GUARDIAN®

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

Information Memorandum

dated as of December 11, 2017

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About Guardian

Overview

Founded in 1860 and incorporated in the State of New York, Guardian is the fourth largest U.S. mutual life insurance company based on statutory surplus of $6.2 billion as of December 31, 2016, according to peer data compiled by the National Association of Insurance Commissioners (the "NAIC"). Guardian primarily operates in the ordinary life insurance business, but also provides, directly or through its subsidiaries, a wide range of group, disability, and wealth management and retirement savings products and services, as well as investment services. The Company provides its products and services to individuals, corporations and other institutions in all 50 states of the United States and the District of Columbia. Guardian's major subsidiaries include Berkshire Life Insurance Company of America ("BLICOA"), The Guardian Insurance & Annuity Company, Inc. ("GIAC"), First Commonwealth, Inc. ("FCW") and Guardian Investor Services LLC ("GIS").

As of December 31, 2016, Guardian had total assets of $51.9 billion, total life insurance in-force of $590.8 billion and statutory surplus of $6.2 billion. For the year ended December 31, 2016, Guardian generated total premium income of $7.8 billion, net gain from operations of $1.4 billion, and net income of $368 million. Guardian's insurance financial strength/claims paying ability is rated AA+ (Very Strong) by Standard & Poor's Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), Aa2 (Excellent) by Moody's Investors Service, Inc. ("Moody's"), AA+ (Very High) by Fitch IBCA ("Fitch") and A++ (Superior) by A.M. Best Company, Inc. ("A.M. Best"). S&P, Moody's, Fitch, and A.M. Best currently report a stable outlook for Guardian's insurance financial strength/claims paying abilities rating.

Guardian, together with its subsidiaries, is a financial services group that seeks to provide attractive value for policyholders and customers by providing a wide array of differentiated products and services, while aiming to achieve strong financial results. In pursuing this strategy, Guardian's guiding principle is to enable its customers to obtain financial success while protecting their families and businesses. To achieve this goal, Guardian focuses on developing and distributing a broad portfolio of financial products and services, maintaining what it believes to be prudent underwriting standards and rigorous expense control, and pursuing asset/liability management practices that it considers conservative.

Effective March 9, 2016, Guardian announced a simplification of its operating model from a set of businesses defined by product (Group, Individual Life, Individual Disability, Retirement Solutions) to a more customer- and market-segment-focused organization. The principal product lines of Guardian and its major subsidiaries are now organized into two segments set forth below:

- *Individual Markets* products and services include individual life insurance, individual disability income insurance products and wealth management and savings products. Individual life insurance products include participating whole life insurance, universal life insurance, term life insurance and variable universal life insurance. Individual disability income insurance products, which are sold by BLICOA, include individual disability income insurance and multi-life disability income insurance. Individual Markets also includes certain wealth management and retirement savings products, which aim to meet an individual's needs through products sold by GIAC. These products include individual fixed and variable annuities.

- *Group and Worksite Markets* products include dental, vision, life, accidental death and dismemberment ("AD&D"), short- and long-term disability, stop loss, absence management administration and supplemental products such as accident, cancer and critical illness. Guardian's group business has also diversified into new areas, including dental and vision benefits for government programs, dental support organizations ("DSO") and direct to consumer ("DTC").

Guardian distributes its individual products primarily through a career agent force, which consists of agencies managed by general agents and career development managers, consisting of career agents and brokers who sell products directly to the customer. Guardian distributes its group products through group sales representatives, brokers, benefit consultants and its career agents. As of September 2017, Guardian had over 300 group sales and account management personnel, and over 15,500 active group brokers and benefit consultants. Guardian's career agent sales force sells products for Guardian (individual life insurance and group products), GIAC (individual annuities) and BLICOA (individual disability products), subject to applicable licensing and appointment requirements. The career agent system sells the majority of the individual life insurance products and a large portion of the individual disability and annuity products. Many Guardian career agents are registered representatives of Guardian's broker-dealer subsidiary, Park Avenue Securities, LLC ("PAS"), and in that capacity provide wealth management services and savings products to their clients. Individual disability income products are also sold by brokers associated with general agents. Individual annuity products are also sold through the independent brokerage channel. Currently, the majority of the group business is sold using Guardian sales representatives or wholesaling organizations through brokers. Guardian expects this split of sales through the various distribution channels to continue for the foreseeable future.

Guardian Business Profile

The chart below shows the product lines, target markets, and distribution by broad product offerings of Guardian and its subsidiaries, on a consolidated basis.

	Individual Markets			**Group and Worksite Markets**
	Individual Life Insurance	**Individual Disability Income Insurance**	**Individual Savings Products**	**Group Insurance**
Product Lines	• Whole Life • Term Life • Universal Life • Variable Universal Life	• Individual Disability • Multi-Life Disability Income	• Fixed Annuities • Variable Annuities	• Dental • Short- and Long-Term Disability • Life and AD&D • Absence Management Administration • Vision • Critical Illness • Stop Loss • Accident • Cancer • Dental Services
Target Markets	• Small Business Owners • Affluent Professionals • Executives	• Small Business Owners • Professionals • Executives	• Professionals • Executives • Affluent and Emerging Affluent Individuals	• Employer Groups • Government Programs
Distribution	• 55 General Agencies and Guardian-managed agencies • Over 2,750 Career Agents • Brokers	• Career Agents • Brokers	• Career Agents • Brokers • Wholesalers	• Over 300 Group Sales and Account Management Personnel • Over 15,500 Active Group Brokers and Benefit Consultants

Guardian sells participating whole life insurance, universal life insurance, term life insurance and all group insurance products. BLICOA sells all individual disability income insurance products. GIAC sells retirement products and services, as well as universal life insurance and variable universal life insurance. FCW provides dental insurance and government program vision, dental and hearing products through various subsidiaries. GIS provides absence management and investment advisory services through its Reed Group and Park Avenue Institutional Advisers subsidiaries, and also supports the operation of dental clinics through its dental support organization subsidiaries.

Key Strengths

Guardian believes that its key strengths will enable it to capitalize on a variety of opportunities in the U.S. life insurance market. These strengths include:

- *Commitment to mutual status*. This commitment allows Guardian to focus on meeting the needs of its policyholders by making long-term financial strength and stability and the payment of competitive dividends its primary objectives. As a mutual insurance company, Guardian does not have stockholders and believes that it does not experience the same short-term earnings pressures as its publicly-traded life insurance peers, permitting it to manage product development, risk and investments on a long-term economic basis.

- *Diversified product portfolio that meets a wide array of needs*. Guardian believes that the diversity of its product portfolio allows it to meet the needs of its clients, both at the individual and group level. Guardian also believes that its diversified product portfolio improves its ability to be financially successful in many different market environments by providing diversification of earnings and reducing the level of volatility in its financial results. Guardian has paid dividends to policyholders every year since 1868.

- *Industry-leading products targeted at high-quality customer base*. Guardian believes that it is a product leader in many areas where it writes business, in particular among its targeted core customer base of affluent individuals, small businesses and small business owners. Guardian's participating whole life insurance products, which have represented approximately 88% of Guardian's individual life premium income over the past five years, offer a competitive base product together with attractive riders and a competitive dividend scale, making Guardian the fourth largest writer of participating whole life premium in the industry in 2016, according to LIMRA Sales Report. In addition, Guardian's high net worth customer base has resulted in larger average premiums per policy than most of its peers; according to the 2016 LIMRA Sales Report, Guardian's average whole life only premium per policy sold was $10,495 while the peer group's average was $3,983. This peer group includes Massachusetts Mutual Life Insurance Company, New York Life Insurance Company and The Northwestern Mutual Life Insurance Company. Guardian believes its term and universal life and individual disability income products are also attractive in terms of benefit features and price. Based on the 2015 LIMRA survey results, the most recent annual LIMRA survey available, Guardian's dental business ranks first in in-force PPO cases.

- *Highly productive career agent system*. Guardian's distribution model for individual products is focused on career agents, supervised by general agents and career development managers in 55 general agencies and Guardian-managed agencies. This is a critical element of Guardian's business model. Guardian's career agent system consists of over 2,750 active agents and enjoys one of the highest retention rates in the industry. Guardian's four-year average agent retention as of December 31, 2016 was 20% versus the overall 15% four-year average of the companies that participated in the 2015 LIMRA Agent Production and Retention Study. Guardian believes the benefits of a career agent model include the commitment of career agents to the long-term protection of their clients and the long-term financial success, financial strength and stability of Guardian, as well as the agents' commitment to their communities and the small businesses located there. The career system is supplemented by other distribution channels where appropriate for the product and market.

- *Long-term track record of growth and profitability*. Guardian has historically experienced strong operating results and has been profitable every year since 2003 based on net income. In 2016, Guardian generated total revenues of $10.2 billion, net gain from operations of $1.4 billion and net income of $368 million. In addition, from 2004 to 2016, Guardian's net income and policyholder surplus increased at compound annual growth rates of approximately 4.1% and 6.9%, respectively.

- *Strong balance sheet with a conservative investment portfolio and solid levels of capitalization*. Guardian believes that it has strong financial strength and capitalization, as evidenced by its strong insurance financial strength/claims paying ability ratings from the rating agencies and its regulatory capital ratios, which historically have been in excess of the levels required by regulatory authorities. S&P, Moody's, Fitch and A.M. Best currently report a stable outlook for Guardian's financial strength rating. Guardian also believes that its investment portfolio is conservative and well-diversified. Guardian maintains a high-quality fixed income portfolio, with approximately 94% of the securities in its bond portfolio, as of December 31, 2016, rated investment grade.

- *Strong Enterprise Risk Management execution*. Guardian believes that it has a strong risk management culture, internal controls and reporting and oversight system. Guardian employs experienced asset class specialists that actively manage credit and portfolio risk. Furthermore, Guardian maintains what it considers to be a low product risk profile with focus on participating life insurance and a conservative set of product guarantees.

- *Accomplished and deep management team*. Guardian's management team is composed of well-respected, seasoned executives with extensive experience in the insurance industry and at Guardian.

Corporate Strategy

Guardian's strategic objective is to generate growth in net income and to maintain a strong and consistent policyholder dividend policy. Guardian intends to achieve its objective by pursuing the following strategies:

- *Being the trusted mutual partner, delivering financial security how, when and where its clients prefer*. By making mutuality relevant at a personal level, Guardian focuses on solutions that fit its clients' needs. Specific customer segments are targeted via appropriate channels leveraging technology to deliver products and service more efficiently.

- *Focus on profitable growth*. Guardian continues to pursue opportunities to drive profitable growth, including improving its products, expanding distribution and enhancing its service capabilities. Guardian has invested significant resources in expanding and strengthening its distribution system and the management team remains committed to distribution excellence to generate profitable growth for the company. This includes expansion into the Worksite market, where consumers are increasingly purchasing insurance products.

- *Pursue strong risk management and underwriting standards.* Guardian believes that it has a conservative, low-risk approach to operations and underwriting and actively manages product and investment risk. Consistent with its history as a mutual insurance company, Guardian is committed to pursuing high asset quality, strong capitalization and liquidity and a conservative investment philosophy. Guardian believes it utilizes reasonably conservative underwriting practices in its insurance businesses.

- *Continue to deliver superior service*. Guardian seeks to develop and maintain long-term relationships with customers through its career agent system and sales organizations, including general agents, career agents, brokers, group sales representatives and wholesalers. Guardian believes it has established a reputation for high-quality service to its customers and distribution, and remains committed to providing the superior service that has been recognized by such organizations as J.D. Power and DALBAR.

Guardian's History and Where You Can Find It

Founded in 1860 and incorporated in the State of New York, Guardian is the fourth largest mutual life insurance company in the United States based on statutory surplus of $6.2 billion as of December 31, 2016, according to peer data compiled by the NAIC.

Guardian's headquarters are located at 7 Hanover Square, New York, New York, 10004, and its telephone number is: (212) 919-8000. Guardian's website is located at http://www.guardianlife.com. The information on Guardian's website is not part of this Information Memorandum and the URL reference in the preceding sentence is a textual reference only.

Surplus Note Offering

On January 24, 2017, Guardian closed the offering of the Original 2077 Surplus Notes. The Original 2077 Surplus Notes were not registered under the Securities Act and, therefore, were offered for sale only to "qualified institutional buyers" as defined in Rule 144A under the Securities Act and outside the United States, to persons other than "U.S. persons" as defined in Rule 902 under the Securities Act in offshore transactions in compliance with Regulation S under the Securities Act. The Original 2077 Surplus Notes were issued pursuant to a Fiscal Agency Agreement, dated January 24, 2017, by and between Guardian and The Bank of New York Mellon, as fiscal agent. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Existing Surplus Notes."

Recent Developments

Effective December 4, 2017, Eric R. Dinallo was appointed Executive Vice President, Chief Legal Counsel of Guardian. For more information regarding Mr. Dinallo's prior experience see "Directors and Executive Officers of Guardian."

Effective December 4, 2017, Andrew J. McMahon was appointed Executive Vice President, Strategy & Customer Development of Guardian. For more information regarding Mr. McMahon's prior experience see "Directors and Executive Officers of Guardian."

On November 14, 2017, the second collateralized loan obligation special purpose vehicle ("CLO") managed by Park Avenue Institutional Advisers LLC ("PAIA"), a GIS subsidiary, issued $456 million in equity and debt instruments, of which Guardian purchased $42 million in equity.

On May 8, 2017, Guardian Life Global Funding issued $400 million under the FABN Program (the "May FA-Backed Notes"). Pursuant to the FABN Program, Guardian Life Global Funding used the proceeds from the sale of the May FA-Backed Notes to purchase a funding agreement from Guardian, which secures the obligations of the May FA-Backed Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Funding Agreement-Backed Notes."

Over the course of 2016, consistent with its strategy to operate all non-insurance risk and fee-oriented businesses through its subsidiary, GIS, Guardian transferred certain assets and consolidated third-party asset management services to subsidiaries of GIS. Further, on January 1, 2017, Guardian transferred ownership of its absence management and dental services assets, including Reed Group, Ltd. and Access Dental Services ("ADS"), to subsidiaries of GIS.

As of February 2017, Guardian no longer offers proprietary variable annuities with living benefit riders. In recent years, the Company has limited distribution of proprietary variable annuities with living benefit riders to clients of its career distribution channel, and while the Company believes its variable annuity products have been conservatively priced, Guardian elected to discontinue further sales of proprietary variable annuities with living benefit riders in light of the competitive and regulatory environment and in accordance with its continuing focus on prudent risk management.

Results of Operations for the Nine Months Ended September 30, 2017 and 2016

The following statutory financial information for the nine months ended September 30, 2017 and 2016 and as of September 30, 2017 and December 31, 2016 has been derived from the Interim Statements and the Statutory Financial Statements, respectively, included elsewhere in this Information Memorandum. The Statutory Financial Statements for 2016, 2015 and 2014 have been audited by PricewaterhouseCoopers LLP, independent accountants. The Interim Statements for the nine months ended September 30, 2017 and 2016 have not been audited.

This information should be read in conjunction with, and is qualified in its entirety by, "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Statutory Financial Statements, the Interim Statements and other information included elsewhere in this Information Memorandum. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results may differ from estimates. The results for past accounting periods are not necessarily indicative of the results to be expected for any future accounting period.

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	$ Change 2017 vs. 2016	% Change 2017 vs. 2016
		($ in Millions)		
Statements of Income Data:				
Revenue:				
Premiums, annuity considerations and fund deposits	$ 6,028	$ 5,731	$ 297	5.2%
Net investment income	1,530	1,553	(23)	(1.5%)
Amortization of interest maintenance reserve	72	85	(13)	(15.3%)
Other income	252	214	38	17.8%
Total revenue	$ 7,882	$ 7,583	$ 299	3.9%
Benefits and expenses:				
Benefit payments to policyholders and beneficiaries	$ 3,338	$ 3,179	$ 159	5.0%
Net additions to policy benefit reserves	1,859	1,753	106	6.0%
Commissions and operating expenses	1,666	1,574	92	5.8%
Total benefits and expenses	$ 6,863	$ 6,506	$ 357	5.5%
Gain from operations before dividends and federal income taxes	1,019	1,077	(58)	(5.4%)
Dividends to policyholders[1]	(636)	(624)	(12)	1.9%
Gain from operations before federal income taxes	$ 383	$ 453	$ (70)	(15.5%)
Federal income tax expense	(118)	(135)	17	(12.6%)
Income from operations before net realized capital gains	$ 265	$ 318	$ (53)	(16.7%)
Net realized capital gains/(losses)	5	(15)	20	(133.3%)
Net income	$ 270	$ 303	$ (33)	(10.9%)

	Nine Months Ended September 30, 2017	Year Ended December 31, 2016	$ Change 2017 v 2016	% Change 2017 v. 2016
Balance Sheet Data:				
Assets:				
Total assets	$ 55,227	$ 51,884	$ 3,343	6.4%
Liabilities and surplus:				
Reserves for policy benefits	$ 41,251	$ 39,369	$ 1,882	4.8%
Policyholder dividends payable and other contract liabilities[2]	3,555	3,107	448	14.4%
Current federal and foreign income taxes	36	-	36	n/a
Interest maintenance reserve	515	464	51	11.0%
Asset valuation reserve	870	810	60	7.4%
Other liabilities	2,135	1,962	173	8.8%
Surplus	6,865	6,172	693	11.2%
Total liabilities and surplus	$ 55,227	$ 51,884	$ 3,343	6.4%

(1) Dividends to policyholders are discretionary and subject to the approval of Guardian's Board of Directors.
(2) Statutory accounting practices require that the liability for policyholders' dividends include dividends currently payable and the full amount of dividends apportioned for payment over the 12 months following the date of the applicable payment.

Net Income

Guardian's statutory net income was $270 million for the period ended September 30, 2017, a $33 million decrease from $303 million for the period ended September 30, 2016, primarily due to increases in benefit payments to policyholders and beneficiaries, net additions to policy reserves, and commissions and operating expenses partially offset by an increase in premiums, annuity considerations and fund deposits. Total revenue increased $299 million from $7.583 billion for the nine months ended September 30, 2016 to $7.882 billion for the nine months ended September 30, 2017, driven primarily by an increase in premiums, annuity considerations and fund deposits and other income. Total benefits and expenses increased $357 million from $6.506 billion for the nine months ended September 30, 2016 to $6.863 billion for the nine months ended September 30, 2017, primarily due to an increase in benefit payments to policyholders and beneficiaries, net increases to policy benefit reserves, and commissions and operating expenses.

Premium income, annuity considerations and fund deposits

Selected premium income, annuity considerations and fund deposits information is presented below for the nine months ended September 30, 2017 and 2016:

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	$ Change	% Change
		($ in Millions)		
Premium income:				
Whole life	$ 2,815	$ 2,655	$ 160	6.0%
Disability	360	347	13	3.7%
Term, universal, and variable life	91	87	4	4.6%
Group	2,760	2,640	120	4.5%
Reinsurance	2	2	–	–
Total	$ 6,028	$ 5,731	$ 297	5.2%

For the nine months ended September 30, 2017, premium income as compared to the nine months ended September 30, 2016 increased $297 million, primarily due an increase in whole life premium income of $160 million due to favorable persistency and in force growth and to an increase in group premium income of $120 million as a result of better persistency and in-group growth.

