better predict life expectancy of individuals across large populations and creates the opportunity to better select and price risk associated with customers of life insurance and annuity products. Another goal of the research was to identify additional business opportunities to pursue with a commercialized M-Panel test. One identified opportunity is the ability of M-Panel technology to streamline the

underwriting process. Specifically, traditional life insurance underwriting (which involves medical exams and collecting blood and urine) could be replaced by collecting saliva samples. This, the report concludes, could save weeks of time, cut the costs in half, and improve the overall accuracy of underwriting methodologies. Finally, the research indicates that continued increases in computing power could drive down the cost of DNA methylation quantification for our M-Panel analysis. The research asserts that these factors could make the epigenetic analysis employed by M-Panel increasingly economical to leverage on a global basis. We continue to work towards the commercialization of a high-volume, low-cost M-Panel test that produces predictive analytics and add value to the life insurance and related industries.

FINANCIAL INFORMATION

GWG HOLDINGS, INC.

Table of Contents

	Page
Condensed Consolidated Balance Sheets as of March 31, 2017 and December 31, 2016	F-2
Condensed Consolidated Statements of Operations for the three months ended March 31, 2017 and 2016	F-3
Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2017 and 2016	F-4
Condensed Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2017 and 2016	F-6
Notes to Condensed Consolidated Financial Statements	F-7
F-1	

**GWG HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	March 31, 2017 (unaudited)	December 31, 2016
	<u>ASSETS</u>	
Cash and cash equivalents	\$ 49,933,336	\$ 78,486,982
Restricted cash	48,091,589	37,826,596
Investment in life insurance policies, at fair value	545,396,546	511,192,354
Secured MCA advances	5,005,400	5,703,147
Life insurance policy benefits receivable	8,975,000	5,345,000
Other assets	3,317,692	4,688,103
<b>TOTAL ASSETS</b>	<b>\$ 660,719,563</b>	<b>\$ 643,242,182</b>
	<u>LIABILITIES &amp; STOCKHOLDERS' EQUITY</u>	
<b>LIABILITIES</b>		
Senior credit facilities	\$ 153,387,813	\$ 156,064,818
Series I Secured Notes	11,000,368	16,404,836
L Bonds	383,315,514	381,312,587
Accounts payable	2,684,919	2,226,712
Interest and dividends payable	16,287,918	16,160,599
Other accrued expenses	1,991,281	1,676,761
Deferred taxes, net	2,096,871	2,097,371
<b>TOTAL LIABILITIES</b>	<b>\$ 570,764,684</b>	<b>\$ 575,943,684</b>
<b>STOCKHOLDERS' EQUITY</b>		
<b>CONVERTIBLE PREFERRED STOCK – Series A</b>		
(par value \$0.001; shares authorized 40,000,000; shares outstanding 2,651,565 and 2,640,521; liquidation preference of \$19,887,000 and \$19,804,000 as of March 31, 2017 and December 31, 2016, respectively)	19,771,744	19,701,133
<b>REDEEMABLE PREFERRED STOCK – RPS</b>		
(par value \$0.001; shares authorized 100,000; shares outstanding 87,131 and 59,183 as of March 31, 2017 and December 31, 2016, respectively)	87,130,977	59,025,164
<b>COMMON STOCK</b>		
Common stock (par value \$0.001: shares authorized 210,000,000; shares issued and outstanding 5,779,745 and 5,980,190 as of March 31, 2017 and December 31, 2016, respectively)	5,780	5,980
Additional paid-in capital	1,908,774	7,383,515
Accumulated deficit	(18,862,396 )	(18,817,294 )
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>89,954,879</b>	<b>67,298,498</b>

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 660,719,563	\$ 643,242,182
---	----------------	----------------

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

F-2



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

	Three Months Ended March 31, 2017	March 31, 2016
<b>REVENUE</b>		
Gain on life insurance policies, net	\$ 19,399,819	\$ 17,713,712
MCA income	246,577	144,961
Interest and other income	441,949	45,220
<b>TOTAL REVENUE</b>	<b>20,088,345</b>	<b>17,903,893</b>
<b>EXPENSES</b>		
Interest expense	13,244,215	9,149,155
Employee compensation and benefits	3,163,062	2,466,197
Legal and professional fees	946,348	1,206,128
Other expenses	2,780,322	2,412,160
<b>TOTAL EXPENSES</b>	<b>20,133,947</b>	<b>15,233,640</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>(45,602 )</b>	<b>2,670,253</b>
Income tax expense (benefit)	(500 )	1,084,717
<b>NET INCOME (LOSS)</b>	<b>(45,102 )</b>	<b>1,585,536</b>
Preferred stock dividends	1,867,760	511,231
<b>NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS</b>	<b>\$ (1,912,862 )</b>	<b>\$ 1,074,305</b>
<b>NET INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS</b>		
Basic	\$ (0.32 )	\$ 0.18
Diluted	\$ (0.32 )	\$ 0.18
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>		
Basic	5,912,946	5,942,790
Diluted	5,912,946	5,942,790

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 March 31, 2017	March 31, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (45,102 )	\$ 1,585,536
Adjustments to reconcile net income to net cash flows used in operating activities:		
Change in fair value of life insurance policies	(13,883,833 )	(11,531,553 )
Amortization of deferred financing and issuance costs	2,666,203	784,188
Deferred income taxes	(500 )	1,055,729
Preferred stock dividends payable	336,789	163,577
(Increase) decrease in operating assets:		
Life insurance policy benefits receivable	(3,630,000 )	(15,912,839 )
Other assets	1,426,318	173,426
Increase in operating liabilities:		
Due to related party	(7,815 )	1,712,392
Accounts payable and other accrued expenses	1,217,232	1,967,969
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(11,920,708 )</b>	<b>(20,001,575 )</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in life insurance policies	(22,689,333 )	(24,326,322 )
Carrying value of matured life insurance policies	2,368,974	4,610,479
Investment in Secured MCA advances	—	(4,353,585 )
Proceeds from Secured MCA advances	770,387	118,143
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(19,549,972 )</b>	<b>(23,951,285 )</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings on (repayments of) Senior Credit Facilities	(3,368,794 )	20,000,000
Payments for redemption of Series I Secured Notes	(5,449,889 )	(5,237,393 )
Proceeds from issuance of L Bonds	24,868,659	34,368,889
Payments for issuance and redemption of L Bonds	(24,171,597 )	(10,909,693 )
Payments to restricted cash	(10,264,993 )	(17,486,720 )
Issuance (repurchase) of common stock	(1,603,560 )	46,545
Proceeds from issuance of preferred stock	27,179,194	1,028,536
Payments for issuance and redemption of preferred stock	(2,404,226 )	(772,553 )
Payments of preferred stock dividends	(1,867,760 )	(511,231 )
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<b>2,917,034</b>	<b>20,526,380</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(28,553,646 )</b>	<b>(23,426,480 )</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>BEGINNING OF PERIOD</b>	<b>78,486,982</b>	<b>34,425,105</b>
<b>END OF PERIOD</b>	<b>\$ 49,933,336</b>	<b>\$ 10,998,625</b>

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 March 31, 2017	March 31, 2016
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 10,471,000	\$ 6,453,000
Premiums paid	\$ 10,960,000	\$ 8,445,000
Stock-based compensation	\$ 303,000	\$ 9,000
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Series I Secured Notes:		
Conversion of accrued interest and commission payable to principal	\$ —	\$ 44,000
L Bonds:		
Conversion of accrued interest and commission payable to principal	\$ 508,000	\$ 291,000
Series A Preferred Stock:		
Issuance of preferred stock in lieu of cash dividends	\$ 171,000	\$ 168,000
Investment in life insurance policies included in accounts payable	\$ 1,237,000	\$ 1,551,000