Net Investment Income

For the nine months ended September 30, 2017, net investment income, including IMR amortization, decreased by $36 million as compared to the nine months ended September 30, 2016, primarily due to lower income distributions from private equity investments and lower bond and mortgage prepayments, offset partially by an increase in bond income for the first nine months of 2017 as compared to the first nine months of 2016.

Benefit payments to policyholders and beneficiaries

Benefit payments to policyholders and beneficiaries increased $159 million in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. The increase is primarily due to higher cash surrenders in the Individual Life business, unfavorable Individual Life mortality, and higher Group claim volume and severity.

Additions to policy benefit reserves

Net additions to policy benefit reserves increased $106 million in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. Policyholders' reserves increased primarily due to natural growth in the Individual Markets business, a change in Life mean reserves due to higher annualized premiums, and higher paid claims for Individual Disability.

Commissions and operating expenses

Commissions and operating expenses increased $92 million in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016, primarily due to premium growth from better persistency and higher sales, higher general expenses, and higher reserve adjustments on reinsurance assumed for Individual Life products. These increases were offset by lower insurance taxes, licenses, and fees due to the moratorium in 2017 on the Affordable Care Act Annual Health Insurers Fee.

Dividends to Policyholders

Dividends to policyholders increased $12 million for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016, primarily due to higher cash values and lower expenses reflecting the aging of insurance in force and a change in the dividend scale.

Guardian Federal Income Tax Expense

Federal income tax expense on operations decreased $17 million for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016, primarily driven by the decrease in ordinary taxable income.

Net Realized Capital Gains After Tax and Transfers to IMR

Net realized capital gains after taxes and transfers to IMR were comprised of the following:

	As of September 30,		
	2017	**2016**	**$ Change**
Total net realized capital gains (losses) after taxes and transfers to IMR:			
Bonds	$ 210	$ 363	$ (153)
Preferred stocks	2	(8)	10
Common stocks—unaffiliated	8	11	(3)
Real estate	2	28	(26)
Derivatives and other invested assets	8	(57)	65
Net realized capital gains before deferral to the IMR	230	337	(107)
Capital gains tax expense	102	144	(42)
Transfer to IMR	123	208	(85)
Total net realized capital gains after taxes and transfers to IMR	$ 5	$ (15)	$ 20

The book values of investments are written down when a decline in value is considered to be other-than-temporary. For the nine months ended September 30, 2017, Guardian recorded $18 million in other-than-temporary impairment losses and for the nine months ended September 30, 2016, Guardian recognized $43 million in other-than-temporary impairment losses. Guardian employs a systematic methodology to evaluate other-than-temporary impairments. The methodology to evaluate declines in value utilizes a quantitative and qualitative process that attempts to evaluate available evidence concerning the declines in a disciplined manner.

Realized capital gains after tax and transfers to IMR do not reflect the changes in Asset Value Reserve (“AVR”) and other investment reserves, which are recorded as a change in surplus.

Bonds: Net realized capital gains after IMR decreased $68 million in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016, primarily driven by Guardian trading activity during 2017. There were no other-than-temporary impairments in the bond portfolio during the first nine months of 2017 and 2016.

Derivatives and other invested assets: Derivative instruments and other invested assets had realized gains of $8 million for the nine months ended September 30, 2017 as compared to realized losses of $57 million for the nine months ended September 30, 2016. There were $23 million in Real Estate Joint Venture gains during the nine months ended September 30, 2017 as compared to $2 million in realized losses for the first nine months ended September 30, 2016. Realized losses on futures contracts totaled $3 million during the first nine months of 2017 as compared to $7 million in realized losses during the first nine months of 2016. In addition, credit default swap contracts realized losses totaled $2 million during the first nine months of 2017 as compared to $4 million in realized losses during the first nine months of 2016. There were $18 million in realized impairment losses on other invested assets during the first nine months of 2017 as compared to $43 million in realized impairment losses on other invested assets during the first nine months of 2016. There were $8 million in foreign exchange related realized gains during the first nine months of 2017 as compared to $0 during the first nine months of 2016.

For the first nine months ended September 30, 2017, $123 million of net after-tax gains were deferred into the IMR primarily due to interest related gains associated with the sales of bonds. For the first nine months ended September 30, 2016, $208 million of gains were deferred into the IMR due to gains on bond sales. Gains/losses deferred to the IMR are amortized into income over the estimated life of the investment sold.

Assets

Total assets as of September 30, 2017 increased $3.343 billion, or 6.4%, as compared to December 31, 2016. The major component of the growth in assets was the increase in invested assets.

Total invested assets as of September 30, 2017 increased by $3.233 billion, or 6.9%, as compared to December 31, 2016, driven by increases in bonds, mortgages loans, common stocks, and other invested assets.

Deferred premiums, agents’ balances and installments as of September 30, 2017 increased $122 million, or 13.1%, as compared to December 31, 2016. This increase was a result of an increase in deferred premium assets related to Group life mean reserves due to a New York specific statutory requirement that a full year’s reserves be established at the beginning of the policy year and decrease throughout the year as premiums are earned.

Total current federal income tax recoverable as of September 30, 2017 decreased by $106 million, or 100%, due to higher operating and capital gain tax accruals causing a reclassification from a recoverable to a payable.

Liabilities

Total liabilities as of September 30, 2017 increased $2.650 billion, or 5.8%, as compared to December 31, 2016, primarily due to increases in reserves for policy benefits and policyholder dividends payable and other contract liabilities.

The increase in reserves for policy benefits of $1.882 billion at September 30, 2017 as compared to December 31, 2016 is primarily related to growth of Individual Markets reserves from aging of the insurance in force and changes to mean reserves in the Group and Worksite Markets business.

The increase in policyholder dividends payable and other contract liabilities is primarily related to the issuance of an $400 million funding agreement in May, 2017.

AVR increased $60 million, or 7.4%, at September 30, 2017 as compared to December 31, 2016, primarily due to the basic contribution requirement in the AVR formula, unrealized gains associated with the common stock holdings and realized capital gains that were determined to be credit related. The mortgage loan AVR component was up $1 million at September 30, 2017 as compared to December 31, 2016. At September 30, 2017, $347 million is reserved for bonds, preferred stock, short-term investments and derivatives, up $23 million from December 31, 2016, $32 million is reserved for mortgage loans at September 30, 2017 as compared to $31 million at December 31, 2016, $131 million is reserved for common stock, up $4 million from December 31, 2016, and $361 million is reserved for real estate and other invested assets at September 30, 2017, up $33 million from December 31, 2016.

Surplus

Surplus increased $693 million from $6.172 billion at December 31, 2016 to $6.865 billion at September 30, 2017. The increase in surplus was primarily due to net income of $270 million and the issuance of a surplus note in January of $347 million.

HISTORICAL SUMMARY FINANCIAL INFORMATION

The following table sets forth historical summary financial information for Guardian. You should read it in conjunction with "Financial and Accounting Matters," "Selected Historical Statutory Financial Information of Guardian," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Statutory Financial Statements included elsewhere in this Information Memorandum. The summary financial information for Guardian at and for each of the fiscal years in the three-year period ended December 31, 2016 has been derived from the Statutory Financial Statements included elsewhere in this Information Memorandum.

The preparation of financial statements of life insurance companies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results may differ from estimates. Historical results are not necessarily indicative of results for any future period.

The financial information of Guardian included in this Information Memorandum is presented in accordance with SAP. Statutory accounting is used by state insurance regulators to monitor the operations of insurance companies. Financial statements prepared under SAP vary from those prepared under GAAP in certain significant respects. For a description of the accounting principles applicable to the financial information shown in this Information Memorandum and certain differences between SAP and GAAP, see "Financial and Accounting Matters—Summary of Principal Differences Between SAP and GAAP."

The following historical summary financial information also includes certain information relating to GIAC, BLICOA, FCW and GIS at and for each of the fiscal years in the three-year period ended December 31, 2016. This information is derived from the audited financial statements of GIAC, BLICOA, FCW and GIS at and for each of the three years in the fiscal period ended December 31, 2016, which are not included in this Information Memorandum. GIAC and BLICOA prepare financial statements on the basis of SAP. FCW and GIS prepare financial statements on a GAAP basis.

Guardian's major subsidiaries include BLICOA, GIAC, FCW and GIS. BLICOA is a wholly-owned stock life insurance company domiciled in Massachusetts. It writes individual disability income insurance including multi-life and disability income. BLICOA has historically had a positive impact on Guardian's financial position as a result of its positive underwriting results, which have increased BLICOA's underlying net equity and the value of Guardian's investment in BLICOA. BLICOA's net equity is a component of Guardian's statutory surplus. From 2012 to 2016, BLICOA earned annual net income in the range of $14 million to $60 million. GIAC is a wholly owned stock life insurance company domiciled in Delaware. GIAC sells individual variable and fixed annuities, universal life insurance with secondary guarantees, and variable life insurance products. GIAC has historically had a positive impact on Guardian's financial position; however, GIAC's earnings are significantly impacted by the performance of its assets under management, which is directly linked to market performance, and hedging. From 2012 to 2016, GIAC earned annual net operating income before realized capital gains and losses in the range of $57 million in 2012 to $104 million in 2016, and annual net income after realized capital gains and losses in the range of ($29) million in 2012 to ($140) million in 2016, with losses driven primarily by losses under the GMWB hedging program.

FCW is a wholly-owned stock company domiciled in Delaware. It provides dental insurance and government program vision, dental and hearing products through various subsidiaries. FCW has historically had a positive impact on Guardian's financial position as a result of its positive underwriting results, which have increased FCW's underlying net equity and the value of Guardian's investment in FCW. FCW's net equity is a component of Guardian's statutory surplus. From 2012 to 2016, FCW earned annual net income in the range of $4 million to $25 million. GIS is a wholly-owned non-insurance limited liability company domiciled in Delaware and serves as the organizational focal point for various non-insurance and fee-oriented businesses owned and operated by Guardian as part of its overall growth strategy. Operated through various subsidiaries, GIS's businesses include third party asset management services provided to institutional counterparts, certain strategic and real estate investment activities, as well as non-insurance service businesses such as absence management and supporting the operation of dental clinics through its dental support organization subsidiaries. GIS's net equity is a component of Guardian's statutory surplus. In 2012, GIS had net losses of $4 million. In 2014 and 2013, GIS had net income of

$21 million and $4 million, respectively. In 2015, GIS had a net loss of $170 million driven primarily by the loss from discontinued operations of RS Investment Management Co. LLC. In 2016, GIS had a net loss of $24 million.

Historical selected financial information is being provided regarding BLICOA, GIAC, FCW and GIS due to their contribution to the financial condition of Guardian.

Guardian accounts for the value of its investments in subsidiaries at their underlying net equity. Net investment income is recorded by Guardian to the extent that dividends are declared by its subsidiaries. For the years ended December 31, 2016, 2015 and 2014, Guardian received an aggregate of $12 million, $43 million, and $324 million, respectively, in cash dividends from its subsidiaries. The dividend in 2014 consisted of cash and $305 million in mortgages and private placement bonds Guardian received from BLICOA. Operating results, less dividends declared, for such subsidiaries are reflected as net unrealized capital gains in the Statutory Statements of Changes in Surplus.

Guardian has not historically relied on dividends from its subsidiaries to meet its operating cash flow requirements. In addition, for life insurance subsidiaries, including BLICOA and GIAC, substantially all of their statutory surplus of approximately $526 million, $518 million and $572 million, on a combined basis, at December 31, 2016, 2015 and 2014, respectively, is subject to regulatory restrictions and limitations on the amount of dividends or other distributions that may be made without approval from regulators. As noted above, for the years ended December 31, 2016, 2015 and 2014, Guardian received an aggregate of $12 million, $43 million and $324 million, respectively, in cash dividends from its subsidiaries.

	Years Ended December 31,			$ Change	% Change	$ Change	% Change
	2016	2015	2014	2016 vs. 2015	2016 vs. 2015	2015 vs. 2014	2015 vs. 2014
	($ in Millions)						
Statements of Income Data:							
Revenue:							
Premiums, annuity considerations and fund deposits	$ 7,768	$ 7,334	$ 6,999	$ 434	5.9%	$ 335	4.8%
Net investment income	2,052	1,985	2,146	67	3.4%	(161)	(7.5%)
Other income	421	376	397	45	12.0%	(21)	(5.3%)
Total revenue	$ 10,241	$ 9,695	$ 9,542	$ 546	5.6%	$ 153	1.6%
Benefits and expenses:							
Benefit payments to policyholders and beneficiaries	$ 4,293	$ 4,104	$ 3,858	$ 189	4.6%	$ 246	6.4%
Net additions to policy benefit reserves	2,330	2,137	2,172	193	9.0%	(35)	(1.6%)
Commissions and operating expenses	2,262	2,048	1,997	214	10.4%	51	2.6%
Total benefits and expenses	$ 8,885	$ 8,289	$ 8,027	$ 596	7.2%	$ 262	3.3%
Gain from operations before dividends and federal income taxes	1,356	1,406	1,515	(50)	(3.6%)	(109)	(7.2%)
Dividends to policyholders[1]	(839)	(826)	(778)	(13)	1.6%	(48)	6.2%
Gain from operations before federal income taxes	$ 517	$ 580	$ 737	$ (63)	(10.9%)	$ (157)	(21.3%)
Federal income tax (expense) benefit	(141)	(82)	(102)	(59)	72.0%	20	(19.6%)
Income from operations before net realized capital gains	$ 376	$ 498	$ 635	$ (122)	(24.5%)	$ (137)	(21.6%)
Net realized capital gains	(8)	(65)	77	57	(87.7%)	(142)	(184.4%)
Net income	$ 368	$ 433	$ 712	$ (65)	(15.0%)	$ (279)	(39.2%)
Balance Sheet Data:							
Assets:							
Total assets	$ 51,884	$ 48,121	$ 45,296	$ 3,763	7.8%	$2,825	6.2%
Liabilities and surplus:							
Reserves for policy benefits	$ 39,369	$ 37,031	$ 34,856	$ 2,338	6.3%	$ 175	6.2%
Policyholder dividends payable and other contract liabilities[2]	3,107	2,189	2,054	918	41.9%	135	6.6%
Interest maintenance reserve	464	373	412	91	24.4%	(39)	(9.5%)
Asset valuation reserve	810	798	754	12	1.5%	44	5.8%
Other liabilities	1,962	1,640	1,528	322	19.6%	112	7.3%
Total liabilities	$ 45,712	$ 42,031	$ 39,604	$ 3,681	8.8%	$2,427	6.1%

	Years Ended December 31,			$ Change	% Change	$ Change	% Change
	2016	2015	2014	2016 vs. 2015	2016 vs. 2015	2015 vs. 2014	2015 vs. 2014
		($ in Millions)					
Surplus	6,172	6,090	5,692	82	1.6%	398	7.0%
Total liabilities and surplus	$ 51,884	$ 48,121	$ 45,296	$ 3,763	7.8%	$2,825	6.2%

(1) Dividends to policyholders are discretionary and subject to the approval of Guardian's Board of Directors.
(2) Statutory accounting practices require that the liability for policyholders' dividends include dividends currently payable and the full amount of dividends apportioned for payment over the 12 months following the date of the applicable payment.

RISK FACTORS

Risk Factors Related to Guardian

A downgrade or a potential downgrade in Guardian's financial strength ratings could harm its business.

Ratings are an important factor in the competitive position of life insurance companies. Rating agencies regularly review the financial performance and condition of insurers, including Guardian. As of September 30, 2017, the financial strength ratings for Guardian as assigned by S&P, Moody's, A.M. Best and Fitch were AA+, Aa2, A+++ and AA+, respectively. These ratings indicate a rating agency's view of Guardian's ability to meet its obligations to its insureds. Any rating is not a recommendation to purchase, sell, or hold any particular security. Such ratings do not comment as to market price or suitability for a particular investor.

The rating agencies assign ratings based upon consideration of several qualitative and quantitative factors, including the rated company's operating performance and investment results, risk profile and capital resources. The rating agencies may also consider factors that may be outside of the rated company's control, including changes to general economic conditions. A downgrade in Guardian's ratings could adversely affect, among other things, its ability to sell certain of its products, the rate of contract surrenders and withdrawals, the return on the insurance and annuity products it issues and, ultimately, the results of its operations and its ability to compete for attractive acquisition opportunities. Guardian cannot predict what actions rating agencies may take in the future that could adversely affect its business. As with other companies in the financial services industry, Guardian's ratings could be downgraded or withdrawn at any time and without any notice by any rating agency.

Guardian's investment portfolio and aspects of Guardian's business are subject to the full range of market risks, including credit, liquidity and equity markets and interest rate risks.

Guardian's investment portfolio consists primarily of investment grade bonds, mortgage loans and policy loans. The portfolio also contains or may contain other investments such as public common stock, private equity, real estate, bank loans, CMBS, derivatives and non-investment grade bonds. The main risks facing the portfolio are credit risk, liquidity risk, equity market risk and interest rate risk and real estate-related risks.

Credit risk is the risk that issuers of investments owned by Guardian may default or that other parties may not be able to pay amounts due to Guardian. Guardian seeks to manage credit risk by a risk management process that combines active fundamental credit analysis with quantitative risk management and by portfolio diversification across various asset types, industry sectors and issuers and, in some circumstances, by purchasing credit protection using credit derivatives or using credit replication.

Closely related to credit risk is counterparty risk, which is the risk that counterparties in over-the-counter ("OTC") derivatives transactions may not be able to make required payments. Guardian attempts to reduce its derivative counterparty risk by the exchange of collateral between Guardian and its counterparties. Guardian uses over-the-counter derivatives on a limited basis and has collateral agreements in place with all counterparties. As of December 31, 2016, the combined market value of all of Guardian's OTC derivatives positions was approximately $17 million (meaning that Guardian would receive from its counterparties that amount if all transactions are terminated on that date) with a total notional value of approximately $437 million, and Guardian had net collateral posted by counterparties associated with uncleared derivatives positions of approximately $19 million.

Although Guardian attempts to carefully and actively manage these risks, there can be no assurance that they will be managed successfully. Credit and counterparty risk could be heightened during periods of extreme volatility or disruption in the financial and credit markets. A widening of credit spreads can increase the unrealized losses in Guardian's investment portfolio. The factors affecting the financial and credit markets could lead to other-than-temporary impairments of assets in Guardian's investment portfolio. Impairment of assets could lead to a decrease in Unassigned Surplus.