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

	Preferred Stock Shares	Preferred Stock	Common Shares	Common Stock (par)	Additional Paid-in Capital	Accumulated Deficit	Total Equity
<b>Balance, December 31, 2015</b>	<b>2,781,735</b>	<b>\$ 20,784,841</b>	<b>5,941,790</b>	<b>\$ 5,942</b>	<b>\$ 14,563,834</b>	<b>\$ (19,209,203)</b>	<b>\$ 16,145,414</b>
Net income	—	—	—	—	—	391,909	391,909
Issuance of common stock	—	—	36,450	36	244,149	—	244,185
Redemption of Series A Preferred Stock	(239,749 )	(1,788,451 )	1,950	2	19,498	—	(1,768,951 )
Issuance of Series A Preferred Stock	98,535	704,743	—	—	—	—	704,743
Issuance of Redeemable Preferred Stock	59,183	59,025,164	—	—	(4,133,525 )	—	54,891,639
Preferred stock dividends	—	—	—	—	(3,537,288 )	—	(3,537,288 )
Issuance of stock options	—	—	—	—	226,847	—	226,847
<b>Balance, December 31, 2016</b>	<b>2,699,704</b>	<b>\$ 78,726,297</b>	<b>5,980,190</b>	<b>\$ 5,980</b>	<b>\$ 7,383,515</b>	<b>\$ (18,817,294)</b>	<b>\$ 67,298,498</b>
Net loss	—	—	—	—	—	(45,102 )	(45,102 )
Redemption of common stock	—	—	(200,445 )	(200 )	(1,603,360 )	—	(1,603,560 )
Redemption of Series A Preferred Stock	(13,395 )	(100,462 )	—	—	—	—	(100,462 )

Issuance of Series A Preferred Stock	24,439	171,073	—	—	—	—	171,073
Issuance of Redeemable Preferred Stock	28,392	28,392,090	—	—	(2,017,487)	—	26,374,603
Redemption of Redeemable Preferred Stock	(444)	(286,277)	—	—	—	—	(286,277)
Preferred stock dividends	—	—	—	—	(1,867,760)	—	(1,867,760)
Issuance of stock options	—	—	—	—	13,866	—	13,866
<b>Balance, March 31, 2017</b>	<b><u>2,738,696</u></b>	<b><u>\$ 106,902,721</u></b>	<b><u>5,779,745</u></b>	<b><u>\$ 5,780</u></b>	<b><u>\$ 1,908,774</u></b>	<b><u>\$ (18,862,396)</u></b>	<b><u>\$ 89,954,879</u></b>

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 — We are a financial services company committed to finding new ways of disrupting and transforming the life insurance and related industries. We built our business by creating opportunities for consumers to obtain significantly more value for their life insurance policies as compared to the traditional options offered by the insurance industry by creating a secondary market. We are enhancing and extending these activities through innovation in our products and services, business processes, financing strategies, and advanced epigenetic technologies. At the same time, we are creating opportunities for investors to receive income and capital appreciation from our investment activities in the life insurance and related industries.

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

On September 30, 2015, GWG Holdings formed a wholly owned subsidiary, Wirth Park Agency, LLC. Wirth Park Agency was formed to transact life insurance policy sales on behalf of life insurance agents.

On December 7, 2015, GWG Holdings formed a wholly owned subsidiary, GWG MCA, LLC. On January 13, 2016, GWG MCA, LLC was converted to a corporation and became GWG MCA Capital, Inc. GWG MCA Capital, Inc. was formed to provide cash advances to small businesses.

On August 25, 2016, GWG Holdings formed a wholly owned subsidiary, Actua Life & Annuity Ltd., to engage in various life insurance related businesses and activities related to its exclusive license for “DNA Methylation Based Predictor of Mortality” technology.

Use of Estimates — The preparation of our consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the 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, 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 consolidated financial statements relate to (1) the determination of the assumptions used in estimating the fair value of our investments in life insurance policies, and (2) the value of our deferred tax assets and liabilities.

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

Life Insurance Policies — ASC 325-30 permits a reporting entity to account for its investments in life insurance policies using either the investment method or the fair value method. We elected to use the fair value method to account for our life insurance policies. We initially record our purchase of life insurance policies at the transaction price, which is the amount paid for the policy, inclusive of all external fees and costs associated with the acquisition. At each subsequent reporting period, we re-measure the investment at fair value in its entirety and recognize the change in fair

value as unrealized gain (revenue) in the current period, net of premiums paid.

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 balance sheet until the acquisition is complete and we have secured title to the policy. On both March 31, 2017 and December 31, 2016, a total of \$42,000 of our “other assets” comprised direct costs and deposits that we advanced for 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, 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 values of the policy once we determine that collection of the policy benefits is realizable and

F-7

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

(1) Nature of business and summary of significant accounting policies (cont.)

reasonably assured. In the case of a policy sale, the gain (or loss) we recognize is the difference between the sale price and the carrying value of the policy on the date we receive sale proceeds.

Other Assets — Actüa Life & Annuity Ltd. (“Actüa”) is a wholly owned subsidiary of GWG Holdings engaged in various life insurance businesses and activities related to its exclusive license for the “DNA Methylation Based Predictor of Mortality” technology for the life insurance industry. The cost of entering into this license agreement is listed as “other assets.”

Stock-Based Compensation: We measure and recognize compensation expense for all stock-based payments at fair value over the requisite service period. We use the Black-Scholes option pricing model to determine the weighted-average fair value of options. For restricted stock grants, fair value is determined as of the closing price of our common stock on the date of grant. Stock-based compensation expense is recorded in general and administrative expenses based on the classification of the employee or vendor. The determination of fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as by assumptions regarding 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 actual and projected employee stock option exercise behaviors.

The expected terms of the options are based on evaluations of historical and expected future employee exercise behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at grant date. Volatility is based on the standard deviation of the average continuously compounded rate of return of five selected comparable companies over the previous 52 weeks. We have not historically issued any common stock dividends and do not expect to do so in the foreseeable future. Forfeitures for both option and restricted stock grants are estimated at the time of the grant and revised in subsequent periods if actual forfeitures differ from estimates.

Deferred Financing and Issuance Costs — Loans advanced to us under our senior credit facilities, as described in Notes 5 and 6, are reported net of financing costs, including issuance costs, sales commissions and other direct expenses, which are amortized using the straight-line method over the term of the facility. The Series I Secured Notes and L Bonds, as respectively described in Notes 7 and 8, are reported net of financing costs, which are amortized using the interest method over the term of those borrowings. The Series A, as described in Note 9, is reported net of financing costs (including the fair value of warrants issued), all of which were fully amortized using the interest method as of March 31, 2017. Selling and issuance costs of Redeemable Preferred Stock (“RPS”) and Series 2 Redeemable Preferred Stock (“RPS 2”), described in Notes 10 and 11, are netted against additional paid-in-capital.

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 outstanding Series A, RPS, warrants and stock options. Due to our net loss for the three months ended March 31, 2017, there are no dilutive securities.

Recently Issued Accounting Pronouncements — On April 7, 2015, the FASB issued Accounting Standards Update No. 2015-03, Simplifying the Presentation of Debt Issuance Costs (“ASU 2015-03”), as part of its simplification initiative. ASU 2015-03 changes the presentation of debt issuance costs by presenting those costs in the balance sheet as a direct deduction from the related debt liability. Amortization of the costs is reported as interest expense. We adopted ASU 2015-03 effective January 1, 2016, as required for public reporting entities.



On February 25, 2016, the FASB issued ASU 2016-02 Leases (“ASU 2016-02”). The new guidance is effective for fiscal years beginning after December 15, 2018. ASU 2016-02 provides more transparency and comparability in the financial statements of lessees by recognizing all leases with a term greater than twelve months on the balance sheet. Lessees will also be required to disclose key information about their leases. Early adoption is permitted. We are currently evaluating the impact of the adoption of this pronouncement and have not yet adopted ASU 2016-02 as of March 31, 2017.