Liquidity risk is the risk that policyholder mortality experience, demands for life insurance policy loans and surrenders and withdrawals and other funding requirements are greater than the amount of available cash and assets that can readily be converted into cash. Although certain types of investments such as Treasury bonds and short-term investments can be converted to cash easily, investments which are not publicly traded, such as commercial mortgage loans, privately-placed fixed income securities, policy loans, limited partnership interests and equity real estate and certain mortgage-backed and asset-backed securities, generally cannot be as readily liquidated while other investments may be liquidated with higher than usual transaction costs in some market environments. Guardian attempts to manage liquidity risk by holding assets with what it views as sufficient liquidity to pay policyholder life insurance policy loans, surrenders, withdrawals and other cash outflow needs. However, there can be no assurances that Guardian will maintain sufficient liquidity to pay these amounts. Securities that are less liquid are also more difficult to value.

Equity market risk is the risk that stocks decline in value. Equity typically has more mark-to-market volatility than fixed income asset classes and, as a result, regulators assign higher capital charges for public equity investments.

GIAC is a writer of variable annuity products. The account values of these products have been affected by past downturns in the capital markets, especially equity markets. Any future decrease in account values will decrease the fees generated by GIAC's variable annuity products and may increase the level of reserves GIAC must carry to support those variable annuities issued with any associated guarantees.

Currency foreign exchange ("FX") rate risk is the risk that changes in currency markets may increase FX volatility and result in mark-to-market losses for unhedged currency risk.

In order to attempt to reduce the effect of volatility from mark-to-market assets such as equity investments and FX exposure on its statutory surplus, Guardian currently employs a macro dynamic hedging program. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Information about Market Risk—Hedging Programs" for a description of this macro hedging program. There can be no assurances or guarantees that this macro dynamic hedging program will reduce Guardian's equity and FX market risk.

While the dynamic hedging program seeks to protect Guardian's capital from statutory mark-to-market investment losses in accordance with pre-specified risk guidelines, there are various risks that may impact the effectiveness of the program, including operational risks associated with the execution of the program, liquidity risks in the futures markets, availability of suitable instruments to replicate the options, model risks and basis risks between the futures and the underlying portfolios, continuity of trading in the futures markets in periods of distress, and changes in the relevant regulatory environment at the federal and state levels and the cost of hedging. In addition, the macro dynamic hedging program does not protect Guardian's assets that do not have a mark-to-market impact on capital.

Interest rate risk is the risk of loss due to changes in interest rates. Guardian attempts to manage interest rate risk with what it believes to be a rigorous asset/liability management program, including the use of derivatives. For example, policyholder life insurance policy loans and surrenders and withdrawals may be higher than expected when interest rates are high, or interest rates may drop so low as to make it difficult to support minimum interest rate guarantees. This latter situation is exacerbated when policyholder deposits are higher than expected. While actions may be taken to mitigate the potential effects of such policyholder options, it is impossible to eliminate all risk. Similarly, some assets may have prepayment rights or call options which might be exercised when interest rates are low and borrowers can benefit from refinancing at lower interest rates. The asset/liability management program attempts to identify such risks and to utilize various instruments, including derivatives, to offset those risks in a cost-effective manner, but there can be no assurances it will be sufficient to significantly reduce or eliminate such risks. See "—Changes in interest rates may adversely affect Guardian's business, results of operations, financial condition and liquidity."

Significant financial and credit market volatility, changes in interest rates and credit spreads, credit defaults, market illiquidity, declines in equity prices, changes in currency exchange rates and declines in general economic conditions, either alone or in combination, could have a material adverse impact on Guardian's business, results of operations and financial condition. In addition, market volatility can make it difficult for Guardian to value certain of its assets, especially if trading becomes less frequent. Valuation may include assumptions or estimates that may have significant period-to-period changes that could have an adverse impact on Guardian's results of operations or financial condition.

Some of Guardian's investments are relatively illiquid and are in asset classes that could experience significant market valuation fluctuations.

Guardian holds certain investments that lack liquidity, such as privately placed fixed income securities, commercial mortgage whole loans, non-agency residential mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities, collateralized loan obligations, investments in subsidiaries and affiliates, policy loans, equity real estate, including real estate joint ventures and other limited partnership interests. These asset classes represented 45% of the carrying value of Guardian's total cash and invested assets as of December 31, 2016. Investments in partnerships and LLCs, which represented approximately 3.7% of the carrying value of Guardian's total cash and invested assets as of December 31, 2016, may produce investment income which fluctuates from period to period and are less predictable and more variable than may be the case with more conventional asset classes. In addition, many of these assets have limitations on redemptions and trading, which may cause them to be less liquid than more conventional asset classes, such as publicly traded bonds and equities.

In addition, as of December 31, 2016, Guardian had future funding commitments relating to investments in partnerships and unaffiliated LLCs of $786 million. If Guardian were to require significant amounts of cash on short notice in excess of normal cash requirements or were required to return or post collateral in connection with its investment portfolio or derivatives transactions, Guardian could have difficulty selling these investments in a timely manner, be forced to sell them for less than it otherwise would have been able to realize, or both.

The reported value of Guardian's relatively illiquid types of investments, its investments in the asset classes described in the paragraph above and, at times, its higher quality, generally liquid asset classes, do not necessarily reflect the lowest current market price for the asset. If Guardian were forced to sell certain of its assets in a distressed market, there can be no assurance that it will be able to sell them for the prices at which it has recorded them and it could be forced to sell them at significantly lower prices. Moreover, Guardian's ability to sell such assets may be limited if other market participants are seeking to sell at the same time. See "—The determination of the amount of allowances and impairments taken on Guardian's investments is highly subjective and could materially impact its results of operations or financial position."

Guardian's valuation of fixed maturity, equity and trading securities may include methodologies that are subject to significant uncertainties and could result in changes to investment valuations that may materially adversely affect its results of operations or financial condition.

Guardian utilizes independent external pricing services such as FT Interactive Data Corp, Bloomberg and Markit for security pricing. During periods of market disruption, it may be difficult to value certain of Guardian's securities if trading becomes less frequent and/or market data becomes less observable. There may be certain assets or asset classes that were in active markets with significant observable data that become illiquid due to an adverse financial environment or volatile market conditions. As a result, valuations may include inputs and assumptions that are less observable or require greater estimation and judgment as well as valuation methods which are more complex. These values may not be ultimately realizable in a market transaction, and such values may change very rapidly as market conditions change and valuation assumptions are modified. Decreases in value may have a material adverse effect on Guardian's results of operations or financial condition.

Failure to properly value Guardian's investments could result in losses, thereby adversely affecting Guardian's Unassigned Surplus.

The determination of the amount of allowances and impairments taken on Guardian's investments is highly subjective and could materially impact its results of operations or financial position.

The determination of the amount of allowances and impairments vary by investment type and is based on Guardian's periodic case-by-case evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised. Such evaluations and assessments can change significantly from period to period, especially in times of high market volatility. Market volatility can make it more difficult to value Guardian's securities if trading in such securities becomes less frequent. In addition, a forced sale by holders of large amounts of a security, whether due to insolvency, liquidity or other issues with respect to such holders, could result in declines in the price of a security. There can be no assurance that management has accurately assessed the level of impairments taken and allowances reflected in the financial statements. Furthermore, additional impairments may need to be taken or allowances provided for in the future. Historical trends may not be indicative of future impairments or allowances. The amount of impairments can affect the amount of Unassigned Surplus.

The book value of Guardian's fixed income investments and the cost of equity securities is adjusted for impairments in value deemed to be other-than-temporary in the period in which the determination is made. The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in fair value. The decision to record an other-than-temporary impairment or write-down is determined by management's assessment of the financial condition and prospects of a particular issuer, projections of future cash flows, and recoverability of the particular security, as well as evaluation of Guardian's ability and intent to hold the securities for a period of time to allow for a recovery of value. Management's conclusions on such assessments may ultimately prove to be incorrect as facts and circumstances change.

The review of Guardian's fixed income and equity securities for impairments includes an analysis of the total gross unrealized losses by three categories of securities: (i) securities where the estimated fair value had declined and remained below cost or amortized cost by less than 20%; (ii) securities where the estimated fair value had declined and remained below cost or amortized cost by 20% or more for less than twelve months; and (iii) securities where the estimated fair value had declined and remained below cost or amortized cost by 20% or more for twelve months or greater. At December 31, 2016, of Guardian's total gross unrealized losses of $558 million, approximately 93% related to securities falling into category (i), 2% related to securities falling into category (ii) and 5% related to securities falling into category (iii).

In addition, Guardian's management considers a wide range of factors about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations in the impairment of a commercial mortgage include, but are not limited to, the following: (i) significant change in the occupancy level of the underlying property; (ii) significant change in the rental rates; (iii) bankruptcy filings of major tenants; (iv) catastrophic events; and (v) other subjective factors. There can be no assurance Guardian's management will correctly assess allowances and impairments on its investments, which could lead to investment losses that adversely affect its Unassigned Surplus.

Defaults on commercial mortgage loans and volatility in performance may adversely affect Guardian's results of operations and financial condition.

Commercial mortgage loans face delinquency and default risk. In addition, future refinancing risks for commercial mortgage loans have resulted in declining values on certain of such instruments. Commercial mortgage loans are carried at amortized cost under SAP. Guardian establishes valuation allowances for estimated impairments as of the balance sheet date. Such valuation allowances are based on the excess carrying value of the loan over the present value of expected future cash flows discounted at the loan's original effective interest rate or the value of the loan's collateral if the loan is in the process of foreclosure or otherwise collateral dependent. Guardian also establishes allowances for loan losses when a loss contingency exists for pools of loans with similar characteristics, such as mortgage loans based on similar property types or loan to value risk factors.

As of December 31, 2016, Guardian held $3.5 billion (carrying value) of commercial real estate mortgage loans. The fair value of Guardian's commercial mortgage loan portfolio as of December 31, 2016 was $3.5 billion, and there were no loans that were either delinquent or in the process of foreclosure as of December 31, 2016. The performance of Guardian's commercial mortgage loan investments, however, may fluctuate in the future. An increase in the default rate of Guardian's commercial mortgage loan investments or a borrower's inability to refinance or pay off its loan at maturity could have an adverse effect on Guardian's results of operations and financial condition, which could reduce the amount of Guardian's Unassigned Surplus. In addition, 19% of the aggregate principal amount of Guardian's commercial mortgage loans are scheduled to mature in the next three years. If these loans are not refinanced or paid in full at maturity, Guardian's mortgage loan investments could be adversely affected.

Any geographic or sector concentration of Guardian's commercial mortgage loans may have adverse effects on its investment portfolios and, consequently, on its results of operations or financial condition. While Guardian seeks to mitigate this risk by having a broadly diversified portfolio, events or developments that have a negative effect on any particular geographic region or sector may have a greater adverse effect on its investment portfolios to the extent that the portfolio is concentrated.

Changes in interest rates may adversely affect Guardian's business, results of operations, financial condition and liquidity.

The profitability of the life insurance and annuity businesses of Guardian and its insurance subsidiaries is sensitive to interest rate changes, which could adversely affect Guardian's investment returns and results of operations. Despite remaining at relatively low level levels by historic standards, interest rates in the United States have recently increased and are expected to continue to increase in the near term. Periods of high or increasing rates have the potential to negatively affect Guardian's profitability in the following principal ways:

- In periods of increasing interest rates, life insurance policy loans, as well as surrenders and withdrawals on life insurance and annuity products may increase as policyholders seek investments with higher perceived returns. As of December 31, 2016, GIAC had outstanding $997 million of annuities that were subject to surrender at book value without a surrender charge. This could result in cash outflows requiring GIAC to sell invested assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which could cause Guardian to suffer realized investment losses. As of December 31, 2016, GIAC had bond assets with a carrying value of $186 million maturing on or prior to December 31, 2017.

- The income from certain of the insurance and annuity products of Guardian and its insurance subsidiaries is derived from the spread between the crediting rate it is required to pay under the contracts and the rate of return it is able to earn on its general account investments supporting such contracts. When interest rates rise, Guardian may face competitive pressure to increase crediting rates on such contracts. Guardian may increase its crediting rates more quickly than corresponding changes to the rates it earns on its general account investments, thereby reducing its spreads in respect of such contracts. This risk is heightened in the current market and economic environment, in which many securities with higher yields are unavailable. An increase in interest rates would also adversely affect the fair values of Guardian's fixed income securities.

U.S. long-term interest rates remain at relatively low levels by historical standards. Periods of low interest rates have the potential to negatively affect Guardian's profitability in the following principal ways:

- Low interest rates tend to decrease the yield Guardian earns on its portfolio of fixed income investments. This could in turn compress the spreads Guardian and its insurance subsidiaries earn on products, such as universal life and certain annuities, on which they are contractually obligated to pay customers a fixed minimum rate of interest. Should new money interest rates continue to be sufficiently below guaranteed minimum rates for a long enough period, Guardian and its insurance subsidiaries may be required to pay policyholders or annuity owners at a higher rate than the rate of return they earn on their respective portfolios of investments supporting those products.

- In periods of low interest rates, Guardian generally must invest the proceeds from the maturity, redemption or sale of fixed income securities from its portfolio at a lower rate of interest than the rate it had been receiving on those securities. A low interest rate environment may also be likely to cause redemptions and prepayments to increase. In addition, in periods of low interest rates, it may be difficult to identify and acquire suitable investments for proceeds from new product sales or proceeds from the maturity, redemption or sale of fixed income securities from Guardian's portfolio, which could further decrease the yield it earns on its portfolio or cause Guardian to reduce the sales of some products.

Guardian's exposure to credit spreads could adversely affect its results of operations, financial condition and liquidity.

Guardian's exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. A widening of credit spreads increases the net unrealized loss position of the fixed income investment portfolio and, if issuer credit spreads increase significantly or for an extended period of time, would likely result in higher other-than-temporary impairments. Credit spread tightening would reduce net investment income associated with new purchases of fixed income securities.

In addition, market volatility can make it difficult to value certain of Guardian's securities if trading becomes less frequent. As such, valuations of securities may include assumptions or estimates that may change significantly from period to period. This could increase the net unrealized loss position of Guardian's fixed income investment portfolio and increase other-than-temporary impairments, which could have a material adverse effect on Guardian's results of operations, financial condition or liquidity, which could reduce the amount of Guardian's Unassigned Surplus.

Sustained or significant deterioration in economic conditions could adversely affect Guardian's business.

Generally weak economic conditions may have a negative impact on Guardian's operating activities. Factors such as consumer spending, business investment, government spending, the volatility and strength of the capital markets and inflation affect the business and economic environment and, ultimately, the amount and profitability of Guardian's business. In economic conditions characterized by higher unemployment, lower family income, lower business investment and lower consumer spending, the demand for Guardian's financial and insurance products could be adversely affected. In addition, elevated incidence of claims and lapses or surrenders of policies may occur. Policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Adverse changes in the economy could affect Guardian's earnings negatively and could have a material adverse effect on its business, results of operations and financial condition.

In addition, Guardian is susceptible to risks associated with the potential financial instability of the vendors on which Guardian relies to provide services or to whom it delegates certain functions. The same conditions that may affect Guardian's customers also could adversely affect its vendors, causing them to significantly and quickly increase their prices or reduce their output. Guardian's business depends on its ability to perform, in an efficient and uninterrupted fashion, its necessary business functions, and any interruption in the services provided by third parties could also adversely affect Guardian's cash flow, profitability and financial condition, which could reduce the amount of Guardian's Unassigned Surplus.

Guardian is subject to extensive regulation, which restricts its operations and imposes compliance costs.

Guardian and its insurance subsidiaries are subject to extensive regulatory oversight. Although Guardian endeavors to maintain all required licenses and approvals, its businesses may not fully comply with the wide variety of applicable laws and regulations or the relevant authority's interpretation of the laws and regulations, which may change from time to time. Also, state regulatory authorities have relatively broad discretion to grant, renew or revoke licenses and approvals. If Guardian does not have the requisite licenses and approvals or does not comply with applicable regulatory requirements, the insurance regulatory authorities could preclude or temporarily suspend Guardian from carrying on some or all of its activities or impose substantial fines. Further, insurance regulatory authorities have relatively broad discretion to issue orders of supervision, which permit such authorities to supervise the business and operations of an insurance company.

State insurance regulators and the NAIC continually reexamine existing laws and regulations and may impose changes in the future that put further regulatory burdens on insurers and that may have an adverse effect on Guardian's business, results of operations and financial condition. Guardian's business also could be adversely affected by regulations or changes in state law relating to standards of minimum capital requirements and solvency, including RBC measurements, asset and reserve valuation requirements, surplus limits, limitations on investments, limitations on transactions with affiliates, risk-based capital requirements and premium taxes or other regulatory or tax matters. In addition, from time to time regulators raise issues during examinations or audits that could, if determined adversely, have a material impact on Guardian. Guardian cannot predict whether or when regulatory actions may be taken that could adversely affect its operations.

Guardian's insurance business is subject to regulation with respect to policy rates, minimum guarantees and related matters. In addition, assessments are levied against Guardian as a result of mandatory participation in various types of state guaranty associations, which are state associations designed to protect policyholders in the event of insolvencies of insurers. The amounts of such assessments are highly unpredictable and could increase significantly if there is an increase in the number or size of insurance companies which become insolvent or subject to rehabilitation. The net amount of such assessments against Guardian was approximately $2 million, $0.7 million and $4 million for 2016, 2015 and 2014, respectively. These amounts may not be an indication of future levels of assessments. See "Business of Guardian—Regulation."

Guardian is domiciled in the State of New York and the State of New York accounts for more premium income volume for Guardian than any other state, approximately 18.31% in 2016, 18.38% in 2015 and 18.46% in 2014. Accordingly, changes in New York laws and regulations that apply to business written in New York can affect Guardian disproportionately relative to its competitors. Examples of such changes include increases in premium taxes and resulting retaliatory taxes, other types of assessments, potentially higher reserve and capital requirements and changes such as with respect to disclosure of producer compensation that might have a less direct effect.

Furthermore, limited aspects of Guardian's dental business are subject to the Patient Protection and Affordable Care Act ("ACA"). In the small group market, ACA mandates a minimal level of benefits for pediatric dental care (the "Pediatric Mandate"), which may be sold separately as a stand-alone dental product or embedded in a medical product. The Pediatric Mandate is subject to some of the reform mandates imposed by ACA and may be subject to additional new state-by-state requirements as health care reform is implemented throughout the U.S. in the future. Such mandates could impact Guardian's ability to offer the Pediatric Mandate in the small group market either on or off the federal or state exchanges in future years.

Certain of Guardian's direct and indirect subsidiaries, as well as certain policies and contracts sold by them, are subject to various forms of regulation under the federal securities laws administered by the SEC. The Financial Industry Regulatory Authority, Inc. ("FINRA"), a securities self-regulatory organization, as well as the states in which certain of Guardian's direct and indirect subsidiaries offer securities products, provide investment advisory services, or conduct other securities-related activities, also regulate aspects of Guardian's securities-related businesses. These subsidiaries could be restricted in the conduct of their securities-related businesses should they fail to comply with such laws and regulations. Legal proceedings and regulatory investigations and inquiries with respect to revenue sharing, sales to seniors, and other aspects of the mutual fund and variable annuity businesses are ongoing and expected to continue in the future and could result in legal precedents, as well as new industry-wide legislation, rules, or regulations that could significantly affect the financial services industry, including mutual fund and variable annuity companies affiliated with Guardian. Future laws and regulations, or the interpretation thereof, could materially and adversely affect Guardian's business, results of operations and financial condition by increasing compliance expenses.

Federal legislation and administrative policies in certain areas, including employee benefit plan regulation and individual retirement account regulation, federal taxation and securities regulation, could significantly affect the insurance industry and the costs faced by its participants. For example, in April 2016, the U.S. Department of Labor (the "DOL") finalized a new fiduciary rule which expands the circumstances in which sales personnel, such as agents and registered representatives, or service providers to employee benefit plans and individual retirement accounts (IRAs) are considered fiduciaries under ERISA. The DOL also finalized new prohibited transaction exemptions and amendments to existing prohibited transactions exemptions that, among other things, apply more extensive disclosure and other requirements to, and increase fiduciary liability exposure in respect of, transactions involving ERISA plans, plan participants and individual retirement accounts. Although the fiduciary rule and these exemptions were scheduled to take effect in April 2017, the DOL delayed the applicability of the rule and certain provisions of the exemptions to June 2017 in response to a memorandum to the DOL from President Trump.

Furthermore, in November 2017, the DOL extended the transition period for the full applicability of these exemptions from January 1, 2018 to July 1, 2019. There has been public speculation that the DOL or the Trump Administration may modify the impact of the fiduciary rule or the terms of the exemptions or support legislation that would mitigate the impact of the regulatory change. In anticipation of the possibility that the new fiduciary rule or the conditions imposed under any possible exemption may be modified, it is not possible to predict the impact of the new rules on Guardian and its insurance subsidiaries' businesses and its impact on interactions with existing and prospective customers in Guardian's asset management, individual life and group insurance businesses, and increased compliance costs.

Some of the regulatory authorities that oversee Guardian's businesses are considering or may in the future consider new regulatory requirements intended to assure the stability of institutions under their supervision. These authorities may also seek to exercise their supervisory or enforcement authority in new or more robust ways. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. Guardian cannot predict the substance or impact of pending or future legislation, regulation or the application thereof. Any such changes could affect the way Guardian conducts its business and manages its capital, which in turn could materially affect its results of operations, financial condition and liquidity.

Compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in these laws and regulations may materially increase Guardian's direct and indirect compliance and other expenses of doing business, thus having a material adverse effect on its financial condition or results of operations.

The Dodd-Frank Act and certain other potential changes in federal laws and regulations may adversely affect Guardian's business, results of operations and financial condition.

In July 2010, Congress passed, and President Obama signed, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). Policy and rule-making conducted after the enactment of the Dodd-Frank Act has and will continue to significantly change financial regulation. Guardian cannot predict the full impact this financial reform legislation will have on its business, results of operations or financial condition. The Dodd-Frank Act establishes a general framework for systemic regulation that has imposed mandatory clearing, exchange trading and margin requirements on many derivatives transactions. A possible effect of the Dodd Frank Act could be to increase Guardian's overall costs of entering into derivatives transactions. In particular, new margin requirements and capital charges, even when not directly applicable to Guardian, may increase the pricing of its derivatives transactions.

Guardian may be required to post initial margin on a daily basis to its derivatives counterparties in an amount that the counterparty determines appropriate, and to exchange variation margin on a daily basis with its derivative counterparties based on the daily fair value of the non-cleared swaps. In addition, since eligible margin under the rules is restricted to cash or highly liquid securities, Guardian's cost of using derivatives and managing collateral may increase but not significantly since currently Guardian already posts mainly cash under its ISDA collateral support annex obligations to its derivative counterparties.

To the extent that Guardian's derivatives counterparty collects initial margin from it, Guardian may request that the SD counterparty segregate all such initial margin at a custodian. If Guardian does not request segregation, the custodian or counterparty may commingle such assets or collateral with the custodian's or counterparty's own assets or collateral, and in the event of the bankruptcy or insolvency of the custodian or counterparty, such assets and collateral may be subject to the conflicting claims of the creditors of the relevant custodian or counterparty, which may result in a loss to Guardian.

In addition, where Guardian enters into certain swaps that are subject to mandatory clearing, Guardian will be required to execute such swaps on a registered exchange or trading platform. While Guardian will benefit from reduced counterparty credit and operations risk and price transparency resulting from these clearing and trading requirements (where applicable), Guardian will incur additional costs in trading these swaps. While Guardian will attempt to ensure that these swaps are executed, cleared and settled through entities it believes to be sound, there can be no assurance that a failure by any such entity will not cause a loss to Guardian.

Further, where Guardian enters into a swap with non-U.S. counterparties, the regulations of the home or resident country of such counterparty may apply with respect to such swap. The requirements and protections afforded to us under such non-U.S. regulations may be materially different from those under U.S. laws. For example, the European Union regulations on derivatives will impose position limits on commodity transactions, and the European Market Infrastructure Regulation ("EMIR") already requires reporting of derivatives and various risk mitigation techniques to be applied to derivatives entered into by parties that are subject to the jurisdiction of EMIR. In the near future, certain entities will be subject to a mandatory clearing requirement with respect to certain of their OTC derivatives, as well as initial and variation margin requirements with respect to their non-cleared derivatives, under the regulations implementing EMIR. These European Union regulatory changes will impact a broad range of counterparties, both outside and within the European Union, and are expected to potentially increase our costs of transacting derivatives (particularly with banks and other dealers directly subject to such regulations).

As a result of these regulatory requirements and the reduced availability of certain customized derivatives, the costs of Guardian's hedging transactions have and may continue to increase.

The Dodd-Frank Act also establishes a Financial Stability Oversight Council ("FSOC") which has authority to designate non-bank financial companies as systemically important financial institutions ("non-bank SIFIs") thereby subjecting them to enhanced prudential standards and supervision by the Federal Reserve. The prudential standards for non-bank SIFIs include enhanced RBC requirements, leverage limits, liquidity requirements, single counterparty exposure limits, governance requirements for risk management, stress test requirements, special debt-to-equity limits for certain companies, early remediation procedures and recovery and resolution planning. If the FSOC were to determine that Guardian is a non-bank SIFI, Guardian would become subject to certain of these enhanced prudential standards. Other regulators such as state insurance regulators may also determine to adopt new or heightened regulatory safeguards as a result of actions taken by the Federal Reserve in connection with its supervision of non-bank SIFIs. There can be no assurance that such new or enhanced regulation will not apply to Guardian.

In addition, the Dodd-Frank Act establishes the Federal Insurance Office ("FIO") within the U.S. Department of the Treasury, which has the authority, on behalf of the United States, to participate in the negotiations of international insurance agreements with foreign regulators, as well as to collect information about the insurance industry and recommend prudential standards. While not having a general supervisory or regulatory authority over the business of insurance, the director of the FIO will perform various functions with respect to insurance, including serving as a non-voting member of FSOC and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation. On December 12, 2013, the FIO issued a report to Congress setting forth recommendations on modernization of the system of insurance regulation in the United States. The report raised the possibility of a greater role for the federal government if states do not achieve greater uniformity in their laws and regulations. In 2014, the FIO submitted a second report to Congress which described the breadth of the global reinsurance market and its critical role in supporting the U.S. insurance system.

Federal agencies have been given significant discretion in connection with rulemaking pursuant to and implementation of the Dodd-Frank Act. The full impact of the Dodd-Frank Act on Guardian will not be determined until the numerous regulations required by the act are finalized, which may not occur for some time. Additionally, it is unclear what impact the Trump administration's policies and a Republican majority in both chambers of Congress will have on the Dodd-Frank Act and the resulting impact on Guardian's business, financial condition or results of operations. On February 3, 2017, President Trump signed an executive order directing the Secretary of the Treasury to review the extent to which current financial regulatory policy, which would include the Dodd-Frank Act, promotes the Trump administration's financial regulatory policy aims. Guardian cannot predict whether any such legislation or regulatory changes will be adopted, or what impact they will have on Guardian's business, financial condition or results of operations.

Litigation and regulatory investigations are common in the life insurance industry and may harm Guardian's business and financial strength and reduce its profitability.

Life insurance companies and their affiliated financial services businesses have historically been subject to substantial litigation, including the risk of individual and class action law suits, resulting from claims disputes or relating to suitability, sales or underwriting practices, product design, disclosure, claims and payment procedures, administration, denial or delay of benefits and breaches of fiduciary or other duties. Most of the actions seek substantial or unspecified compensatory and punitive damages and the probability and amount of liability, if any, may remain unknown for substantial periods of time. Guardian and its subsidiaries are also subject to various regulatory inquiries from time to time, such as information requests and books and record examinations, from state and federal regulators and other authorities. Guardian is, from time to time, a plaintiff or defendant in actions arising out of its insurance business. Litigation, as well as governmental, administrative or regulatory proceedings, inquiries or investigations may harm Guardian's business and financial strength and reduce its profitability. Moreover, even if Guardian ultimately prevails in the litigation, regulatory action or investigation, it could suffer significant harm to its reputation, which could have a material adverse effect on its business, results of operations and financial condition, including its ability to attract new customers, retain current customers and recruit and retain employees and agents.

Changes in tax laws and the interpretation thereof could adversely affect Guardian's business.

Congress has, from time to time, considered legislation that could adversely impact the manner of taxing the products Guardian sells and of calculating the amount of taxes paid by life insurance companies or other corporations, including Guardian. In recent years, proposals have been made to limit a life insurance company's dividends received deduction ("DRD") with respect to variable life insurance and annuity contracts that it sells. Changes in the rules relating to policy acquisition expense (also called deferred acquisition costs, or "DAC") and tax reserving methodologies for various Guardian products have also been proposed, which could result in higher current taxes to Guardian.

Tax reform legislation that is being considered by Congress (the "Tax Reform Bills") generally calls for a reduction in federal income tax rates, and simplification of the tax code. The Tax Reform Bills provide for a flat 20% corporate income tax rate, which may be phased in. To help offset the cost of this rate reduction, the Tax Reform Bills have included a number of different revenue raisers, including changes to the DRD and DAC rules and to tax reserve deductions. If enacted, the changes proposed in the Tax Reform Bills could have an adverse impact on Guardian, notwithstanding the lower corporate income tax rate. Such changes could also impact Guardian's investments and investment strategies. In addition, any reduction in the corporate income tax rate would reduce the value of Guardian's deferred tax assets and, as a result, Guardian's statutory surplus. These changes and other changes to federal, state or other tax laws, or in the interpretation of applicable tax laws and regulations, could reduce Guardian's earnings and adversely affect Guardian's business, financial condition or results of operations.

The attractiveness to Guardian's customers of many of its products may be due, in part, to favorable tax treatment. Current federal income tax laws generally permit the tax-deferred accumulation of earnings on the premiums paid by the holders of life insurance and annuity products. Taxes, if any, are payable generally on income attributable to a distribution under the contract for the year in which the distribution is made. Death benefits under life insurance contracts may be received free of federal income tax. Congress has, from time to time, considered legislation that could have the effect of reducing or eliminating the benefit of such income tax deferral or otherwise affect the taxation of life insurance or annuity products. As a result, demand for certain of Guardian's life insurance and annuity products that offer income tax deferral could be negatively impacted. To the extent that legislation is enacted in the future to reduce the tax deferred status of life insurance or annuity products, limit the exclusion of death benefits from income, or reduce the taxation of competing products, all life insurance companies, including Guardian, could be adversely affected. Likewise, reductions in individual tax rates could reduce the attractiveness of tax deferral to Guardian's potential customers.

Congress has from time to time, including in the Tax Reform Bills, considered material changes to, or a repeal of, the estate tax. Many of Guardian's products are sold to customers in order to help them meet their estate tax planning needs. To the extent that legislation is enacted in the future that would materially change the estate tax, sales of Guardian's products could be adversely affected.

It is likely that the Tax Reform Bills will be substantially revised through the legislative process, and Guardian cannot predict whether the Tax Reform Bills or any other tax legislation will be enacted, or what provisions such legislation would contain.

Guardian files U.S. federal income tax returns along with various state and local income tax returns. From time to time, Guardian is subject to audits of its federal, state and local tax returns. Years 2010 and prior are closed for U.S. federal income tax audits. As of the date of this Information Memorandum, Guardian is under examination by the Internal Revenue Service ("IRS") for tax year 2013. There are a number of state and local governmental audits in process. While Guardian does not expect any material changes as a result of pending audits, there can be no assurance that there will not be any such adjustments in the future.

New accounting rules, changes to existing accounting rules or the granting of permitted accounting practices to competitors could have an adverse effect on Guardian's results of operations and financial condition.

Guardian is required to comply with SAP. SAP and various components of SAP (such as actuarial reserving methodologies) are subject to review by the NAIC and its task forces and committees, as well as state insurance departments, in an effort to address emerging issues and otherwise improve or alter financial reporting. Various proposals are currently, or have been previously, pending before committees and task forces of the NAIC, some of which, if enacted, would negatively affect Guardian. The NAIC is also currently working to reform state regulation in various areas, including comprehensive reforms relating to life insurance reserves and the accounting for such reserves. For example, in December 2012, the NAIC approved a new valuation manual containing a principles-based approach to life insurance company reserves. Principles-based reserving is designed to better address reserving for products, including the current generation of products for which the current formulaic basis for reserve determination does not work effectively. Although the principles-based approach became effective on January 1, 2017 in the states in which it has been adopted, insurance commissioners of certain states do not actively support the principles-based reserve approach.

Guardian cannot predict whether or in what form reforms will be enacted and, if so, whether the enacted reforms will positively or negatively affect it.

In addition, the NAIC Accounting Practices and Procedures Manual provides that state insurance departments may permit insurance companies domiciled therein to depart from SAP by granting them permitted accounting practices. Guardian cannot predict what permitted and prescribed practices the NYSDFS may allow or mandate in the future, nor can Guardian predict whether or when the insurance departments of the states of domicile of its competitors may permit them to utilize advantageous accounting practices that depart from SAP. As of the date of this Information Memorandum, Guardian has not requested or used any such permitted practices for the Statutory Financial Statements for the year ended December 31, 2016. Moreover, although states defer to interpretations of the insurance department of the state of domicile with respect to regulations and guidelines, neither the action of the domiciliary state nor action of the NAIC is binding on a state. Accordingly, a state could choose to follow a different interpretation. Guardian can give no assurance that future changes to SAP or components of SAP or the granting of permitted accounting practices to its competitors will not have a negative impact on its results of operations or financial condition.

The amount of statutory capital that Guardian has and the amount of statutory capital it must hold can vary significantly from time to time and is sensitive to a number of factors outside of its control, including equity market and credit market conditions.

Insurance regulators and the NAIC prescribe accounting standards and statutory capital and reserve requirements for Guardian and its insurance company subsidiaries. The NAIC has established regulations that provide minimum capitalization requirements based on RBC formulas for both life and property and casualty companies. The RBC formula for life companies establishes capital requirements relating to insurance, business, asset and interest rate risks, including equity, interest rate and expense recovery risks associated with variable annuities and group annuities that contain death benefits or certain living benefits.

In any particular year, statutory surplus amounts and RBC ratios may increase or decrease depending on a variety of factors, including the amount of statutory income or losses generated by Guardian (which itself is sensitive to equity market and credit market conditions), the amount of additional capital it must hold to support its business growth, changes in equity market levels, the value of certain fixed-income and equity securities in its investment portfolio, the value of certain derivative instruments that do not get hedge accounting treatment, changes in interest rates and foreign currency exchange rates, as well as changes to the NAIC RBC formulas. Most of these factors are outside of Guardian's control. Increases in the amount of required statutory reserves reduce the statutory capital used in calculating Guardian's RBC ratios. In addition, in scenarios of equity market declines, the amount of additional statutory reserves that GIAC is required to hold for its variable annuity guarantees would increase, which would decrease GIAC's, and, therefore, Guardian's, statutory surplus.

Guardian's statutory surplus and RBC ratios have a significant influence on its financial strength and claims paying ratings, which, in turn, are important to its ability to compete effectively. To the extent that Guardian's statutory capital resources are deemed to be insufficient to maintain a particular rating by one or more rating agencies, it may seek to raise additional capital. If it were not able to raise additional capital in such a scenario for any reason, any ratings downgrade that followed could have a material and adverse effect on its business, results of operations, financial condition and liquidity.

The NAIC and international insurance regulators, including the International Association of Insurance Supervisors ("IAIS") continue to work to develop group capital calculations or group capital standards. The NAIC has begun to develop a group capital assessment which is expected to be based on existing RBC measures. The IAIS continues to develop its global "insurance capital standard," which will serve as the base group capital standard applicable to all internationally active insurance groups. Although federal regulators and the NAIC have engaged with the IAIS in the development of its capital standards, concerns remain about how such global standards will interact with existing U.S. regulatory requirements and the proposed rulemaking being developed by the Federal Reserve Board with respect to SIFIs. Guardian cannot predict what impact these proposed capital standards may have on its operations. It is possible that Guardian or its affiliates may be required to hold additional capital, which may adversely affect its ability to do business.

Guarantees embedded in GMWB riders sold with variable annuity contracts expose GIAC to certain risks.

Certain variable annuities written by GIAC contain guaranteed minimum withdrawal benefit ("GMWB") riders. These GMWB riders guarantee a minimum level of withdrawal benefits irrespective of the investment performance of the underlying accounts of the variable annuities; as a result, below a certain level, GIAC will be exposed to the difference between the investment value and the guaranteed benefits. Therefore, any decline in capital markets (including equity and debt markets), interest rates or account values may increase GIAC's exposure to liability for benefit claims under these riders. The amount of statutory reserves related to GMWB is in part tied to the difference between the value of the underlying accounts and the guaranteed benefits. Even if GIAC is not immediately subject to guaranteed minimum withdrawal payments to annuity holders, it may be required to establish this type of reserve due to declines in capital markets or account values.

GIAC currently reinsures or attempts to hedge certain exposures to GMWB riders. A portion of GIAC's GMWB rider business ($709 million out of $10.1 billion total account value at December 31, 2016) is reinsured under a third-party treaty. The remainder is subject to a hedging program, using exchange traded futures contracts tied to various equity and Treasury rate indices. However, the hedge positions may not exactly offset the changes in the carrying value of the guarantees due to, among other things, the time lag between the changes in their values and corresponding changes in the hedge positions, volatility in the equity markets and derivative markets, swings in interest rates, contract holder behavior different than expected and divergence between the performance of the underlying funds and hedging indices. GIAC has a reinsurance agreement with a third-party reinsurer that reinsures 90% of various GMWB riders that were written through December 2008 and introduced prior to September 2008. That reinsurer is an admitted reinsurer in New York. The financial strength ratings of this reinsurer from S&P and Moody's are AA- and Aa3, respectively. The business not covered by the reinsurance treaty is subject to a hedging program. Beginning in September 2008, new GMWB rider forms were introduced, and the business written pursuant to these new rider forms is not subject to reinsurance, instead 100% of such business is subject to the hedging program. For a description of this hedging program and its limitations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Information about Market Risk—Hedging Programs." At December 31, 2016, the account value of all GMWB contracts was approximately $7.4 billion before reinsurance and $6.7 billion after reinsurance. At December 31, 2015, the before and after reinsurance account values were $7.0 billion and $6.3 billion, respectively. At December 31, 2014, the before and after reinsurance account values were $6.9 billion and $6.1 billion, respectively. In addition, the net amount at risk was $653 million, $653 million and $84 million at December 31, 2016, 2015 and 2014, respectively.