F-8

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

## (2) Restrictions on cash

Under the terms of our senior credit facilities (discussed in Notes 5 and 6), we are required to maintain collection and escrow accounts that are used to fund the acquisition of policies, pay annual policy premiums, pay interest and other charges under the facility, and collect policy benefits. The agents for the lenders authorize the disbursements from these accounts. At March 31, 2017 and December 31, 2016, there was a balance of \$48,092,000, and \$37,827,000, respectively, in these restricted cash accounts.

## (3) Investment in life insurance policies

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 are recorded as gain or loss on life insurance policies, net of premiums paid on those policies, in our consolidated statements of operations. Fair value is determined on a discounted cash flow basis that incorporates life expectancy assumptions generally derived from reports obtained from widely accepted life expectancy providers, other than insured lives covered under small face amount policies (i.e., \$1 million in face value benefits or less), assumptions relating to cost-of-insurance (premium) rates and other assumptions. The discount rate we apply incorporates current information about discount rate applied by other reporting companies owning portfolios of life insurance policies, the discount rates observed in the life insurance secondary market, market interest rates, the credit exposure to the insurance companies that issued the life insurance policies and management's estimate of the risk premium a purchaser would require to receive the future cash flows derived from our portfolio as a whole. As a result of management's analysis, a discount rate of 10.96% was applied to our portfolio as of both March 31, 2017 and December 31, 2016.

A summary of our life insurance policies accounted for under the fair value method, and their estimated maturity dates, based on remaining life expectancy is as follows:

Years Ending December 31,	As of March 31, 2017		As of December 31, 2016		Number	Estimated Fair Value	Face Value
	Number of Contracts	Estimated Fair Value	Number of Contracts	Estimated Fair Value			
2017	6	3,861,000	4,375,000	11	14,837,000	16,939,000	
2018	19	27,200,000	35,893,000	23	30,830,000	42,564,000	
2019	70	74,557,000	112,510,000	55	57,556,000	88,858,000	
2020	87	79,279,000	143,812,000	93	85,414,000	159,814,000	
2021	91	80,357,000	166,349,000	86	73,825,000	158,744,000	
2022	74	62,786,000	153,016,000	66	56,909,000	147,222,000	
2023	72	49,018,000	142,501,000	64	44,953,000	128,581,000	
Thereafter	334	168,339,000	689,102,000	292	146,868,000	618,953,000	
Totals	753	\$ 545,397,000	\$ 1,447,558,000	690	\$ 511,192,000	1,361,675,000	

We recognized life insurance benefits of \$18,975,000 and \$19,238,000 during the three months ended March 31, 2017 and 2016, respectively, related to policies with a carrying value of \$2,369,000 and \$4,611,000, respectively, and as a result recorded realized gains of \$16,606,000 and \$14,627,000, respectively.

Reconciliation of gain on life insurance policies:

Three Months Ended:	March 31, 2017	March 31, 2016

Edgar Filing: GWG Holdings, Inc. - Form 424B3

Change in fair value	\$ 13,884,000	\$ 11,532,000
Premiums and other annual fees	(11,090,000 )	(8,445,000 )
Policy maturities	16,606,000	14,627,000
Gain on life settlements, net	\$ 19,400,000	\$ 17,714,000
F-9		

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

## (3) Investment in life insurance policies (cont.)

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

Years Ending December 31,	Premiums	Servicing	Premiums and Servicing Fees
Nine months ending December 31, 2017	\$ 35,228,000	\$ 654,000	\$ 35,882,000
2018	51,895,000	654,000	52,549,000
2019	57,632,000	654,000	58,286,000
2020	62,464,000	654,000	63,118,000
2021	70,222,000	654,000	70,876,000
2022	78,953,000	654,000	79,607,000
	\$ 356,394,000	\$ 3,924,000	\$ 360,318,000

Management anticipates funding the premium payments estimated above with proceeds from the receipt of policy benefits from our portfolio of life insurance policies, net proceeds from our offering of L Bonds and RPS 2, and from our senior credit facilities. The proceeds of these capital sources may also be used for the purchase, financing, and maintenance of additional life insurance policies.

## (4) Fair value definition and hierarchy

ASC 820 establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace, including the existence and transparency of transactions between market participants. Assets and liabilities with readily available and actively quoted prices, or for which fair value can be measured from actively quoted prices in an orderly market, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. ASC 820 maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs whenever available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect assumptions about how market participants price an asset or liability based on the best available information. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

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

- Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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

F-10

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

## (4) Fair value definition and hierarchy (cont.)

## Level 3 Valuation Process

The estimated fair value of our portfolio of life insurance policies is determined on a quarterly basis by our portfolio management committee, taking into consideration 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 rate applied by other reporting companies owning portfolios of life insurance policies, the discount rates observed in the life insurance secondary market, market interest rates, the credit exposure to the insurance company that issued the life insurance policy and management's estimate of the risk premium a purchaser would require to receive the future cash flows derived from our portfolio as a whole.

These inputs are then used to estimate the discounted cash flows from the portfolio using the Model Actuarial Pricing System probabilistic portfolio price model, which estimates the cash flows using various mortality probabilities and scenarios. The valuation process includes a review by senior management as of each valuation date. We also engage a third-party expert to independently test the accuracy of the valuations using the inputs we provide on a quarterly basis. See Exhibit 99.1 filed with our Quarterly Report on Form 10-Q for the period ended March 31, 2017, filed on May 12, 2017.

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 March 31, as follows:

	Three Months Ended March 31,	
	2017	2016
Beginning balance	\$ 511,192,000	\$ 356,650,000
Purchases	22,690,000	23,831,000
Maturities (initial cost basis)	(2,369,000 )	(4,611,000 )
Net change in fair value	13,884,000	11,532,000
Ending balance	\$ 545,397,000	\$ 387,402,000

In the past, we periodically updated the independent life expectancy estimates on the insured lives in our portfolio, other than insured lives covered under small face amount policies (i.e., \$1 million in face value benefits or less), on a continuous rotating three-year cycle, and through that effort attempted to update life expectancies for approximately one-twelfth of our portfolio each quarter. Currently, however, the terms of our senior credit facility with LNV Corporation require us to attempt to update life expectancies on a rotating two-year cycle.

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

	As of March 31, 2017		As of December 31, 2016	
Weighted-average age of insured, years	81.5		81.6	
Weighted-average life expectancy, months	83.0		83.2	
Average face amount per policy	\$ 1,922,000		\$ 1,973,000	
Discount rate	10.96	%	10.96	%

These assumptions are, by their nature, 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%, while all other variables were held constant, the fair value of our investment in life insurance policies would increase or (decrease) as summarized below:

F-11

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

## (4) Fair value definition and hierarchy (cont.)

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
March 31, 2017	\$ 74,249,000	\$ 36,972,000	\$ (36,277,000 )	\$ (71,802,000 )
December 31, 2016	\$ 69,253,000	\$ 34,601,000	\$ (33,846,000 )	\$ (67,028,000 )

	Change in discount rate			
	minus 2%	minus 1%	plus 1%	plus 2%
March 31, 2017	\$ 57,001,000	\$ 27,278,000	\$ (25,096,000 )	\$ (48,239,000 )
December 31, 2016	\$ 53,764,000	\$ 25,728,000	\$ (23,668,000 )	\$ (45,491,000 )

Other Fair Value Considerations

The carrying value of receivables, prepaid expenses, accounts payable and accrued expenses approximate fair value due to their short-term maturities and low credit risk. Using the income-based valuation approach, the estimated fair value of our Series I Secured Notes and L Bonds, having a combined aggregate face value of \$402,500,000 as of March 31, 2017, is approximately \$413,074,000 based on a weighted-average market interest rate of 6.55%. The carrying value of the senior credit facilities reflects interest charged at the commercial paper rate or 12-month LIBOR, as applicable, plus an applicable margin. The margin represents our credit risk, and the strength of the portfolio of life insurance policies collateralizing the debt. The overall rate reflects market, and the carrying value of the facility approximates fair value.

GWG MCA participates in the merchant cash advance industry by directly advancing sums to merchants and lending money, on a secured basis, to companies that advance sums to merchants. Each quarter, we review the carrying value of these advances and loans, and determine if an impairment reserve is necessary. At March 31, 2017 one of our secured loans was potentially impaired. The secured loan to Nulook Capital LLC had an outstanding balance of \$2,105,000 and a loan loss reserve of \$600,000 at March 31, 2017. We deem fair value to be the estimated collectible value on each loan or advance made from GWG MCA. Where we estimate the collectible amount to be less than the outstanding balance, we record a reserve for the difference.

The following table summarizes outstanding warrants as of March 31, 2017:

Month issued	Warrants issued	Fair value per share	Risk free rate		Volatility		Term
June 2012	161,840	\$ 1.16	0.41	%	47.36	%	5 years
July 2012	144,547	\$ 1.16	0.41	%	47.36	%	5 years
September 2012	2,500	\$ 0.72	0.31	%	40.49	%	5 years
September 2014	16,000	\$ 1.26	1.85	%	17.03	%	5 years
	324,887						

## (5) Credit Facility — Autobahn Funding Company LLC

Through GWG DLP Funding III, LLC (“DLP III”) we are party to a \$105 million senior credit facility with Autobahn Funding Company LLC (“Autobahn”), with a maturity date of June 30, 2018. The facility is governed by a Credit and Security Agreement (the “Agreement”), and DZ Bank AG Deutsche Zentral-Genossenschaftsbank (“DZ Bank”) acts as the



agent for Autobahn under the Agreement. On September 14, 2016, we paid off this senior credit facility in full with funds received from a new senior credit facility with LNV Corporation as described in Note 6.

Advances under the facility bear interest at a commercial paper rate of the lender at the time of the advance, or at the lender's cost of borrowing plus 4.25%.

F-12

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

(5) Credit Facility — Autobahn Funding Company LLC (cont.)

The amount outstanding under this facility was \$0 at both March 31, 2017 and December 31, 2016, respectively. GWG Holdings is a performance guarantor of the various obligations of GWG Life, as servicer, under the Agreement. Obligations under the facility are secured by our pledge of ownership in our life insurance policies to DZ Bank through an arrangement under which Wells Fargo serves as securities intermediary.

The Agreement has certain financial (as described below) and non-financial covenants, and we were in compliance with these covenants at both March 31, 2017 and December 31, 2016.

We have agreed to maintain (i) a positive consolidated net income on a non-GAAP basis (as defined and calculated under the Agreement) for each complete fiscal year, (ii) a tangible net worth on a non-GAAP basis (again, as defined and calculated under the Agreement) of not less than \$45 million, and (iii) cash and eligible investments of \$15 million or above.

Consolidated non-GAAP net income and non-GAAP tangible net worth for the four quarters ended and as of March 31, 2017, as calculated under the Agreement, was \$28,710,000 and \$192,518,000, respectively.

No life insurance policies were pledged and no funds were available for additional borrowings under the facility at March 31, 2017 and December 31, 2016.

(6) Credit Facility — LNV Corporation

On September 14, 2016, we entered into a senior credit facility with LNV Corporation as lender through our subsidiary GWG DLP Funding IV, LLC (“DLP IV”). The facility is governed by a Loan and Security Agreement (the “Loan Agreement”), with CLMG Corp. acting as administrative agent on behalf of the lenders under the Loan Agreement. The Loan Agreement makes available a total of up to \$172,300,000 in credit with a maturity date of September 14, 2026. Additional quarterly advances are available under the Loan Agreement at the LIBOR rate as defined in the agreement. Interest will accrue on amounts borrowed under the agreement at an annual interest rate, determined as of each date of borrowing or quarterly if there is no borrowing, equal to (A) the greater of 12-month LIBOR or the federal funds rate (as defined in the agreement) plus one-half of one percent per annum, plus (B) 5.75% per annum. Interest payments are made on a quarterly basis.

The amount outstanding under this facility was \$159,470,000 at March 31, 2017. Obligations under the facility are secured by a security interest in DLP IV’s assets, for the benefit of the lenders under the Loan Agreement, through an arrangement under which Wells Fargo serves as securities intermediary. The life insurance policies owned by DLP IV do not serve as direct collateral for the obligations of GWG Holdings under its L Bonds or Series I Secured Notes. The difference between the outstanding balance as of March 31, 2017 and the carrying amount relates to unamortized debt issuance costs.

The Loan Agreement requires DLP IV to maintain a reserve account in an amount sufficient to pay 12 months of servicing, administrative and third party expenses identified under the Loan Agreement, and 12 months of debt service as calculated under the Loan Agreement. As of March 31, 2017, the amount set aside in this specific reserve account was \$27,504,000.

The Agreement has certain financial and nonfinancial covenants, and we were in compliance with these covenants at March 31, 2017 and December 31, 2016.

No funds were available for additional borrowings under the facility at March 31, 2017.

(7) Series I Secured Notes

Series I Secured Notes (“Series I”) are legal obligations of GWG Life and were privately offered and sold from August 2009 through June 2011. The Series I are secured by the assets of GWG Life and are subordinate to obligations under our senior credit facilities (see Notes 5 and 6). We are party to a Third Amended and Restated Note Issuance and Security Agreement dated November 1, 2011, as amended, under which GWG Life is obligor, GWG Holdings is

F-13

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

## (7) Series I Secured Notes(cont.)

guarantor, and Lord Securities Corporation serves as trustee of the GWG Life Trust (“Trust”). This agreement contains certain financial and non-financial covenants, and we were in compliance with these covenants at both March 31, 2017 and December 31, 2016.

The Series I were sold with original maturity dates ranging from six months to seven years, and with fixed interest rates varying from 5.65% to 9.55% depending on the term of the note. The Series I have renewal features under which we may elect to permit their renewal, subject to the right of noteholders to elect to receive payment at maturity. Since September 1, 2016, we are no longer renewing the Series I.

Interest on the Series I is payable monthly, quarterly, annually or at maturity depending on the election of the investor. At March 31, 2017 and December 31, 2016, the weighted-average interest rate of our Series I was 8.82% and 8.68%, respectively. The principal amount of Series I outstanding was \$10,629,000 and \$16,614,000 at March 31, 2017 and December 31, 2016, respectively. The difference between the amount outstanding on the Series I and the carrying amount on our balance sheet is due to netting of unamortized deferred issuance costs and including redemptions in process. Overall, interest expense includes amortization of deferred financing and issuance costs of \$45,000 and \$111,000 for the three months ended March 31, 2017 and 2016, respectively. Future expected amortization of deferred financing costs is \$163,000 in total over the next five years.

Future contractual maturities of Series I payable, and future amortization of their deferred financing costs, at March 31, 2017 are as follows:

Years Ending December 31,	Contractual Maturities	Amortization of Deferred Financing Costs
Nine months ending December 31, 2017	\$ 4,538,000	\$ 11,000
2018	2,401,000	34,000
2019	1,024,000	18,000
2020	1,725,000	48,000
2021	941,000	52,000
	\$ 10,629,000	\$ 163,000

## (8) L Bonds

Our L Bonds are legal obligations of GWG Holdings. Obligations under the L Bonds are secured by the assets of GWG Holdings and by GWG Life, as a guarantor, and are subordinate to the obligations under our senior credit facilities (see Notes 5 and 6). We began publicly offering and selling L Bonds in January 2012 under the name “Renewable Secured Debentures.” These debt securities were re-named “L Bonds” in January 2015. L Bonds are publicly offered and sold on a continuous basis under a registration statement permitting us to sell up to \$1.0 billion in principal amount of L Bonds. 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. The Indenture contains certain financial and non-financial covenants, and we were in compliance with these covenants at March 31, 2017 and December 31, 2016.