GIAC's hedging program, using exchange traded futures contracts, does not hedge all risk arising from the riders, including risks associated with sustained volatility in capital markets and policyholder withdrawals, and there can be no assurance that GIAC's hedging program will be effective as designed to reduce the risks which Guardian does seek to hedge. The models used to guide the hedging activities are based on actuarial and capital market assumptions which are only estimates of future events. To the extent policyholder behavior, capital market developments, or other events deviate from model assumptions, this hedging program may be negatively impacted, which could materially affect GIAC's financial condition or results of operations. See "—Reinsurance may not be available, affordable, or adequate to protect Guardian against losses" and "—Counterparties to Guardian's reinsurance arrangements and other contracts may fail to perform, which could adversely affect its results of operations and financial condition."

As a mutual insurance company, Guardian has limited access to capital, and the ability of its subsidiaries to pay dividends is restricted under applicable insurance laws.

Guardian is a mutual insurance company with no capital stock and no shareholders. Consequently, it is unable to access directly the public equity markets as a means to raise capital. As of September 30, 2017, Guardian had outstanding Existing Surplus Notes in the aggregate principal amount of $1,192 million and no other long-term indebtedness outstanding. In addition, Guardian Life Global Funding, a special purpose trust, has issued $1,200 million in funding agreement-backed notes as of September 30, 2017, which are secured by funding agreements issued by Guardian. Guardian does not rely on dividends from its subsidiaries to meet its operating cash flow requirements or to service its obligations under the Existing Surplus Notes. For the year ended December 31, 2016, Guardian received approximately $12 million in cash dividends from its subsidiaries. Guardian records these dividends as net investment income. No assurances can be given that these subsidiaries will pay dividends to Guardian in the future.

Guardian has not historically relied on dividends from its subsidiaries to meet its operating cash flow requirements. Historically, Guardian has reinvested a substantial portion of its unrestricted earnings in BLICOA, FCW and GIAC. Substantially all of the statutory surplus of Guardian's life insurance subsidiaries, including BLICOA and GIAC, of approximately $1,034 million, $956 million and $998 million, at December 31, 2016, 2015 and 2014, respectively, is subject to dividend restrictions imposed by statutory authorities. Under the laws of Delaware and Massachusetts, the domiciliary states of GIAC and BLICOA, respectively, dividends in excess of unassigned funds require regulatory approval. In addition, BLICOA and GIAC must seek regulatory approval prior to paying a dividend whose fair market value together with other dividends within the preceding twelve months exceeds the greater of (i) 10% of the insurer's policyholder surplus as of the last day of December next preceding or (ii) the net gain from operations of the insurer for the twelve-month period ending the last day of December next preceding. Based on their respective statutory basis financial results as of December 31, 2016, Guardian's life insurance subsidiaries, including BLICOA and GIAC, would have been able to pay dividends to Guardian in 2016, 2015 and 2014 of up to $138 million, $77 million and $93 million, respectively without obtaining the prior approval of their applicable insurance regulators. For the years ended December 31, 2016, 2015 and 2014, Guardian received an aggregate of $12 million, $43 million and $324 million, respectively, in cash and noncash dividends from its subsidiaries. Guardian can make no assurance regarding the timing or amount of dividends, if any, that may be paid by these subsidiaries to Guardian in the future. GIS and FCW are not subject to dividend restrictions imposed by statutory authorities but may pay dividends up to but not exceeding any accumulated earnings. As of December 31, 2016, FCW had accumulated earnings of $44 million and would have been able to pay a dividend up to $44 million in 2016. As of December 31, 2015, FCW had accumulated earnings of $19 million and would have been able to pay a dividend up to $19 million in 2015. As of December 31, 2014, FCW had accumulated losses of $2 million, and therefore was not able to pay dividends.

In addition to restrictions on the ability of Guardian's insurance subsidiaries to pay dividends to it, if Guardian were to need access to additional capital for any reason, its ability to obtain such capital could be limited and the cost of any such capital could be significant if the securities and credit markets experience volatility or disruption. Guardian's access to additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the overall availability of credit to Guardian's industry, Guardian's credit ratings and credit capacity, as well as the possibility that lenders could develop a negative perception of Guardian's long- or short-term financial prospects. Similarly, Guardian's access to funds could be impaired if regulatory authorities or rating agencies took negative actions against Guardian, such as a ratings downgrade. If a combination of these factors were to occur, Guardian might not be able to successfully obtain additional financing, if needed. As such, Guardian could be forced to delay raising capital, or perhaps issue different types of capital than it would otherwise, less effectively deploy such capital, issue shorter tenor securities than it would prefer, or bear an unattractive cost of capital, which could decrease its profitability and significantly reduce its financial flexibility.

Guardian's reserves for future policy benefits and claims related to the company's current and future business as well as businesses Guardian may acquire in the future may prove to be inadequate.

Guardian's reserves for future policy benefits and claims may prove to be inadequate. Guardian establishes and carries, as a liability, reserves based on estimates of how much the company will need to meet policyholder obligations, including the payment of future benefits and claims. For Guardian's life insurance and annuity products, these reserves are calculated based on methodologies required by the NYSDFS for statutory reserves, using mortality tables specified by the NYSDFS, as well as minimum interest rates also specified by the NYSDFS, and contract language. Guardian also sets up reserves to meet policyholder obligations on group insurance and disability insurance. Claim reserves reflect a combination of actual experience and industry experience, as well as, where mandated, experience tables specified by state insurance departments. It cannot be exactly determined with precision the ultimate amounts that will be paid, or the timing of payment of, actual benefits and claims or whether the assets supporting the policy liabilities will grow to the level assumed prior to payment of benefits or claims. Since Guardian cannot precisely determine the amount or timing of actual future benefits and claims, actual results could differ significantly from those assumed. Deviations from one or more of these estimates and assumptions could have a material adverse effect on Guardian's results of operations or financial condition. If Guardian concludes that reserves, together with future premiums, are insufficient for payments of benefits and expenses, Guardian may seek to increase premiums where it is able to do so.

Reinsurance may not be available, affordable or adequate to protect Guardian against losses.

As part of Guardian's overall risk management strategy, it purchases reinsurance for certain risks underwritten by Guardian's various business segments. While reinsurance agreements generally bind the reinsurer for the life of the business reinsured at generally fixed pricing, market conditions beyond Guardian's control determine the availability and cost of the reinsurance protection for new business. In certain circumstances, the price of reinsurance for business already reinsured may also increase. Any decrease in the amount of reinsurance will increase Guardian's risk of loss and any increase in the cost of reinsurance will, absent a decrease in the amount of reinsurance, reduce Guardian's earnings. Accordingly, Guardian may be forced to incur additional cost for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect its ability to write future business or result in the assumption of more risk with respect to those policies Guardian issues.

Guardian reinsures its business with various reinsurers. In order to enter into a reinsurance treaty with Guardian or its subsidiaries, the reinsurer must meet various standards in terms of financial strength and ratings. Guardian reinsures its participating life business, universal life business and variable universal life business mortality risk on any face amount issued in excess of Guardian's general retention limit of $15 million per life. For term insurance, Guardian coinsured between 76% and 90% of all term life insurance business on a first dollar quota share basis until May 1, 2014. Starting May 1, 2014, Guardian cedes amounts in excess of $2 million per life of newly issued term life insurance to a pool of four reinsurers on an automatic yearly renewable term basis. Term life insurance business may also be ceded to the same four reinsurers on a facultative basis. Also, starting May 1, 2014, Guardian has a coinsurance with funds withheld reinsurance agreement, with one reinsurer, covering 90% of its level term life insurance amounts net of the excess of $2 million retention on yearly renewable term reinsurance. See "Business of Guardian—Reinsurance."

All life insurance reinsurance treaties are covered by a pool of reinsurers. Forty-two percent (42%) of Guardian's individual life insurance face amount is reinsured as of December 31, 2016. Of the face amount reinsured, over 86% is ceded to four third-party reinsurers. The remaining percentage of the face amount reinsured is spread among a number of other companies. Some of these agreements are closed to new business. However, the reinsurance treaties covering the closed blocks of business remain in force as to these closed blocks. Group long-term disability and individual disability income treaties reinsure monthly policy benefits in excess of a specific monthly income benefit; however, individual disability income policies issued on or after January 1, 2016 are not reinsured. Variable annuity guaranteed minimum death benefits *("GMDB") riders issued through December 2009* are reinsured 100% with two reinsurers, each of which has a financial strength rating of at least AA- from S&P, while GIAC generally retains the basic return of premium ("ROP") death benefit. Variable annuity GMWB riders issued through December 2008 on riders introduced prior to September 2008 are 90% reinsured with one company. There can be no assurances that the reinsurance on the GMWB riders will be adequate to protect Guardian from losses that may adversely affect its Unassigned Surplus.

Counterparties to Guardian's reinsurance arrangements and other contracts may fail to perform, which could adversely affect its results of operations and financial condition.

Guardian uses reinsurance to mitigate its risks in various circumstances. See "—Reinsurance may not be available, affordable or adequate to protect Guardian against losses." In general, reinsurance does not relieve Guardian of its direct liability to its policyholders, even when the reinsurer is liable to the cedant. Accordingly, Guardian bears credit risk with respect to its reinsurers. Guardian cannot provide assurance that its reinsurers will pay the reinsurance recoverables owed to it now or in the future or that they will pay these recoverables on a timely basis. A reinsurer's insolvency, inability or unwillingness to make payments under the terms of reinsurance agreements with Guardian could have an adverse effect on its results of operations and financial condition.

Guardian is engaged in a highly competitive business. Competitive factors may adversely affect Guardian's market share and profitability.

The life insurance industry is highly competitive. There are a large number of life insurance companies in the United States, many of which offer insurance products similar to those marketed by Guardian and may have advantages over Guardian in one or more of the competitive factors listed below. In addition to competition from within the industry, insurers are increasingly facing competition from non-traditional sources in the financial services industry, including mutual fund companies, banks, securities brokerage houses and other financial services entities. Recent industry consolidation, including acquisitions of insurance and other financial services companies in the United States by international companies, has resulted in larger competitors with strong financial resources, marketing and distribution capabilities and brand identities. Some competitors also offer a broader array of products, have more competitive pricing or, with respect to other insurers, have higher claims paying ability ratings. National banks, which may sell annuity products of life insurers in some circumstances, also have pre-existing customer bases for financial services products.

Competitiveness in the insurance business is affected by various factors including, but not limited to, name recognition, price, financial strength ratings, size and strength of distribution force, range of product lines, product features, commission structure, product quality, servicing ability, investment performance and general reputation. There can be no assurance that Guardian will be able to compete successfully against current and future competitors or that competitive pressures faced by Guardian will not materially and adversely affect its business, operating results and financial condition. See "Business of Guardian—Group and Worksite Markets— Group and Worksite Markets Product Competition," "Business of Guardian—Individual Markets—Insurance Products—Individual Insurance Competition." and "Business of Guardian—Individual Markets—Individual Wealth Management and Retirement Savings— Individual Annuities Products and Services Competition."

The life insurance industry is rapidly evolving toward the use of information technology and data in underwriting risks rather than relying on the analysis of blood and urine samples. Guardian's competitive posture may be impacted if it does not keep pace with these changes or implements them incorrectly.

Many of Guardian's group insurance products are underwritten annually, and, accordingly, there is a risk that group purchasers may be able to obtain more favorable terms from competitors rather than renewing their existing coverage with Guardian. The effect of competition may, as a result, adversely affect the persistency of these and other products, as well as Guardian's ability to sell products in the future.

In addition, the investment management and securities brokerage businesses have relatively few barriers to entry and continually attract new entrants. Many of Guardian's competitors in these businesses offer a broader array of investment products and services and are better known than Guardian as sellers of annuities and other investment products.

If Guardian is unable to attract and retain independent agents, career agents, General Agents and key personnel, its ability to compete and its revenues could suffer.

Guardian's career agency force is the primary means by which it distributes life insurance and annuity products. In order to continue increasing life insurance and annuity sales, Guardian must attract, develop and retain those who are or can be productive career agents.

Insurance companies compete vigorously for productive agents. Guardian competes with other life insurance companies for agents primarily on the basis of its financial position, support services, compensation and product features. Such agents may promote products offered by other life insurance companies that may offer a larger variety of products than Guardian does. Guardian's competitiveness for such agents also depends upon the long-term relationships it develops with them. In addition, securing the future of Guardian's individual market distribution requires Guardian to continue to attract and recruit successful General Agents. If Guardian were unable to attract and retain sufficient agents or General Agents, its ability to compete and its results of operations or financial condition could be impacted.

The success of Guardian's businesses also largely depends on its ability to attract and retain key personnel. Strong competition exists for qualified personnel, including actuaries and portfolio managers, with demonstrated ability. Inability to attract key personnel, or attract and retain additional qualified personnel, could harm Guardian's results of operations and financial condition.

Guardian's profitability may decline if mortality rates or persistency rates or other assumptions differ significantly from pricing expectations.

Guardian sets prices for many of its insurance and annuity products based upon expected claims and payment patterns, using assumptions for mortality, persistency (how long a contract stays in-force) and interest rates. In addition to the potential effect of natural or man-made disasters, significant changes in mortality could emerge gradually over time, due to changes in the natural environment, the health habits of the insured population, effectiveness of treatment for disease or disability, or other factors. In addition, Guardian could fail to accurately anticipate changes in other pricing assumptions, including changes in interest and inflation rates. Significant negative deviations in actual experience from Guardian's pricing assumptions could have a material adverse effect on the profitability of its products. Guardian's earnings are significantly influenced by the claims paid under its insurance contracts and will vary from period to period depending upon the amount of claims incurred.

Guardian's Individual Life Insurance business consists primarily of participating policies. A significant increase in death benefits could result in a reduction of the dividends paid to participating policyholders of Guardian. A reduction in these dividends could reduce Guardian's ability to compete with other issuers of participating policies.

There is only limited predictability of claims or persistency experience within any given month or year. Guardian's future experience may not match its pricing assumptions or its past results. As a result, Guardian's results of operations and financial condition could be materially adversely affected.

GIAC sells single premium deferred annuities ("SPDA") that have a surrender charge period of up to seven years. SPDAs were sold starting in 1996. This block has a total account value of $260 million as of December 31, 2016. Policies sold from 1996–2009 no longer have a surrender charge and account for $237 million of the total account value. A total of $5 million of account value at December 31, 2016 is attributed to business which comes out of the surrender charge period in 2017 because it was written in 2010. Generally, when policies come out of the surrender charge period policyholders are more likely to withdraw their funds because they can do so without penalty. Each year, additional fixed annuities will come out of their surrender charge period. Guardian attempts to anticipate this additional lapse experience when it initially prices these products. An increase in surrenders could materially affect GIAC's financial condition or results of operations, and, therefore, reduce the amount of Guardian's Unassigned Surplus.

GIAC also sells single premium immediate annuities ("SPIA") and deferred income annuities ("DIA"). SPIAs were sold starting in 2010, and DIAs were sold starting in 2013. SPIA includes a single initial premium, and annuitization commences within the first year. DIA includes an initial premium and allows for additional premium payments between the initial premium date and annuity commencement. DIA annuitization is deferred at least 24 months from the issue date or 13 months from the last premium deposit, whichever is later. Annuitization for both products can be in the form of a life contingent annuity, a life contingent annuity with a term certain period or an annuity for a term certain. As of December 31, 2016, total statutory reserves for SPIA and DIA are $1.247 billion and $496 million, respectively.

Guardian has made, and expects to continue to make, strategic acquisitions, the success of which depends on numerous factors.

Guardian has acquired businesses and will continue to evaluate strategic acquisition opportunities that have the potential to support and strengthen its business. Guardian can give no assurances, however, that any acquisition opportunities will arise or, if they do, that they will be consummated, or that additional financing or capital, if needed, will be available on satisfactory terms. Guardian also cannot guarantee the success of any such acquisition. Guardian may not be able to achieve the synergies and other benefits that are expected from the integration of acquisitions as successfully or rapidly as projected, if at all. If Guardian fails to manage current and future acquisitions effectively, including failing to maintain or enhance the key business relationships and the reputations of acquired businesses, Guardian's results of operations could be adversely affected.

In addition, some of Guardian's acquired businesses have contracted with U.S., state and local governments. For this reason, any issue that compromises Guardian's relationship with governments could cause Guardian's revenue to decline. Among the key factors in maintaining Guardian's relationship with the governments it serves is its performance on contracts, the strength of its professional reputation and compliance with applicable laws and regulations. In addition, the mishandling or the perception of mishandling of sensitive or personal information, including as a result of misconduct or other improper activities by Guardian's employees or subcontractors, or a failure to maintain adequate protection against security breaches could harm Guardian's relationship with the governments it serves. Any harm to Guardian's relationship with the governments it serves could have an adverse effect on Guardian's business.

The impact of international tension between the United States and other nations, terrorist attacks and ongoing military and other actions may result in decreases in net income, revenue and assets under management and may adversely affect Guardian's investment portfolio.

The continued threat of terrorism both within the United States and abroad, the ongoing military and other actions and heightened security measures in response to these threats, and international tensions between the United States and other nations may cause disruptions to commerce, reduced economic activity and continued volatility in markets throughout the world. Such factors could affect Guardian's net income and revenue.

Guardian may also face increased death benefit claims as a result of war, terrorism or natural disaster. Although Guardian has contingency plans in place, a major terrorist act on the United States or natural disaster may materially disrupt Guardian's critical operations. Some of the assets in Guardian's investment portfolio may also be adversely affected by declines in the securities markets and economic activity as a result of these factors.

A pandemic or other catastrophic event could adversely affect Guardian's results of operations and financial condition.

A severe pandemic or catastrophic event may cause significant volatility in global financial markets, disruptions to commerce and reduced economic activity. The resulting macroeconomic conditions could materially and adversely affect Guardian's cash flows, as well as the value and liquidity of its invested assets. In addition, Guardian's mortality and/or morbidity experience could be adversely affected by a pandemic or catastrophic event, resulting in a rapid and significant increase in policy benefits paid. Significant influenza pandemics have occurred in the last century, but the likelihood, timing and the severity of a future pandemic cannot be predicted.

The effectiveness of external parties, including governmental and non-governmental organizations, in combating the spread and severity of such a pandemic could have an adverse impact on the losses experienced by Guardian. Guardian may also experience operational disruptions if its employees are unable or unwilling to come to work due to a pandemic or other catastrophe. Guardian has developed contingency plans to reduce the risk of operational disruptions. Despite these measures, Guardian may still be exposed to significant losses in the event of a pandemic or other catastrophe.