Effective September 1, 2016, we ceased selling 6-month and 1-year L Bonds until further notice. In addition, effective September 1, 2016, the L Bond interest rates that we offer changed to 5.50%, 6.25%, 7.50% and 8.50% for the 2-, 3-,

5- and 7-year L Bonds, respectively. 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 March 31, 2017 and December 31, 2016, the weighted-average interest rate of our L Bonds was 7.28% and 7.23%, respectively. The principal amount of L Bonds outstanding was \$391,871,000 and \$387,067,000 at March 31, 2017 and December 31, 2016, respectively. The difference between the amount of outstanding L Bonds and the carrying

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

## (8) L Bonds (cont.)

amount on our balance sheets is due to netting of unamortized deferred issuance costs and cash receipts for new issuances and payments of redemptions in process. Amortization of deferred issuance costs was \$1,929,000 and \$1,568,000 for the three months ended March 31, 2017 and 2016, respectively. Future expected amortization of deferred financing costs as of March 31, 2017 is \$12,197,000 in total over the next seven years.

Future contractual maturities of L Bonds, and future amortization of their deferred financing costs, at March 31, 2017 are as follows:

Years Ending December 31,	Contractual Maturities	Amortization of Deferred Financing Costs
Nine months ending December 31, 2017	\$ 70,454,000	\$ 670,000
2018	109,034,000	2,511,000
2019	103,420,000	3,643,000
2020	37,055,000	1,565,000
2021	28,901,000	1,438,000
Thereafter	43,007,000	2,370,000
	\$ 391,871,000	\$ 12,197,000

## (9) Series A Convertible Preferred Stock

From July 2011 until September 2012, we privately offered shares of Series A of GWG Holdings at \$7.50 per share. In the offering, we sold an aggregate of 3,278,000 shares for gross consideration of \$24,582,000. Holders of Series A are entitled to cumulative dividends at the rate of 10% per annum, paid quarterly. Dividends on the Series A are accumulating and are recorded as a reduction to additional paid-in capital. Under certain circumstances described in the Certificate of Designation for the Series A, additional Series A shares may be issued in lieu of cash dividends at the rate of \$7.00 per share.

Holders of Series A are entitled to a liquidation preference equal to the stated value of their preferred shares (i.e., \$7.50 per share) plus accrued but unpaid dividends. Holders of Series A may presently convert each share of their Series A into 0.75 shares of our common stock at a price of \$10.00 per share.

As of March 31, 2017, we issued an aggregate of 497,000 shares of Series A in satisfaction of \$3,481,000 in dividends on the Series A, and an aggregate of 696,000 shares of Series A were converted into 522,000 shares of our common stock. As of March 31, 2017, we had 2,652,000 Series A shares outstanding with respect to which we incurred aggregate issuance costs of \$2,838,000, all of which is included as a component of additional paid-in capital.

Purchasers of Series A in our offering received warrants to purchase an aggregate of 431,954 shares of our common stock at an exercise price of \$12.50 per share. The grant date fair value of these warrants was \$428,000. As of March 31, 2017, none of these warrants had been exercised and 107,000 warrants have expired. The weighted-average remaining life of these warrants was 0.35 and 0.56 years at March 31, 2017 and December 31, 2016, respectively.

In September 2014, we completed, at our discretion, a public offering of our common stock and, as a result, the Series A was reclassified from temporary equity to permanent equity. We may redeem Series A shares at a price equal to 110% of their liquidation preference (\$7.50 per share) at any time. As of March 31, 2017, we have redeemed an

aggregate of 435,365 shares of Series A.

(10) Redeemable Preferred Stock

On November 30, 2015, our public offering of up to 100,000 shares of Redeemable Preferred Stock (“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. Under certain circumstances described in the Certificate of Designation for the RPS, additional shares of RPS may be issued in lieu of cash dividends.

F-15

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

(10) Redeemable Preferred Stock (cont.)

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

Holdes of RPS may request that we redeem their RPS at a price equal to their stated value plus accrued but unpaid dividends, less an applicable redemption fee, if any. Nevertheless, the Certificate of Designation for RPS permits us complete 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.

As of March 31, 2017, we had sold 87,131 shares of RPS for aggregate gross consideration of \$87,131,000, and incurred approximately \$6,092,000 of selling costs related to the sale of those shares. Subsequent to March 31, 2017, we closed the RPS offering to additional investors.

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

(11) Series 2 Redeemable Preferred Stock

On February 14, 2017, our public offering of up to 150,000 shares of Series 2 Redeemable Preferred Stock ("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, when payable, will be recorded as a reduction to additional paid-in capital. 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 Series A and 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.

Holdes of RPS 2 may request that we redeem their RPS 2 shares at a price equal to their liquidation preference, less an applicable redemption fee, if any. Nevertheless, the Certificate of Designation for RPS 2 permits us complete 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).

As of March 31, 2017 we had not sold any shares of RPS 2.

F-16

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

## (12) Income Taxes

We had a current income tax liability of \$0 as of both March 31, 2017 and December 31, 2016. The components of deferred income tax expense (benefit) for the three months ended March 31, 2017 and 2016, respectfully, consisted of the following:

	Three Months Ended March 31, 2017	March 31, 2016
Income tax:		
Current:		
Federal	\$ 27,000	\$ 23,000
State	7,500	6,000
Total current tax expense	34,500	29,000
Deferred:		
Federal	\$ (20,000 )	\$ 806,000
State	(15,000 )	250,000
Total deferred tax expense (benefit)	(36,000 )	1,056,000
Total income tax expense (benefit)	\$ (500 )	\$ 1,085,000

We provide for a valuation allowance when it is not considered “more likely than not” that our deferred tax assets will be realized. At both March 31, 2017 and December 31, 2016, based upon all available evidence, we provided a valuation allowance of \$2,164,000 against deferred tax assets related to the likelihood of recovering the tax benefit of a capital loss on a note receivable from a related entity and other capital losses. Management believes all other deferred tax assets are recoverable.

ASC 740 requires the reporting of certain tax positions that do not meet a threshold of “more-likely-than-not” to be recorded as uncertain tax benefits. It is management’s responsibility to determine whether it is “more-likely-than-not” that a tax position will be sustained upon examination, including resolution of any related appeals or litigation, based upon the technical merits of the position. Management has reviewed all income tax positions taken or expected to be taken for all open years and 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 March 31, 2017.

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 March 31, 2017 and December 31, 2016, we recorded no accrued interest or penalties related to uncertain tax positions.

Our income tax returns for tax years ended December 31, 2013, 2014, 2015 and 2016 remain open to examination by the Internal Revenue Service and various state taxing jurisdictions. Our tax return for tax year 2012 has now been examined by the IRS (finalized April of 2015) but is open for examination by various state taxing jurisdictions.

## (13) Common Stock

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

On February 16, 2017, GWG Holdings, Inc. entered into a Separation Agreement with Mr. Paul Siegert. Under this agreement, Mr. Siegert retired and resigned his position on our Board of Directors, including his role as Chairman of the Board. In addition, we agreed to and did repurchase in cash Mr. Siegert's 200,445 shares of GWG common stock at a negotiated price of \$8 per share for an aggregate price of approximately \$1,604,000.

F-17

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

## (14) Stock Incentive Plan

We adopted our 2013 Stock Incentive Plan in March 2013. 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. As of March 31, 2017, 2,000,000 common stock options are issuable under the plan.

## Stock Options

Through March 31, 2017, we had issued stock options for 1,565,000 shares of common stock to employees, officers, and directors under the plan. Options for 753,000 shares have vested, and the remaining options are scheduled to vest over three years. The options were issued with an exercise price between \$6.35 and \$10.18 for those beneficially owning more than 10% of our common stock, and between \$4.83 and \$10.25 for all others, which is equal to the estimated market price of the shares on the date of grant. The expected annualized volatility used in the Black-Scholes model valuation of options issued during the period was 23.4%. The annual volatility rate is based on the standard deviation of the average continuously compounded rate of return of five selected comparable companies over the previous 52 weeks. A forfeiture rate of 15% is based on historical information and expected future trend. As of March 31, 2017, stock options for 480,000 shares had been forfeited and stock options for 28,000 shares had been exercised.