A computer system failure or security breach could disrupt Guardian's business, damage its reputation and adversely impact its profitability.

Guardian relies on computer systems to conduct business, including customer service, marketing and sales activities, customer relationship management and producing financial statements. While Guardian has policies, procedures, automation and backup plans designed to prevent or limit the effect of failure, its computer systems may be vulnerable to disruptions or breaches as the result of natural disasters, man-made disasters, criminal activity, pandemics or other events beyond its control. The failure of Guardian's computer systems for any reason could disrupt its operations, result in the loss of customer business and adversely impact its profitability.

Guardian retains confidential information on its computer systems, including customer information and proprietary business information, and such information may also be stored on the systems of third parties to whom Guardian outsources certain functions. Any compromise of the security of these computer systems that results in the disclosure of personally identifiable customer information could damage Guardian's reputation, expose it to litigation, increase regulatory scrutiny and require Guardian to incur significant technical, legal and other expenses.

The area of cybersecurity has come under increased scrutiny by insurance regulators. The NAIC is expected to develop a new model law relating to insurance data security. Additionally, the NYSDFS published cybersecurity regulations, effective as of March 1, 2017, that describe certain requirements for insurers to implement, including taking measures to protect data accessible to third-party service providers, adopting multi-factor authentication procedures, designating a chief information security officer who would annually report to the NYSDFS, conducting annual audits, and immediately notifying the NYSDFS of any material cybersecurity incident. Guardian cannot predict what effect adoption of such laws and regulations may have on its business or the costs of compliance with such laws and regulations.

Guardian may not be able to protect its intellectual property and may be subject to infringement claims.

Guardian relies on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect its intellectual property. Although Guardian uses a broad range of measures to protect its intellectual property rights, third parties may infringe or misappropriate its intellectual property. Guardian may have to litigate to enforce and protect its copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability, which represents a diversion of resources that may be significant in amount and may not prove successful. Additionally, complex legal and factual determinations and evolving laws and court interpretations make the scope of protection afforded Guardian's intellectual property uncertain. The loss of intellectual property protection or the inability to secure or enforce the protection of its intellectual property assets could have a material adverse effect on its business and ability to compete.

Guardian also may be subject to costly litigation in the event that another party alleges its operations or activities infringe upon another party's intellectual property rights. Guardian may be subject to claims by third parties for breach of copyright, trademark, patent, trade secret or license usage rights. If Guardian were found to have infringed third-party intellectual property rights, Guardian could incur substantial liability, and in some circumstances could be enjoined from providing certain products or services to its customers or utilizing and benefiting therefrom, all of which could have a material adverse effect on its business, results of operations and financial condition.

Guardian is exposed to the impact of changes in interest rates on its pension funding obligations.

Guardian sponsors non-contributory defined benefit pension plans covering all eligible Guardian employees and career agents. These include tax-qualified plans, as well as nonqualified plans providing benefits to certain participants in excess of ERISA limits for qualified plans. The valuation of the defined benefit plan liabilities is sensitive to changes in interest rates. A significant decrease in interest rates has the potential to negatively impact Guardian's capital as changes in the fair value of the defined benefit plan liabilities are charged to capital.

Certain of Guardian's administrative operations are located internationally, subjecting Guardian to various international risks and increased compliance and regulatory risks and costs.

Certain of Guardian's administrative operations are located in Canada and India and, in the future, Guardian may seek to expand its operations in those or into other countries. As a result of these operations, Guardian may be exposed to economic, operating, regulatory and political risks in those countries, such as foreign investment restrictions, substantial fluctuations in economic growth, high levels of inflation, volatile currency exchange rates and instability, including civil unrest, terrorist acts or acts of war, which could have an adverse effect on Guardian's business, financial condition and results of operations. Further, it may prove difficult for Guardian to achieve its goals and take advantage of growth opportunities due to a lack of comprehensive market knowledge. The political or regulatory climate in the United States could also change such that it would no longer be lawful or practical for Guardian to use international operations in the manner in which they are currently conducted. If Guardian had to curtail or cease operations in India or Canada and transfer some or all of these operations to another geographic area, Guardian would incur significant transition costs as well as higher future overhead costs that could adversely affect Guardian's results of operations.

In many foreign countries, particularly in those with developing economies, it may be common to engage in business practices that are prohibited by laws and regulations applicable to Guardian, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA") and similar anti-bribery laws. Any violations of the FCPA or other anti-bribery laws by Guardian, its employees, subsidiaries or local agents, could have an adverse effect on Guardian's business and reputation and result in substantial financial penalties or other sanctions.

CAPITALIZATION OF GUARDIAN

As a mutual insurance company, Guardian has no capital stock and no shareholders. Guardian's participating policyholders generally have certain rights to receive policyholder dividends declared by the Board of Directors. Such declarations are at the full discretion of the Board of Directors. See "Financial and Accounting Matters—Policyholder Dividends and Other Experience Credits." These policyholders also have certain rights to vote in the election of directors as provided by the laws of the State of New York. They and certain other policyholders may have rights to receive distributions in a proceeding for the rehabilitation, liquidation, conservation or dissolution of Guardian.

Guardian's balance sheet includes its surplus and an AVR. The amount by which the admitted assets of Guardian exceed its liabilities is referred to as surplus. The AVR stabilizes surplus from fluctuations in the value of the investment portfolio (other than fluctuations in the value of certain fixed income investments due to interest rate changes) of Guardian.

The following table sets forth the actual capitalization of Guardian as of September 30, 2017. The AVR is included in the following table even though such reserve is shown as a liability on Guardian's balance sheet. This treatment is consistent with the general view of the insurance industry. In addition, such reserve is included as part of total adjusted capital for risk-based capital purposes.

	As of September 30, 2017 (Unaudited) ($ in Millions)
Surplus of Guardian:	
4.850% Surplus Notes scheduled to mature on January 24, 2077[1]	347
4.875% Surplus Notes scheduled to mature on June 19, 2064[2]	449
7.375% Surplus Notes scheduled to mature on September 30, 2039[3]	396
Unassigned Surplus	5,637
Designated Surplus[4]	36
Total Surplus[5]	$ 6,865
Asset Value Reserve	$ 870
Surplus and Asset Valuation Reserve	$ 7,735

(1) The aggregate principal amount of the Original 2077 Surplus Notes is $350 million.
(2) The aggregate principal amount of the Existing 2064 Surplus Notes is $450 million.
(3) The aggregate principal amount of the 2039 Surplus Notes is $400 million.
(4) Designated Surplus includes the amount of statutorily mandated contingency reserves that is required to be set aside for Guardian's group annuities businesses and the assessment mandated by the Affordable Care Act.
(5) "Total Surplus" as used in this table is consistent with the terminology used in the statutory financial statements filed by Guardian with the NYSDFS, and consists of the sum of Unassigned Surplus and other surplus items. In the Statutory Financial Statements appearing elsewhere herein, this amount is also referred to as "Surplus."

BUSINESS OF GUARDIAN

Founded in 1860 and incorporated in the State of New York, Guardian is the fourth largest U.S. mutual life insurance company based on statutory surplus of $6.2 billion, $6.1 billion and $5.7 billion as of December 31, 2016, 2015 and 2014, respectively, according to peer data compiled by the NAIC. Guardian primarily operates in the ordinary life insurance business, but also provides, directly or through its subsidiaries, a wide range of group, disability, wealth management and retirement savings products and services, as well as investment services. The Company provides its products and services to individuals, corporations and other institutions in all 50 states of the United States and the District of Columbia. Guardian's major subsidiaries include BLICOA, FCW, GIAC and GIS. As of December 31, 2016, 2015 and 2014, Guardian had total assets of $51.9 billion, $48.1 billion and $45.3 billion, respectively. As of December 31, 2016, 2015 and 2014, respectively, Guardian had total life insurance in-force of $590.8 billion, $555.5 billion and $519.1 billion, respectively. For the years ended December 31, 2016, 2015 and 2014, Guardian generated total premium income of $7.8 billion, $7.3 billion and $7.0 billion, respectively. For the years ended December 31, 2016, 2015 and 2014, Guardian's net gain from operations totaled $1.4 billion, $1.4 billion and $1.5 billion, respectively and net income totaled $368 million, $433 million and $712 million, respectively. Guardian's insurance financial strength/claims paying ability is rated AA+ by S&P, Aa2 by Moody's, AA+ by Fitch and A++ by A.M. Best. S&P, Moody's, Fitch, and A.M. Best currently report a stable outlook for Guardian's insurance financial strength/claims paying abilities rating.

Guardian, together with its subsidiaries, is a financial services group that seeks to provide attractive value for policyholders and customers by providing a wide array of differentiated products and services, while aiming to achieve strong financial results. In pursuing this strategy, Guardian's guiding principle is to enable its customers to obtain financial success while protecting their families and businesses. To achieve this goal, Guardian focuses on developing and distributing a broad portfolio of financial products and services, maintaining what it believes to be prudent underwriting standards and rigorous expense control, and pursuing asset/liability management practices that it considers conservative.

Guardian believes that its key strengths will enable it to capitalize on a variety of opportunities in the U.S. life insurance market. These strengths include:

- *Commitment to mutual status*. This commitment allows Guardian to focus on meeting the needs of its policyholders by making long-term financial strength and stability and the payment of competitive dividends its primary objectives. As a mutual insurance company, Guardian does not have stockholders and believes that it does not experience the same short-term earnings pressures as its publicly-traded life insurance peers, permitting it to manage product development, risk and investments on a long-term economic basis.

- *Diversified product portfolio that meets a wide array of needs*. Guardian believes that the diversity of its product portfolio allows it to meet the needs of its clients, both at the individual and group level. Guardian also believes that its diversified product portfolio improves its ability to be financially successful in many different market environments by providing diversification of earnings and reducing the level of volatility in its financial results. Guardian has paid dividends to policyholders every year since 1868.

- *Industry-leading products targeted at high-quality customer base*. Guardian believes that it is a product leader in many areas where it writes business, in particular among its targeted core customer base of affluent individuals, small businesses and small business owners. Guardian's participating whole life insurance products, which have represented approximately 88% of Guardian's individual life premium income over the past five years, offer a competitive base product together with attractive riders and a competitive dividend scale, making Guardian the fourth largest writer of participating whole life premium in the industry in 2016, according to LIMRA Sales Report. In addition, Guardian's high net worth customer base has resulted in larger average premiums per policy than most of its peers; according to the 2016 LIMRA Sales Report, Guardian's average whole life only premium per policy sold was $10,495, while the peer group's average was $3,983. This peer group includes Massachusetts Mutual Life Insurance Company, New York Life Insurance Company and The Northwestern Mutual Life Insurance Company. Guardian believes its term and universal life and individual disability income products are also attractive in terms of benefit features and price. Based on the 2015 LIMRA survey results, the most recent annual LIMRA survey available, Guardian's dental business ranks first in in-force PPO cases.

- *Highly productive career agent system*. Guardian's distribution model for individual products is focused on career agents, supervised by general agents and career development managers in 55 general agencies and Guardian-managed agencies. This is a critical element of Guardian's business model. Guardian's career agent system consists of over 2,750 active agents and enjoys one of the highest retention rates in the industry. Guardian's four-year average agent retention as of December 31, 2016 was 20% versus the overall 15% four-year average of the companies that participated in the 2015 LIMRA Agent Production and Retention Study. Guardian believes the benefits of a career agent model include the commitment of career agents to the long-term protection of their clients and the long-term financial success, financial strength and stability of Guardian, as well as the agents' commitment to their communities and the small businesses located there. The career system is supplemented by other distribution channels where appropriate for the product and market.

- *Long-term track record of growth and profitability*. Guardian has historically experienced strong operating results and has been profitable every year since 2003 based on net income. In 2016, Guardian generated total revenues of $10.2 billion, net gain from operations of $1.4 billion and net income of $368 million. In addition, from 2004 to 2016, Guardian's net income and policyholder surplus increased at compound annual growth rates of approximately 4.1% and 6.9%, respectively.

- *Strong balance sheet with a conservative investment portfolio and solid levels of capitalization*. Guardian believes that it has strong financial strength and capitalization, as evidenced by its strong insurance financial strength/claims paying ability ratings from the rating agencies and its regulatory capital ratios, which historically have been in excess of the levels required by regulatory authorities. S&P, Moody's, Fitch and A.M. Best currently report a stable outlook for Guardian's financial strength rating. Guardian also believes that its investment portfolio is conservative and well-diversified. Guardian maintains a high quality fixed income portfolio, with approximately 94% of the securities in its bond portfolio, as of December 31, 2016, rated investment grade.

- *Strong Enterprise Risk Management execution*. Guardian believes that it has a strong risk management culture, internal controls and reporting and oversight system. Guardian employs experienced asset class specialists that actively manage credit and portfolio risk. Furthermore, Guardian maintains what it considers to be a low product risk profile with focus on participating life insurance and a conservative set of product guarantees.

- *Accomplished and deep management team*. Guardian's management team is composed of well-respected, seasoned executives with extensive experience in the insurance industry and at Guardian.

Corporate Strategy

Guardian's strategic objective is to generate growth in net income and to maintain a strong and consistent policyholder dividend policy. Guardian intends to achieve its objective by pursuing the following strategies:

- *Being the trusted mutual partner, delivering financial security how, when and where its clients prefer*. By making mutuality relevant at a personal level, Guardian focuses on solutions that fit its clients' needs. Specific customer segments are targeted via appropriate channels leveraging technology to deliver products and service more efficiently.

- *Focus on profitable growth*. Guardian continues to pursue opportunities to drive profitable growth, including improving its products, expanding distribution and enhancing its service capabilities. Guardian has invested significant resources in expanding and strengthening its distribution system and the management team remains committed to distribution excellence to generate profitable growth for the company. This includes expansion into the Worksite market, where consumers are increasingly purchasing insurance products.

- *Pursue strong risk management and underwriting standards.* Guardian believes that it has a conservative, low-risk approach to operations and underwriting and actively manages product and investment risk. Consistent with its history as a mutual insurance company, Guardian is committed to pursuing high asset quality, strong capitalization and liquidity and a conservative investment philosophy. Guardian believes it utilizes reasonably conservative underwriting practices in its insurance businesses.

- *Continue to deliver superior service*. Guardian seeks to develop and maintain long-term relationships with customers through its career agent system and sales organizations, including general agents, career agents, brokers, group sales representatives and wholesalers. Guardian believes it has established a reputation for high-quality service to its customers and distribution, and remains committed to providing the superior service that has been recognized by such organizations as J.D. Power and DALBAR.

The principal product lines of Guardian and its major subsidiaries are organized into two segments set forth below:

- *Individual Markets* products include individual life insurance and individual disability income insurance products. Individual life insurance products include participating whole life insurance, universal life insurance, term life insurance and variable universal life insurance. Individual disability income insurance products, which are sold by BLICOA, include individual disability income insurance and multi-life disability income insurance. Individual Markets also includes certain wealth management and retirement savings products, which aim to meet an individual's needs through products, sold by GIAC. These products include individual fixed and variable annuities.

- *Group and Worksite Markets* products include dental, vision, life, AD&D, short- and long-term disability, stop loss, absence management administration and supplemental products such as accident, cancer and critical illness. Guardian's group business has also diversified into new areas, including dental and vision benefits for government programs as well as dental support organizations.

Guardian distributes its individual products primarily through a career agent force, which consists of agencies managed by general agents and career development managers, consisting of career agents and brokers who sell products directly to the customer. Guardian distributes its group products through group sales representatives, brokers, benefit consultants and its career agents. As of December 2016, Guardian had over 230 group sales professionals and over 85 account managers, and over 15,500 active group brokers and benefit consultants.

The following table sets forth Guardian's and its subsidiaries' statutory selected summary financial data by main product line of business for the periods indicated. Certain of the financial information used to prepare the following table is not derived from the Statutory Financial Statements contained in this Information Memorandum. The Statutory Financial Statements are prepared in accordance with SAP and, therefore, are presented on a parent company basis only, such that the Statutory Financial Statements do not consolidate the assets and liabilities or results of Guardian's subsidiaries. See "Financial and Accounting Matters—Summary of Principal Differences Between SAP and GAAP." The following table consolidates financial information from the Statutory Financial

Statements, as well as from the statutory financial information of BLICOA and GIAC and the GAAP financial information of FCW and GIS.

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Premium Income:			($ in Millions)		
Individual Insurance:					
Individual Life Insurance	$ 3,850	$ 3,669	$ 3,576	$ 3,498	$ 3,388
Individual Disability Income Insurance	580	558	537	513	493
Individual Annuity*	925	–	–	–	–
Group Insurance	3,769	3,474	3,146	2,888	2,703
Retirement Products and Services**	(1,893)	1,674	1,498	1,415	1,927
Other	11	7	6	7	7
Total premium income	$ 7,242	$ 9,382	$ 8,763	$ 8,321	$ 8,518
Net Investment Income:					
Individual Insurance:					
Individual Life Insurance	$ 1,799	$ 1,774	$ 1,674	$ 1,607	$ 1,562
Individual Disability Income Insurance	213	191	194	186	174
Individual Annuity*	106	–	–	–	–
Group Insurance	144	166	156	150	148
Retirement Products and Services	3	95	82	75	80
Other	104	43	44	52	65
Total investment income	$ 2,369	$ 2,269	$ 2,150	$ 2,070	$ 2,029
Net Income:					
Individual Insurance:					
Individual Life Insurance	$ 102	$ 251	$ 122	$ 159	$ 137
Individual Disability Income Insurance	80	34	47	53	39
Individual Annuity*	(160)	–	-	–	–
Group Insurance	181	177	160	146	118
Retirement Products and Services	21	(34)	(2)	(87)	(25)
Other	40	(17)	118	–	(3)
Total net income	$ 264	$ 411	$ 445	$ 271	$ 266

*As a result of reporting changes in 2016, Individual Annuity is reported on its own line. Previously reported in Retirement.
**2016 reflects the sale of GIAC's 401(k) business to Ameritas via a reinsurance transaction and asset sale.

2016 Consolidated Statutory Reserves

2016 consolidated statutory reserves by main product line were: individual life insurance $35,233 million; individual disability income insurance $3,154 million; individual annuity $3,268 million; group insurance $1,731 million; and other products $598 million.

Individual Markets

Insurance Products

Guardian's Individual Markets line of business provides a wide range of products and services through a network of general agencies, career development managers, and affiliated career agents, independent brokers, broker-dealers and banks.

The principal products offered by the Individual Markets line of business include participating whole life insurance, universal life insurance, term life insurance, variable universal life insurance, individual disability income insurance and annuities.

Many of these products offer a range of riders that provide such benefits as waiver of premium, accidental death benefits, paid-up additions of insurance, accelerated death benefits and long-term care benefits.