## Outstanding stock options:

	Vested	Unvested	Total
Balance as of December 31, 2015	483,703	569,912	1,053,615
Granted during the year	22,500	608,350	630,850
Vested during the year	251,788	(251,788 )	—
Forfeited during the year	(19,926 )	(82,140 )	(102,066 )
Balance as of December 31, 2016	738,065	844,334	1,582,399
Granted during the quarter	17,100	7,800	24,900
Vested during the quarter	33,640	(33,640 )	—
Forfeited during the quarter	(36,119 )	(6,665 )	(42,784 )
Balance as of March 31, 2017	752,686	811,829	1,564,515

Compensation expense related to unvested options not yet recognized is \$512,000. We expect to recognize this compensation expense over the next three years (\$251,000 in 2017, \$158,000 in 2018, and \$103,000 in 2019).

## Stock Appreciation Rights (SARs)

As of March 31, 2017, we have issued SARs for 249,797 shares of common stock to employees. The strike price of the SARs was between \$7.84 and \$8.76, which was equal to the market price of the common stock at the date of issuance. As of March 31, 2017, 107,857 of the SARs were vested. On March 31, 2017 the market price of GWG's common stock was \$11.10.

## Outstanding Stock Appreciation Rights:

	Vested	Unvested	Total
Balance as of December 31, 2015	—	—	—

Edgar Filing: GWG Holdings, Inc. - Form 424B3

Granted during the year	106,608	133,127		239,735
Forfeited during the year	—	—		—
Balance as of December 31, 2016	106,608	133,127		239,735
Granted during the quarter	—	10,062		10,062
Vested during the quarter	1,249	(1,249	)	—
Balance as of March 31, 2017	107,857	141,940		249,797

F-18

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

(14) Stock Incentive Plan (cont.)

A liability for the SARs was recorded on March 31, 2017 in the amount of \$294,000 and compensation expense was charged for the amount of \$289,000. Our SARs entitle the participant to a payment in cash.

(15) Net income per common share

We have outstanding Series A and RPS, as described in Notes 9 and 10. The Series A and RPS are anti-dilutive to our net loss or income attributable to common shareholders calculation at both March 31, 2017 and 2016. We also issued warrants to purchase common stock in conjunction with the sale of Series A (see Note 9). Both those warrants and our vested stock options are anti-dilutive at both March 31, 2017 and 2016 and have not been included in the fully diluted net loss per common share calculation.

(16) Commitments

We are party to an office lease with U.S. Bank National Association as the landlord. On September 1, 2015, we entered into an amendment to our original lease that expanded the leased space to 17,687 square feet and extended the term through 2026. Under the amended lease we are obligated to pay base rent plus common area maintenance and a share of building operating costs. Rent expenses under this agreement were \$113,000 and \$224,000 during the three months ended March 2017 and 2016, respectively.

Minimum lease payments under the amended lease are as follows:

Nine months ending December 31, 2017	\$ 135,000
2018	185,000
2019	191,000
2020	198,000
2021	204,000
2022	210,000
2023	217,000
2024	223,000
2025	230,000
	<b>\$ 1,793,000</b>

(17) 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.

(18) Guarantee of L Bonds

We are publicly offering and selling L Bonds under a registration statement declared effective by the SEC, as described in Note 8. Our obligations under the L Bonds are secured by substantially all the assets of GWG Holdings, a pledge of all our common stock held individually by our largest stockholders, and by a guarantee and corresponding grant of a security interest in substantially all the assets of GWG Life. As a guarantor, GWG Life has fully and unconditionally guaranteed the payment of principal and interest on the L Bonds. Substantially all of our life insurance policies are held by DLP III, DLP IV and the Trust. The policies held by DLP III and DLP IV are not

collateral for the L Bond obligations as such policies serve as direct collateral for the senior credit facilities.

The consolidating financial statements are presented in lieu of separate financial statements and other related disclosures of the subsidiary guarantor and issuer because management does not believe that separate financial statements and related disclosures would be material to investors. There are currently no significant restrictions on the ability of GWG Holdings or GWG Life, the guarantor subsidiary, to obtain funds from its subsidiaries by dividend or loan, except as

F-19

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

## (18) Guarantee of L Bonds (cont.)

described in these notes. A majority of insurance policies we own are subject to a collateral arrangement with LNV Corporation described in Note 6. Under this arrangement, collection and escrow accounts are used to fund premiums for the insurance policies and to pay interest and other charges under the senior credit facility.

The following represents consolidating financial information as of March 31, 2017 and December 31, 2016, with respect to the financial position, and as of March 31, 2017 and 2016, with respect to results of operations and cash flows of GWG Holdings and its subsidiaries. The parent column presents the financial information of GWG Holdings, the primary obligor for the L Bonds. The guarantor subsidiary column presents the financial information of GWG Life, the guarantor subsidiary of the L Bonds, presenting its investment in DLP III, 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 III, DLP IV and the Trust.

## Condensed Consolidating Balance Sheets

March 31, 2017	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 46,110,677	\$ 2,851,438	\$ 971,221	\$ —	\$ 49,933,336
Restricted cash	—	3,560,333	44,531,256	—	48,091,589
Investment in life insurance policies, at fair value	—	41,841,894	503,554,652	—	545,396,546
Secured MCA advances	—	—	5,005,400	—	5,005,400
Life insurance policy benefits receivable	—	600,000	8,375,000	—	8,975,000
Other assets	2,841,802	1,760,967	55,420	(1,340,497 )	3,317,692
Investment in subsidiaries	438,054,807	398,737,862	—	(836,792,669)	—
<b>TOTAL ASSETS</b>	<b>\$ 487,007,286</b>	<b>\$ 449,352,494</b>	<b>\$ 562,492,949</b>	<b>\$ (838,133,166)</b>	<b>\$ 660,719,563</b>
<b><u>LIABILITIES &amp; STOCKHOLDERS' EQUITY</u></b>					
<b>LIABILITIES</b>					
Senior credit facilities	\$ —	\$ —	\$ 153,387,813	\$ —	\$ 153,387,813
Series I Secured Notes	—	11,000,368	—	—	11,000,368
L Bonds	383,315,514	—	—	—	383,315,514
Accounts payable	589,962	614,243	1,480,714	—	2,684,919
Interest and dividends payable	9,786,908	3,524,097	2,983,818	(6,905 )	16,287,918
Other accrued expenses	1,263,152	721,931	1,339,790	(1,333,592 )	1,991,281



Edgar Filing: GWG Holdings, Inc. - Form 424B3

Deferred taxes, net	2,096,871	—	—	—	2,096,871
TOTAL LIABILITIES	397,052,407	15,860,639	159,192,135	(1,340,497 )	570,764,684
STOCKHOLDERS'					
EQUITY					
Member's capital	—	433,491,855	403,300,814	(836,792,669)	—
Convertible preferred stock	19,771,744	—	—	—	19,771,744
Redeemable preferred stock	87,130,977	—	—	—	87,130,977
Common stock	5,780	—	—	—	5,780
Additional paid-in capital	1,908,774	—	—	—	1,908,774
Accumulated deficit	(18,862,396 )	—	—	—	(18,862,396 )
TOTAL STOCKHOLDERS' EQUITY	89,954,879	433,491,855	403,300,814	(836,792,669)	89,954,879
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY					
	\$ 487,007,286	\$ 449,352,494	\$ 562,492,949	\$ (838,133,166)	\$ 660,719,563

F-20

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

(18) Guarantee of L Bonds (cont.)

## Condensed Consolidating Balance Sheets (continued)

December 31, 2016	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 28,481,047	\$ 49,360,952	\$ 644,983	\$ —	\$ 78,486,982
Restricted cash	—	2,117,649	35,708,947	—	37,826,596
Investment in life insurance policies, at fair value	—	41,277,896	469,914,458	—	511,192,354
Secured MCA advances	—	—	5,703,147	—	5,703,147
Life insurance policy benefits receivable	—	—	5,345,000	—	5,345,000
Other assets	3,854,233	2,056,822	810,640	(2,033,592 )	4,688,103
Investment in subsidiaries	429,971,148	352,337,037	—	(782,308,185)	—
<b>TOTAL ASSETS</b>	<b>\$ 462,306,428</b>	<b>\$ 447,150,356</b>	<b>\$ 518,127,175</b>	<b>\$ (784,341,777)</b>	<b>\$ 643,242,182</b>
<b><u>LIABILITIES &amp; STOCKHOLDERS' EQUITY</u></b>					
<b>LIABILITIES</b>					
Senior credit facilities	\$ —	\$ —	\$ 156,064,818	\$ —	\$ 156,064,818
Series I Secured Notes	—	16,404,836	—	—	16,404,836
L Bonds	381,312,587	—	—	—	381,312,587
Accounts payable	853,470	731,697	641,545	—	2,226,712
Interest and dividends payable	9,882,133	3,743,277	2,535,189	—	16,160,599
Other accrued expenses	862,369	544,032	2,303,952	(2,033,592 )	1,676,761
Deferred taxes, net	2,097,371	—	—	—	2,097,371
<b>TOTAL LIABILITIES</b>	<b>395,007,930</b>	<b>21,423,842</b>	<b>161,545,504</b>	<b>(2,033,592 )</b>	<b>575,943,684</b>
<b>STOCKHOLDERS' EQUITY</b>					
Member's capital	—	425,726,514	356,581,671	(782,308,185)	—
Convertible preferred stock	19,701,133	—	—	—	19,701,133
Redeemable preferred stock	59,025,164	—	—	—	59,025,164
Common stock	5,980	—	—	—	5,980
Additional paid-in capital	7,383,515	—	—	—	7,383,515
Accumulated deficit	(18,817,294 )	—	—	—	(18,817,294 )

Edgar Filing: GWG Holdings, Inc. - Form 424B3

TOTAL STOCKHOLDERS' EQUITY	67,298,498	425,726,514	356,581,671	(782,308,185)	67,298,498
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 462,306,428	\$ 447,150,356	\$ 518,127,175	\$ (784,341,777)	\$ 643,242,182

F-21

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

## (18) Guarantee of L Bonds (cont.)

## Condensed Consolidating Statements of Operations

For the three months ended March 31, 2017	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b>REVENUE</b>					
Policy servicing income	\$ —	\$ 53,025	\$ —	\$ (53,025 )	\$ —
Gain on life insurance policies, net	—	1,499,327	17,900,492	—	19,399,819
MCA income	—	—	246,577	—	246,577
Interest and other income	85,008	18,875	379,086	(41,020 )	441,949
<b>TOTAL REVENUE</b>	<b>85,008</b>	<b>1,571,227</b>	<b>18,526,155</b>	<b>(94,045 )</b>	<b>20,088,345</b>
<b>EXPENSES</b>					
Policy servicing fees	—	—	53,025	(53,025 )	—
Interest expense	9,262,034	286,354	3,736,847	(41,020 )	13,244,215
Employee compensation and benefits	1,928,796	1,221,582	12,684	—	3,163,062
Legal and professional fees	492,816	261,087	192,445	—	946,348
Other expenses	1,663,002	882,731	234,589	—	2,780,322
<b>TOTAL EXPENSES</b>	<b>13,346,648</b>	<b>2,651,754</b>	<b>4,229,590</b>	<b>(94,045 )</b>	<b>20,133,947</b>
<b>INCOME (LOSS) BEFORE EQUITY IN INCOME OF SUBSIDIARIES</b>	<b>(13,261,640)</b>	<b>(1,080,527 )</b>	<b>14,296,565</b>	<b>—</b>	<b>(45,602 )</b>
<b>EQUITY IN INCOME OF SUBSIDIARIES</b>	<b>13,216,038</b>	<b>14,064,207</b>	<b>—</b>	<b>(27,280,245)</b>	<b>—</b>
<b>NET INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>(45,602 )</b>	<b>12,983,680</b>	<b>14,296,565</b>	<b>(27,280,245)</b>	<b>(45,602 )</b>
<b>INCOME TAX BENEFIT</b>	<b>(500 )</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(500 )</b>
<b>NET INCOME (LOSS)</b>	<b>(45,102 )</b>	<b>12,983,680</b>	<b>14,296,565</b>	<b>(27,280,245)</b>	<b>(45,102 )</b>
Preferred stock dividends	(1,867,760 )	—	—	—	(1,867,760 )
<b>NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS</b>	<b>\$ (1,912,862 )</b>	<b>\$ 12,983,680</b>	<b>\$ 14,296,565</b>	<b>\$ (27,280,245)</b>	<b>\$ (1,912,862 )</b>

For the three months ended March 31, 2016	Parent	Guarantor Subsidiary	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>REVENUE</b>					
Policy servicing income	\$ —	\$ 13,417	\$ —	\$ (13,417 )	\$ —

## Edgar Filing: GWG Holdings, Inc. - Form 424B3

Gain on life insurance policies, net	—	—	17,713,712	—	17,713,712
MCA income	—	—	144,961	—	144,961
Interest and other income	34,798	306	41,018	(30,902 )	45,220
TOTAL REVENUE	34,798	13,723	17,899,691	(44,319 )	17,903,893
EXPENSES					
Policy servicing fees	—	—	13,417	(13,417 )	—
Interest expense	7,087,593	657,236	1,435,228	(30,902 )	9,149,155
Employee compensation and benefits	1,536,430	829,081	100,686	—	2,466,197
Legal and professional fees	594,739	534,650	76,739	—	1,206,128
Other expenses	1,257,977	968,674	185,509	—	2,412,160
TOTAL EXPENSES	10,476,739	2,989,641	1,811,579	(44,319 )	15,233,640
INCOME (LOSS) BEFORE EQUITY IN INCOME OF SUBSIDIARIES					
	(10,441,941)	(2,975,918 )	16,088,112	—	2,670,253
EQUITY IN INCOME OF SUBSIDIARIES					
	13,112,194	16,301,366	—	(29,413,560)	—
NET INCOME BEFORE INCOME TAXES					
	2,670,253	13,325,448	16,088,112	(29,413,560)	2,670,253
INCOME TAX EXPENSE					
	1,084,717	—	—	—	1,084,717
NET INCOME					
	1,585,536	13,325,448	16,088,112	(29,413,560)	1,585,536
Preferred stock dividends					
	(511,231 )	—	—	—	(511,231 )
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS					
	\$ 1,074,305	\$ 13,325,448	\$ 16,088,112	\$ (29,413,560)	\$ 1,074,305

F-22

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

(18) Guarantee of L Bonds (cont.)