Set forth below is a description of the Individual Markets line of business principal insurance products:

Whole Life. Whole life insurance is a participating product that provides guaranteed minimum death benefits and guaranteed cash values in return for periodic premium payments of a fixed amount. Guardian offers several types of whole life products, including products with premium due for the life of the insured and products with guaranteed limited payment periods. Guardian also offers survivorship whole life, a product that pays a death benefit upon the death of the second of two insureds. In 2016, 96% of the individual life products segment premium income was participating whole life insurance premium income. In 2015, Guardian began offering an Index Participation Feature for certain new sales of whole life insurance. Contractholders may elect to allocate 0 to 100% of the dividend associated with the policy's cash value of paid up additions to be based on the return of an S&P 500 index subject to a cap and a 4% guarantee.

Universal Life. Universal life insurance provides the policyholder with flexible premium payments and death benefits. Both Guardian and GIAC offer universal life products. Those sold by GIAC include secondary guarantees. Guardian and GIAC's universal life products credit premium in excess of specified sales charges to the account value of the policy, which is allocated to the fixed account backed by each company's general account. That account value includes a guaranteed principal with a minimum interest credit. The policy value is the net result of the premium payments, plus interest credits, minus expense and cost of insurance charges, minus the amount of any partial surrenders. GIAC also offers survivorship universal life, a product that insures two lives and pays a death benefit at the second death. Guardian also offers universal life insurance for the bank-owned life insurance market ("BOLI") sold in connection with corporate benefit plans, for sale to small or medium corporate purchasers for funding deferred compensation and post-retirement benefits. Sales of BOLI accounted for 0.1%, 0.2% and 0.4% of Guardian's total life insurance sales for 2016, 2015 and 2014, respectively. Guardian offers universal life products with secondary guarantees, but such products accounted for only 0.1%, 0.1% and 0.1% of sales in 2016, 2015 and 2014, respectively.

Variable Universal Life. Variable universal life insurance, issued by GIAC, provides the policyholder, within guidelines established by the terms of the policy, the ability to select and change premium levels, amounts of death benefit and investment options. GIAC credits premium in excess of specified sales charges (the "net premium") to the accumulation value of the policy. GIAC applies the net premium, as instructed by the policyholder, to a fixed rate account which is backed by GIAC's general account, or to one or more of GIAC's separate account investment options, or to an index-linked interest option. For variable universal life products, the policyholder bears the investment risk for cash values in the separate account investment options. GIAC deducts monthly charges, including the cost of insurance, mortality and expense risk charges and administrative charges from the accumulation value to which GIAC credits the net premium. There are both short term and longer term secondary guarantee options available subject to the payment of stipulated premiums. GIAC also offers variable universal life products for the corporate-owned life insurance market ("COLI") market sold in connection with corporate benefit plans, for sale to small or medium corporate purchasers for funding deferred compensation and post-retirement benefits. Currently, this product line may be purchased only by existing policyholders to insure additional employees or as additional coverage to existing employees.

Term Life. Term life insurance provides life insurance protection for a fixed period and has no cash value. Guardian offers a variety of term insurance products designed to meet varying client needs. Almost all term life insurance products allow conversion within a specified time period to one of Guardian's other permanent life insurance products.

Disability Income. Individual disability income insurance, which is sold by BLICOA, can help offset a portion of lost earnings, ensure continued retirement contributions, cover small business operating costs and facilitate partnership buy-outs when an individual becomes disabled. Individual disability income policies are typically sold to individual policyholders in single sale transactions. They are also sold to small groups of individuals through the multi-life disability income market.

Individual Markets Product Pricing and Management

Guardian seeks to price Individual Markets products to produce an appropriate return on invested capital consistent with Guardian's financial strength objectives. Guardian attempts to achieve long-term value for policyholders by competitively managing the key financial fundamentals for each product, including investment earnings, expenses, policy persistency, mortality and morbidity (the incidence and duration of disability). For participating whole life products, Guardian reflects actual experience in dividends, which generally represent premium refunds resulting from more favorable investment, mortality and expense experience than was reflected in the original policy pricing.

Individual Insurance Principal Markets, Marketing and Distribution

Sales of Guardian's Individual Markets products are primarily targeted at affluent and emerging affluent market segments including professionals, business owners, small- and mid-sized businesses, corporations, banks, principals and partners. Products are designed to solve fundamental as well as complex financial concerns, including estate planning, business succession planning and the funding of certain employee benefit plans.

As of November 1, 2017, Guardian sells its Individual Markets products primarily through 55 general agencies, Guardian-managed agencies and career development managers that oversee over 2,750 career agents. Guardian is investing substantially to enable its general agents, career development managers and career agents to run their businesses more effectively and better serve their customers. With increased competition in a deregulated financial services arena, Guardian believes that continued success requires increased distribution productivity and capacity. Guardian also serves clients through existing relationships with banks and broker-dealers, including PAS, a registered broker-dealer that Guardian indirectly wholly owns. PAS also provides securities brokerage and investment management services.

Guardian has recently implemented a program to help facilitate ownership transfers in its general agencies, with the goal of ensuring smooth ownership transitions and continued success in the future for successful general agencies.

Individual Markets Underwriting

Guardian balances the risk assessment process to ensure an evaluation of relative risks that seeks profitable new business and competitive product performance. Underwriting risk represents the exposure to loss resulting from actual policy experience such as mortality or morbidity risk being worse than expected in product pricing assumptions. Guardian attempts to reduce this underwriting risk through what it believes to be reasonably conservative evaluation of the risks. Guardian also attempts to reduce this underwriting risk through the use of reinsurance, although there can be no assurances this reinsurance will mitigate the risks as planned. In addition, Guardian's reinsurers may not perform as required, or its reinsurance may otherwise be inadequate. For a description of Guardian's reinsurance, see "—Reinsurance."

Guardian's Individual Markets underwriting teams for individual life and individual disability income insurance are experienced teams, with a respective average of 19 years and 13 years, of experience for individual life insurance and individual disability income insurance underwriters, respectively. Guardian believes that its approach to underwriting risk is prudent and relatively conservative.

Individual Insurance Competition

The life insurance industry is highly competitive. There are a large number of life insurance companies in the United States, many of which offer individual insurance products similar to those marketed by Guardian. In addition to competition within the industry, insurers are increasingly facing competition from non-traditional sources in the financial services industry, including mutual fund companies, banks, securities brokerage houses and other financial services entities, many of which provide alternative investment and savings vehicles for consumers. Federal legislative initiatives are affecting the financial services industry, thereby changing the environment in which Guardian competes.

Guardian competes for large life insurance sales with many other financially strong companies. The process for negotiating large sales may involve clients' advisors, consultants, attorneys and accountants. In addition, there is substantial competition for smaller sales due to the large number of companies and agents in these markets nationwide.

In the disability income market, according to the "LIMRA Disability Income Sale—U.S." survey, the five largest writers of disability insurance, including BLICOA, account for the majority of the premiums earned in the market.

Individual Wealth Management and Retirement Savings

GIAC serves the individual retirement market through its Individual Markets Division. This line of business provides financial products and programs for individuals saving for or living in retirement. In addition, many Guardian career agents are registered representatives of Guardian's broker-dealer subsidiary, PAS, and in that capacity provide wealth management services and retirement savings products to their clients.

Below is a description of GIAC's principal retirement-focused insurance products:

Variable Annuities. Variable annuities ("VAs") are individual contracts which allow for either a single premium or flexible premiums, which may be directed to a fixed account backed by the insurer's general account or among a number of separate account investment options for which the investment risk is borne by the contract holder. All VAs allow the owner at a later date to annuitize the contract to receive regular income payments for a specified time period and/or for his or her lifetime (or the lifetime of two people).

GIAC currently offers an individual VA with a B-Share contract and a C-Share contract. The B-Share contract in this series has a seven-year surrender charge period but a lower contract charge (combined M&E and administrative charges) than the C-Share product, which has no surrender charges. This series of contracts does not offer the option to purchase a living benefit rider.

Living Benefit Riders. As of February 17, 2017, GIAC no longer offers variable annuities with living benefit riders.

Fixed Annuities. GIAC's fixed deferred annuities are designed for more conservative investors and guarantee a set interest rate for a fixed period of time. GIAC currently offers a single premium deferred annuity with four-, five-, and six-year rate periods, so customers can choose a range of time periods that are best suited for their needs. The products currently offer an additional interest rate step-up of 0.10% for premiums in excess of $100,000.

Single Premium Immediate Annuities. GIAC's immediate annuities are designed to provide the customer, in exchange for a lump sum premium payment, with a guaranteed stream of income payments set to begin no later than the beginning of the 13th month after the contract is issued and guaranteed to last for the customer's lifetime (or joint lifetime) or for a set period of time. The customer does not have access to the single premium payment other than through the stream of guaranteed payments to be provided by GIAC.

Deferred Income Annuities. GIAC's DIAs are designed to provide the customer with a stream of income payments set to begin between 24 months and 40 years after the initial premium payment and guaranteed to last for the customer's lifetime (or joint lifetime). Premium payments may be made at any time up to 13 months prior to the date that annuity payments are scheduled to begin. Each premium payment has a separate annuity payment stream, but all payment streams are aggregated when payments begin. The customer does not have access to the premium payments other than through the stream of guaranteed payments to be provided by GIAC.

At December 31, 2016, GIAC's total VA assets totaled $10.4 billion, while fixed annuity assets totaled $2.5 billion. In addition, Guardian continues to invest in and expand its fixed product portfolio.

Individual Annuities Principal Markets, Marketing and Distribution

GIAC's individual VAs are distributed by the Wholesale Division of PAS and offered at the retail level through selling agreements with third party registered broker-dealers, in addition to the Retail Division of PAS.

GIAC's wholesaling force focuses solely on annuities. As of December 31, 2016, the average length of industry experience of the annuity wholesaling group is over 16 years.

Individual Annuities Products and Services Competition

There are a number of large life insurance companies that offer VA products and living benefit riders similar to those marketed by GIAC. GIAC has designed its VA and rider products with the aim of being competitive in the marketplace. Guardian's biggest competitors in the VA space are Jackson National, Nationwide, Lincoln Financial and Transamerica.

GIAC's current fixed product offerings include SPDA, SPIA and DIA. In the income annuity space (SPIA and DIA), the dominant issuers are other large mutual insurers including New York Life, MassMutual and Northwestern Mutual.

These fixed offerings complement GIAC's VA portfolio and focus on providing income benefits for its policyholders.

Group and Worksite Markets

Insurance Products

Guardian entered the group insurance business in 1957, and Guardian's current Group and Worksite Markets products provide a wide range of employee benefits in all 50 states and the District of Columbia. The products are distributed predominantly through independent brokers throughout the country.

The principal products in the Group and Worksite Markets line of business include dental, vision, life insurance, AD&D, short-term disability, long-term disability, stop loss, absence management administration and supplemental health products such as accident, hospital indemnity, cancer and critical illness. Except for stop loss, all Group and Worksite Markets products are marketed on an employer funded, an employee contributory and on a voluntary (i.e., employee pay all) basis. Each Group and Worksite Markets product contains a wide range of plan design variables and options to serve the varying employee benefit needs of customers and prospective customers. In addition, Guardian's group business provides dental, vision and hearing benefits for government programs and operates a dental support organization.

Below is a description of the principal Group and Worksite Markets products:

Dental: Dental insurance is a term insurance product that covers the cost of dental services, subject to policy provisions such as co-payments, co-insurance and annual maximums. Guardian's primary dental product is a PPO product that provides comprehensive benefits to covered individuals, especially when they seek treatment from network dentists. As of September 2017, Guardian maintains a network of over 115,000 individual dentists throughout the United States. About 77% of these dentists are directly contracted with Guardian and the remainder are in the network via partnerships with other dental networks. Through various state specific subsidiaries, Guardian also markets DHMO products in California, Florida, Illinois, Indiana, Michigan, Missouri, New Jersey, New York, Ohio, Colorado and Texas.

Vision: Vision insurance is a term insurance product that covers the cost of eye exams and vision aids, subject to policy provisions such as co-payments, co-insurance, and annual maximums. Guardian's primary vision product is a PPO product that provides comprehensive benefits to covered individuals, especially when they seek treatment from network providers. Guardian has partnerships with two alternative vision networks, Vision Services Plan and Davis Vision, to support the PPO product. In addition, Guardian owns the Avēsis vision network, which is used for a segment of the Company's PPO vision business.

Life Insurance: Group life insurance is a basic term product that provides a death benefit for a fixed period and has no cash value. The product typically provides extended coverage by waiving premium for disabled employees.

Accidental Death and Dismemberment: AD&D is a term product that provides a death or dismemberment benefit when the cause of the death or dismemberment is due to an accident, as opposed to a health or disease related occurrence. Since death or dismemberment caused by accident is generally less frequent than death or dismemberment caused by health or disease in the adult population covered by group benefit insurance products, the premium for this coverage is relatively low.

Short-Term Disability: Group short-term disability insurance replaces a portion of lost earnings due to disability. While Guardian offers a range of options, the typical short-term disability policy replaces 60% of income after an individual is disabled for a week. Benefits are payable as long as the individual remains disabled, up to a maximum of typically 13 or 26 weeks, depending on the product.

Long-Term Disability: Group long-term disability insurance replaces a portion of lost earnings due to disability for a longer period of time than is covered by short-term disability. While Guardian offers a range of options, the typical long-term disability policy replaces 60% of income after an individual is disabled typically for 90 or 180 days, depending on the product. Benefits are payable as long as the individual remains disabled, typically up until normal retirement age.

Critical Illness: Critical illness is a term product that provides lump sum benefits for the diagnosis of serious conditions such as cancer, heart attack, kidney failure and stroke. Guardian's critical illness plan pays benefits directly to the member and does not coordinate with any medical insurance the member may have. Critical illness is typically marketed on a voluntary basis.

Accident: Accident insurance is a term product that provides indemnity benefits upon the occurrence and treatment of accidental injuries. Guardian's accident plan pays benefits directly to the member, regardless of the cost of treatment, and does not coordinate with any medical insurance the member may have. Typical coverage includes payments to the member upon use of ambulance services, emergency room visits and hospitalization as well as diagnosis of fractures, burns and lacerations. Accident insurance is typically marketed on a voluntary basis.

Cancer: Cancer insurance is a term product that provides a lump sum benefit for the diagnosis of cancer as well as additional benefits when the member undergoes treatment. Guardian's cancer plan pays benefits directly to the member, regardless of the cost of treatment, and does not coordinate with any medical insurance the member may have. Typical coverage includes payments to the member for cancer related hospitalization, surgery, radiation and chemotherapy. Cancer insurance is typically marketed on a voluntary basis.

Hospital Indemnity: Hospital indemnity insurance is a term product that provides fixed benefit payments, regardless of the cost of treatment, for people with hospital stays, need of ambulance services and other specific medical treatments. The product serves as a supplement to an employee's medical plan.

Stop Loss: Stop loss is a term product that provides financial protection to employers who self-fund their medical benefit plans. Stop loss limits an employer's losses by covering the cost of unusually high claims in a plan year. Stop loss helps offset the cost of high claims on an individual as well as high aggregate claims for the entire plan. Stop loss proposals require in-depth underwriting.

Absence Management Administration: Through its wholly owned subsidiary, The Reed Group, Guardian provides administrative services, software and content subscriptions to employers and insurance carriers to manage employee absences.

Government Programs: Through various subsidiaries, Guardian insures and/or administers dental, vision and hearing benefits for government programs, including Medicaid, CHIP and Medicare Advantage.

Dental Support Organization: Through various subsidiaries, Guardian operates approximately 65 dental centers in California, Utah, Texas and Alabama. Guardian provides all management functions and contracts with dentists and hygienists who provide the clinical services.

Group Insurance Product Pricing and Management

Guardian seeks to price each Group and Worksite Markets product to produce an appropriate return consistent with Guardian's financial objectives. Guardian's group insurance products are term insurance and the pricing factors for each product line are updated regularly and the price for each group client is periodically adjusted, typically on an annual basis, subject to client renewal. Generally, Guardian sets renewal rate increases to reflect trends in morbidity and mortality on Guardian's block of business. The majority of in-force group insurance product policies, especially dental and vision, have historically received annual rate increases. Guardian maintains what it believes to be competitively priced products by managing what it considers key fundamentals, including underwriting, expense management and claim costs.

Group and Worksite Markets Principal Markets, Marketing and Distribution

Sales of Guardian's Group and Worksite Markets products are primarily targeted to employers with two to 10,000 employees. The group and worksite product portfolio has a wide range of options to serve the needs of varying customer segments.

Guardian sells its group and worksite products primarily through independent brokers. As of September 2017, Guardian maintains a staff of over 300 group sales and account management personnel located in over 50 offices across the country who cultivate and manage relationships with independent brokers. As of September 2017, over 15,500 brokers have group insurance product business in force with Guardian.

In addition, Guardian maintains a group of over 245 contracted enrollers across the country. These individuals are part of the sales process and conduct employee enrollment meetings for group and worksite products that are sold on a voluntary basis.

Group and Worksite Markets Product Underwriting

Guardian balances the risk assessment process to ensure an evaluation of relative risks both at the issuance of new business as well as the annual renewal of in-force policies. Underwriting risk reflects the exposure to actual loss experience adversely deviating from product pricing assumptions, specifically morbidity and mortality assumptions. Most underwriting is at the group level, reflecting prior claim experience, group demographics and plan design parameters.

Group and Worksite Markets Product Competition

The group insurance product industry is highly competitive, with a mix of national and regional competitors that vary by product type and employer size segment. In general, dental insurance tends to have more regional competition, as the product strength is often associated with the local provider network. There are also many dental insurers that compete in multiple regions throughout the country. Group life and disability competitors tend to be more national in scope, although some tend to focus on specific employer size segments.

Guardian competes through its long-term relationships with brokers in markets throughout the country, a wide and flexible product portfolio, a large dental network and superior customer service.

Investment Management

Investment advisory services are provided to Guardian, its affiliates and various unaffiliated individual and institutional investors primarily through Guardian's investment management staff and its subsidiaries. The primary focus of investment management at Guardian is to manage the general account assets of Guardian and its subsidiaries. The invested assets of Guardian's general account have grown from $37.7 billion at December 31, 2013 to $46.9 billion at December 31, 2016.

Guardian's investment objectives are to (1) protect financial strength and ratings, (2) provide competitive long-term dividends and (3) execute a competitive long-term asset allocation strategy. The goal of Guardian's asset/liability management is to structure the risk/reward profile of the asset portfolio in an optimal manner relative to the liabilities. Guardian's investment strategy focuses on supporting product liabilities in light of total return, yield, liquidity, cash flow and diversification considerations. Guardian's general account investments primarily back participating whole life products. Guardian's subsidiaries also aim to match asset portfolios to relevant characteristics of the liabilities.

Guardian utilizes a wide array of investment instruments to carry out its portfolio management activities. The investment strategies Guardian uses in managing its asset portfolios are generally aimed at maximizing the long-term total rate of return.