## Condensed Consolidating Statements of Cash Flows

For the three months ended March 31, 2017	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiary	Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income (loss)	\$ (45,102 )	\$ 12,983,680	\$ 14,296,565	\$ (27,280,245)	\$ (45,102 )
Adjustments to reconcile net income to net cash flows from operating activities:					
(Equity) of subsidiaries	(13,216,038)	(14,064,207)	—	27,280,245	—
Change in fair value of life insurance policies	—	(1,059,422 )	(12,824,411)	—	(13,883,833)
Amortization of deferred financing and issuance costs	1,928,993	45,420	691,790	—	2,666,203
Deferred income taxes	(500 )	—	—	—	(500 )
Preferred stock dividends payable	336,789	—	—	—	336,789
(Increase) decrease in operating assets:					
Life insurance policy benefits receivable	—	(600,000 )	(3,030,000 )	—	(3,630,000 )
Other assets	5,507,945	(32,041,085)	755,219	27,204,239	1,426,318
Increase (decrease) in operating liabilities:					
Due to related party	691,865	320	(700,000 )	—	(7,815 )
Accounts payable and other accrued expenses	424,968	(158,732 )	950,996	—	1,217,232
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	(4,371,080 )	(34,894,026)	140,159	27,204,239	(11,920,708)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment in life insurance policies	—	—	(22,689,333)	—	(22,689,333)
Carrying value of matured life insurance policies	—	495,424	1,873,550	—	2,368,974
Proceeds from Secured MCA advances	—	—	770,387	—	770,0387
	—	495,424	(20,045,396)	—	(19,549,972)

NET CASH FLOWS  
USED IN INVESTING  
ACTIVITIES

**CASH FLOWS FROM  
FINANCING  
ACTIVITIES**

Net repayments of senior credit facilities	—	—	(3,368,794 )	—	(3,368,794 )
Payments for redemption of Series I Secured Notes	—	(5,449,889 )	—	—	(5,449,889 )
Proceeds from issuance of L Bonds	24,868,659	—	—	—	24,868,659
Payment for redemption and issuance of L Bonds	(24,171,597)	—	—	—	(24,171,597)
Payments to restricted cash	—	(1,442,684 )	(8,822,309 )	—	(10,264,993)
Repurchase of common stock	(1,603,560 )	—	—	—	(1,603,560 )
Proceeds from issuance of preferred stock	27,179,194	—	—	—	27,179,194
Payments for issuance and redemption of preferred stock	(2,404,226 )	—	—	—	(2,404,226 )
Payments of preferred stock dividends	(1,867,760 )	—	—	—	(1,867,760 )
Issuance of member capital	—	(5,218,339 )	32,422,578	(27,204,239)	—
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<b>22,000,710</b>	<b>(12,110,912)</b>	<b>20,231,475</b>	<b>(27,204,239)</b>	<b>2,917,034</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>17,629,630</b>	<b>(46,509,514)</b>	<b>326,238</b>	<b>—</b>	<b>(28,553,646)</b>
<b>CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD</b>	<b>28,481,047</b>	<b>49,360,952</b>	<b>644,983</b>	<b>—</b>	<b>78,486,982</b>
<b>END OF THE PERIOD</b>	<b>\$ 46,110,677</b>	<b>\$ 2,851,438</b>	<b>\$ 971,221</b>	<b>\$ —</b>	<b>\$ 49,933,336</b>

F-23

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

(18) Guarantee of L Bonds (cont.)

## Consolidating Statements of Cash Flows (continued)

For the three months ended March 31, 2016	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiary	Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income	\$ 1,585,536	\$ 13,325,448	\$ 16,088,112	\$ (29,413,560)	\$ 1,585,536
Adjustments to reconcile net income to net cash flows from operating activities:					
(Equity) of subsidiaries	(13,112,194)	(16,301,366)	—	29,413,560	—
Change in fair value of life insurance policies	—	—	(11,531,553)	—	(11,531,553)
Amortization of deferred financing and issuance costs	1,648,891	(1,164,206 )	299,503	—	784,188
Deferred income taxes	1,055,729	—	—	—	1,055,729
Preferred stock dividends payable	163,577	—	—	—	163,577
(Increase) decrease in operating assets:					
Life insurance policy benefits receivable	—	—	(15,912,839)	—	(15,912,839)
Other assets	(38,661,205)	(24,992,068)	—	63,826,699	173,426
Increase (decrease) in operating liabilities:					
Due to related party	(2,731,001 )	(16,607 )	4,460,000	—	1,712,392
Accounts payable and other accrued expenses	782,047	586,702	599,220	—	1,967,969
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(49,268,620)</b>	<b>(28,562,097)</b>	<b>(5,997,557 )</b>	<b>63,826,699</b>	<b>(20,001,575)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment in life insurance policies	—	—	(24,326,322)	—	(24,326,322)
Carrying value of matured life insurance policies	—	—	4,610,479	—	4,610,479
Investments in Secured MCA advances	—	—	(4,353,585 )	—	(4,353,585 )
	—	—	118,143	—	118,143



Proceeds from Secured MCA advances					
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	—	—	(23,951,285)	—	(23,951,285)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net borrowings on senior credit facilities	—	—	20,000,000	—	20,000,000
Payments for redemption of Series I Secured Notes	—	(5,237,393 )	—	—	(5,237,393 )
Proceeds from issuance of L Bonds	34,368,889	—	—	—	34,368,889
Payment issuance and redemption of L Bonds	(10,909,693)	—	—	—	(10,909,693)
Payments to restricted cash	—	(2,705,379 )	(14,781,341)	—	(17,486,720)
Issuance of common stock	46,545	—	—	—	46,545
Proceeds from issuance of preferred stock	1,028,536	—	—	—	1,028,536
Payments for issuance and redemption of preferred stock	(772,553 )	—	—	—	(772,553 )
Payments of preferred stock dividends	(511,231 )	—	—	—	(511,231 )
Issuance of member capital	—	38,862,512	24,964,187	(63,826,699)	—
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	23,250,493	30,919,740	30,182,846	(63,826,699)	20,526,380
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(26,018,127)	2,357,643	234,004	—	(23,426,480)
<b>CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD</b>	32,292,162	1,982,722	150,221	—	34,425,105
<b>END OF THE PERIOD</b>	\$ 6,274,035	\$ 4,340,365	\$ 384,225	\$ —	\$ 10,998,625

F-24

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

## (19) Concentration

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

Life insurance company	March 31, 2017		December 31, 2016	
John Hancock	14.68	%	14.36	%
AXA Equitable	12.96	%	13.42	%
Lincoln National	11.43	%	11.22	%
Transamerica	10.11	%	*	

\* percentage does not exceed 10% of the total face value.

The following summarizes the number of insurance policies held in specific states exceeding 10% of the total face value held by us:

State of residence	March 31, 2017		December 31, 2016	
California	20.05	%	20.72	%
Florida	19.92	%	19.42	%

## (20) Subsequent Events

Subsequent to March 31, 2017, we have issued approximately an additional \$9,817,000 in principal amount of L Bonds.

Subsequent to March 31, 2017 we have issued approximately \$11,691,000 of RPS. Our RPS offering was sold out subsequent to March 31, 2017.

Subsequent to March 31, 2017 we have issued approximately \$7,359,000 of RPS 2.

On April 17, 2017, Jon Gangelhoff, Chief Operating Officer, voluntarily resigned. As a separation payment, Mr. Gangelhoff will continue to receive his regular salary payments (annualized to approximately \$250,000) through April 2018. All of Mr. Gangelhoff's unvested outstanding common stock options at the time of his separation were vested under the separation agreement.

On April 17, 2017, we announced the voluntary resignation of Michael Freedman, President, which will be effective May 15, 2017. As a separation payment, Mr. Freedman will receive compensation through the term of his Employment Agreement ending September 22, 2017 (aggregating to \$258,000). Mr. Freedman will surrender all of his vested and unvested options to purchase our common stock.

Subsequent to March 31, 2017 an additional 27,000 of stock options were exercised.

On April 26, 2017, we entered into an exclusive license for the “DNA Methylation Based Predictor of Mortality” technology from the University of California, Los Angeles (“UCLA”), for application within the life insurance and related industries.

On May 5, 2017, our stockholders approved a 1,000,000-share increase in the number of shares of common stock reserved and available for issuance under our 2013 Stock Incentive Plan. As a result, an aggregate of 3,000,000 shares of common stock are now reserved and available for issuance under that plan.

F-25

\$150,000,000 of Series 2 Redeemable Preferred Stock

(150,000 shares)

GWG HOLDINGS, INC.

---

PROSPECTUS

---

May 15, 2017