Guardian also provides its customers access to a wide range of investment products, some of which are distributed through its subsidiary, PAS. Further, Guardian provides certain third party asset management services to institutional counterparties through subsidiaries of GIS. In the third quarter of 2016, a collateralized loan obligation special purpose vehicle ("CLO") managed by PAIA, a GIS subsidiary, issued $406 million in equity and debt instruments, of which Guardian purchased $43 million in equity. On November 14, 2017, the second CLO managed by PAIA issued $456 million in equity and debt instruments, of which Guardian purchased $42 million in equity. Depending on market conditions and regulatory developments, Guardian may, in the future, make additional investments in equity, debt or subordinated debt interests issued by additional CLOs managed by PAIA.

Reinsurance

Guardian enters into reinsurance agreements with other insurance companies in the normal course of business. Total premium ceded for the years ended December 31, 2016, 2015 and 2014 was $260 million, $250 million and $241 million, respectively. Premiums ceded to reinsurers are reported as a reduction of premium revenue in the Statement of Operations. The reinsurance agreements create no right or legal relationship between the reinsurer and the insured, owner or beneficiary of any insurance policy reinsured under these agreements. Guardian remains liable to the insured for the payment of benefits, and must make such payments if the reinsurer cannot meet its obligations under the reinsurance agreements.

Guardian participates in automatic reinsurance and facultative reinsurance. Automatic reinsurance is reinsurance in which the ceding company is obligated to cede, and the reinsurer is obligated to assume, risks which meet specific criteria based on the provisions of the reinsurance agreement and the ceding company's underwriting. Facultative reinsurance is reinsurance of individual risks at the option of the reinsurer and the ceding company, whether under a treaty of reinsurance or by negotiation with respect to an individual risk. The reinsurer is free to accept or reject the offerings of the ceding company, and the reinsurer may specify its own ratings or terms for the reinsurance. Automatic reinsurance can be ceded to a pool of reinsurers on a first dollar quota-share or excess of retention basis. Under first dollar quota-share arrangements the ceding company retains a certain percentage of the risk on each policy, in a given class of business, and cedes the remaining portion to a pool of reinsurers based on predetermined shares. In an excess of retention arrangement, the ceding company keeps amounts up to its maximum capacity (full retention limit) on any one life and cedes the remaining amount to one or more reinsurers. When reinsured with more than one reinsurer, the amounts in excess of the ceding company's capacity may be ceded based on an alphabetic split (depending on the insured's last name) or based on predetermined shares.

Guardian's maximum retention limit for participating whole life, universal life and variable universal life is generally $15 million of death benefit per life. Any death benefit in excess of the $15 million retention is ceded to a pool of reinsurers under excess of retention arrangements. Guardian may selectively retain a greater amount of coverage on two individuals in connection with joint and last survivorship policies. For term policies, Guardian's maximum retention is currently $2 million of death benefit per life. Any death benefit in excess of the $2 million retention is ceded to a pool of reinsurers under excess of retention arrangements. Guardian coinsured between 76% and 90% of all term life insurance business on a first dollar quota share basis until May 1, 2014. Starting May 1, 2014, Guardian cedes amounts in excess of $2 million per life of newly issued term life insurance to a pool of four reinsurers on an automatic yearly renewable term basis. Term life insurance business may also be ceded to the same four reinsurers on a facultative basis. Also, beginning May 1, 2014, Guardian has coinsurance with funds withheld under a reinsurance agreement with one reinsurer, covering 90% of Guardian's level term life insurance amounts net of the excess of $2 million dollar on term life retention yearly renewable term reinsurance.

As of December 31, 2016, Guardian ceded $149 billion of individual participating whole life, individual universal life and individual term death benefit to reinsurers, or 42% of the total individual life death benefit coverage in-force. Claims ceded to reinsurers are reported as a reduction of benefits payments to policyholders and beneficiaries in the Statement of Operations.

Historically, BLICOA's retention on individual disability income policy monthly benefits has varied from $4,000 to $10,000 per life on policies issued before January 1, 2016. Amounts in excess of BLICOA's retention limits were reinsured with third-party with reinsurers. For policies issued on or after January 1, 2016, BLICOA has ceased reinsurance of new business and retains 100% of the risk.

Reinsurance with Unaffiliated Companies

For all participating whole life policies, universal life policies with secondary guarantees and universal life policies without secondary guarantees policies, issued directly by Guardian through June 1, 2015, where Guardian's retention is exceeded, Guardian has an automatic yearly renewable term reinsurance program involving four reinsurers. Business may also be ceded to the four automatic reinsurers on a facultative basis. Guardian has one reinsurance program open to new business for facultative cases and cases that exceed the automatic binding limits that may also be submitted facultatively on a case-by-case basis to the reinsurer. Guardian cedes approximately 10% of its participating whole life, universal life with secondary guarantee and universal life without secondary guarantee life insurance face amounts under these programs. Guardian also has a yearly renewable term first dollar quota-share program under which Guardian cedes 90% of universal life policies without secondary guarantee, issued directly by Guardian since June 1, 2015, to two reinsurers.

Guardian coinsured between 76% and 90% of all term life insurance business on a first dollar quota share basis until May 1, 2014. Starting May 1, 2014, Guardian cedes amounts in excess of $2 million per life of newly issued term life insurance to a pool of four reinsurers on an automatic yearly renewable term basis. Term life insurance business may also be ceded to the same four reinsurers on a facultative basis. Also, beginning May 1, 2014, Guardian has coinsurance with funds withheld under a reinsurance agreement, with one reinsurer, covering 90% of Guardian's level term life insurance amounts net of the excess of $2 million retention.

Guardian has various yearly renewable term first dollar quota-share agreements under which Guardian cedes 90% of all secondary guarantee universal life premiums that it had assumed from GIAC to third-party reinsurers. Guardian also maintains several reinsurance programs covering life insurance products that Guardian no longer writes.

As of December 31, 2016, Guardian's two largest reinsurance counterparties accounted for 44% and 21%, respectively, of the outstanding individual life insurance reinsurance in-force by face amount. As of December 31, 2016, measured by reference to reserve credit taken by Guardian, Guardian's five largest life reinsurers had financial strength ratings from S&P of A or better. These five companies represented more than 91% of Guardian's ceded life reinsurance reserve credit.

BLICOA coinsured 90% of all term life insurance business on a first dollar quota share basis with five third-party reinsurers, with the exception of 5 and 10-year term policies issued between April 1, 2004 and June 30, 2005, which were 76.5% coinsured. All of these agreements covering BLICOA's term life insurance are closed to new business.

BLICOA has reinsurance on its individual disability income policies issued prior to January 1, 2016 for the monthly benefits payable in excess of a specified dollar amount per individual insured. Individual disability income policies issued on or after January 1, 2016 are not reinsured. In addition, BLICOA maintains an excess of loss reinsurance arrangement on a closed block of non-cancelable disability income insurance.

BLICOA has coinsurance treaties with two companies to which it cedes 90% of the risks for all of its long-term care products. BLICOA stopped writing long-term care insurance in 2012 and as of December 31, 2016 has $59 million of direct premium in-force ($5.9 million net premium).

Guardian has some reinsurance on selected group products. Group life and AD&D insurance are reinsured for excess of a certain face amount on an individual certificate. Group long-term disability has reinsurance for monthly benefits over a certain dollar amount on an individual certificate. Stop loss also has reinsurance for individual claims that exceed a defined amount in a policy year.

GIAC reinsures certain living and death benefit guarantees within its VA business. GIAC has a coinsurance agreement with one reinsurer covering 90% of various GMWB riders that were written through December 2008 and introduced prior to September 2008. That reinsurer is an admitted reinsurer in New York. The financial strength ratings of this reinsurer from S&P and Moody's are AA- and Aa3, respectively. The reinsurance treaty remains in effect for any business written on these riders including any renewal premiums received through present day. The remainder of the business written on these riders is subject to a hedging program. Beginning in September 2008, new GMWB rider forms were introduced, and the business written pursuant to these new rider forms is not subject to reinsurance, instead 100% of such business is subject to the hedging program. For a description of this hedging program and its limitations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Information about Market Risk—Hedging Programs." At December 31, 2016, the account value of all GMWB contracts was approximately $7.4 billion before reinsurance and $6.7 billion after reinsurance. At December 31, 2015, the before and after reinsurance account values were $7.0 billion and $6.3 billion, respectively. At December 31, 2014, the before and after reinsurance account values were $6.9 billion and $6.1 billion, respectively. In addition, the net amount at risk was $653 million, $653 million and $84 million at December 31, 2016, 2015 and 2014, respectively. In addition, the account value associated with the GMIB risk is 100% reinsured with a third party reinsurer, representing $75 million, $82 million and $99 million of related account value as of December 31, 2016, 2015 and 2014, respectively. GIAC provides a death benefit if the contract value is less than the guaranteed minimum amount. Most base contracts include a death benefit based on a ROP. Additionally, GIAC offers elective death benefit riders that may provide a greater death benefit than the ROP amount. All GMDB annual benefit elective riders issued through December 2009 are 100% reinsured with two third party reinsurers, each of which has a financial strength rating of at least AA- from S&P. To the extent the GMDB annual benefit elective rider was purchased, ROP benefit risk was also reinsured with such third-party reinsurers for certain issue years. Depending on the type of GMDB annual death benefit rider purchased, the ROP portion of coverage ended for contracts issued either on or after April 2005 or January 2009, and such risks are no longer reinsured.

GIAC sold its 401(k) business to Ameritas Life Insurance Corp. ("Ameritas") in a combined asset sale and reinsurance transaction that closed on September 1, 2016. The parties entered into a Reinsurance and Administration Agreement (the "Agreement") providing for coinsurance of all general account liabilities associated with the business and modified coinsurance of the liabilities associated with the Separate Accounts (i.e., 401(k) contributions made by plan sponsors and plan participants). The initial general account coinsurance premium was $150 million while the initial Separate Account modified coinsurance premium was $3.2 billion. This Agreement also provides for an assumption/novation to Ameritas of each customer contract associated with the 401(k) business beginning 24 months following closing, and provides for administration by Ameritas of the reinsured business. Ameritas bears all economic risk for this business as of September 1, 2016.

Prices on reinsurance can, subject to treaty terms on notification, be increased on both yearly renewable term and coinsurance business. Guardian's treaties generally require a six-month advance notice to change prices. Although reinsurers have historically tended to prospectively increase rates on yearly renewable term agreements or decrease allowances under coinsurance treaties, which results in a less favorable financial result for the ceding company, reinsurers can increase rates on both a prospective and retrospective basis. Although unusual, a reinsurer may notify a company that subject to the notification period, it will not accept any new business at any price. More typically, a reinsurer will notify a company that after a certain date, given appropriate notice, either yearly renewable term rates or coinsurance allowances will change for any new business under the treaty. If this situation were to occur for either existing or new business, Guardian has the right to find other reinsurers and renegotiate the treaty, either with the existing reinsurers or with new parties. There are no guarantees that rates charged by reinsurers will not increase in the future, either for new or existing business.

Reinsurance with Affiliates

Guardian and third parties enter into coinsurance, modified coinsurance and yearly renewable term agreements with GIAC to provide for reinsurance of selected GIAC VA contracts, group 401(k) plans and group life and individual life policies. Under the terms of the modified coinsurance agreements with GIAC, reserves ceded to the reinsured business and corresponding assets held by GIAC amounted to $3,477 million as of December 31, 2016. The reinsurance contracts do not relieve GIAC of its primary obligation for policyholder benefits. Failure of reinsurers to honor their obligations could result in losses to GIAC; consequently, GIAC evaluates the financial condition of its reinsurers in order to minimize its exposure to losses from reinsurer insolvencies. Guardian also has a first dollar quota-share coinsurance/modified coinsurance and subsequent first dollar quota-share yearly renewable term agreement with GIAC whereby Guardian assumes 90% of the risks on certain variable life and variable universal life policies sold by GIAC.

On September 1, 2016, GIAC completed the transfer of its group 401(k) in-force business to Ameritas, with the intent to novate this business to Ameritas over a period of time. The transfer was structured as a reinsurance transaction and contains coinsurance and modified coinsurance features. Under the agreement, Ameritas indemnifies GIAC's general account liabilities and separate account liabilities using coinsurance and modified coinsurance, respectively.

Guardian has two coinsurance treaties in effect with BLICOA: (1) effective concurrently since the creation of BLICOA in 2001, Guardian cedes 100% of its direct individual disability business to BLICOA; and (2) effective as of January 1, 2013, Guardian assumes 80% of BLICOA's net individual disability business which includes the business ceded to BLICOA in the treaty referenced in clause (1) above, as well as business written directly by BLICOA.

Guardian also has a quota-share coinsurance/modified coinsurance agreement with BLICOA whereby Guardian assumed the risk on certain universal life policies sold by BLICOA. Guardian assumes the excess of BLICOA's retention on certain universal life policies on a yearly renewable term basis. Guardian has a quota-share coinsurance agreement with BLICOA whereby Guardian assumed 5–10% of the risk on certain term life policies sold by BLICOA as a participant in BLICOA's term reinsurance pool. All lines covered by the agreements with BLICOA are closed to new business.

Legal Proceedings

Guardian is involved in litigation arising in and out of the normal course of business, which seek both compensatory and punitive damages. Guardian is not currently litigating nor is it aware of any pending legal actions or allegations that should reasonably give rise to a materially adverse impact to its financial position or liquidity. However, the outcome of litigation cannot be foreseen with certainty.

Guardian is subject to governmental and administrative proceedings and regulatory inquiries, examinations and investigations in the ordinary course of its business. Guardian has cooperated fully with these regulatory agencies and has responded to information requests and comments.

These examination, inquiries and investigations have included industry-wide investigations of issues such as compensation and bidding arrangements and possible anti-competitive activities between insurance producers and brokers and issuers of insurance products; marketing, pricing and sales of retirement products; reimbursement practices on out-of-network medical claims; and race-based underwriting. In connection with certain of these matters, Guardian has been contacted by the SEC, FINRA, the NYSDFS, the New York Attorney General and other regulatory authorities.

Guardian believes that it is reasonable to expect that regulatory inquiries, examinations and investigations into the financial services industry will continue for the foreseeable future. It is the opinion of management that the ultimate resolution of these matters will not materially impact Guardian's financial position or liquidity. The outcome of a particular matter may be material to Guardian's operating results for a particular period depending upon, among other things, the size of the matter and level of Guardian's income for the period.

Regulation

Insurance Regulation Generally. Guardian is licensed to transact its insurance business in, and is subject to regulation and supervision by, all 50 states of the United States and the District of Columbia. Guardian and its insurance subsidiaries are licensed, regulated and supervised in all jurisdictions where they conduct insurance business. The extent of such regulation varies. However, most jurisdictions have laws and regulations requiring the licensing of insurers and their agents and setting standards of solvency, reserves, reinsurance, capital adequacy and business conduct to be maintained by licensed insurance companies, and may regulate withdrawal from certain markets. In addition, statutes and regulations usually require the approval of policy forms and, for certain lines of insurance, the approval of rates. Such statutes and regulations in certain states also prescribe the permitted types and concentration of investments. Guardian, along with each of its insurance subsidiaries, is required to file detailed annual financial statements with supervisory agencies in each of the jurisdictions in which Guardian or such insurance subsidiary does business and its operations and accounts are subject to periodic examination by such authorities. Guardian's operations and accounts are also subject to examination by such agencies. The primary purpose of this insurance industry regulation is to protect policyholders, not holders of any securities. Guardian is also subject to federal and state laws and regulations affecting the conduct of Guardian's businesses.

The New York Insurance Law limits the sales commissions and certain other marketing expenses that may be incurred in connection with the sale of individual life insurance policies and annuity contracts issued in any state by Guardian, GIAC and BLICOA. Some group insurance products also have restrictions on commissions, although the restrictions are more limited in nature. The NYSDFS requires the filing of information on agent compensation program structure and amounts on an annual basis.

State insurance regulatory authorities and other state enforcement agencies may from time to time make inquiries regarding Guardian's compliance with laws and regulations regarding the conduct of its insurance business. Guardian endeavors to respond to such inquiries in an appropriate way and to take corrective action if warranted. Based upon regulatory inquiries that have been made, it is Guardian's opinion that any regulatory proceedings which might be initiated following such inquiries are not likely to have a material adverse effect on Guardian's financial position or results of operations.

Holding Company Regulation. Guardian is subject to the New York Insurance Law governing insurance companies and their affiliates, in particular, Article 17 of the New York Insurance Law. That article places certain restrictions on transactions between Guardian and its subsidiaries and other affiliates. In addition, the NYSDFS requires reports and notifications of transactions involving Guardian and its subsidiaries and other affiliates. Some of these transactions are subject to prior approval by the NYSDFS.

Guardian's insurance subsidiaries are subject to regulation under the insurance holding company laws of various jurisdictions. The insurance holding company laws and regulations vary from jurisdiction to jurisdiction, but generally require each controlled insurance company to register with state regulatory authorities and to file with those authorities certain reports, including information concerning their capital structure, ownership, financial condition, certain intercompany transactions and general business operations and, where applicable requirements have been adopted, reports on the enterprise risk management and governance of Guardian.

The New York Insurance Law and the regulations thereunder also restrict the aggregate amount of investments Guardian may make in non-life insurance subsidiaries and provide for periodic reporting on all of its subsidiaries.

Risk Management and ORSA. In September 2012, the NAIC adopted the Risk Management and Own Risk and Solvency Assessment Model Act, or the "ORSA Model Act." The ORSA Model Act requires insurers that exceed specified premium thresholds to maintain a framework for managing the risks associated with their entire holding company group, including non-insurance companies. In addition, at least annually, the insurer must prepare a summary report, or the "ORSA Report," regarding its internal assessment of risk management and capital adequacy for the entire holding company group. ORSA Reports are filed on a confidential basis with the insurance holding company group's lead regulator and made available to other domiciliary regulators within the holding company group. Guardian filed its latest ORSA Report in October 2016.

Unclaimed Property Laws. Guardian is subject to the laws and regulations of states and other jurisdictions concerning the identification, reporting and escheatment of unclaimed or abandoned funds, and is subject to audit and examination for compliance with these requirements.

Guaranty Funds. All 50 states of the United States and the District of Columbia have insurance guaranty fund laws requiring insurance companies doing business within those jurisdictions to participate in guaranty associations. Guaranty associations are organized to cover, subject to limits, contractual obligations under insurance policies and certificates issued under group insurance policies, issued by impaired or insolvent life insurance companies. These associations levy assessments, up to prescribed limits, on each member insurer doing business in a particular state on the basis of their proportionate share of the premiums written by all member insurers in the lines of business in which the impaired or insolvent insurer is engaged. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets, usually over a period of years. Assessments levied against Guardian by guaranty associations during each of the past five years have not been material. While Guardian cannot accurately predict the amount of future assessments, Guardian believes that assessments with respect to other pending insurance company impairments and insolvencies will not have a material adverse effect on Guardian's financial position or results of operations.

Policy and Contract Reserve Sufficiency Analysis. Under the New York Insurance Law, Guardian is required to conduct annually an analysis of the sufficiency of all life insurance and annuity statutory reserves. Each year Guardian must submit an opinion of a qualified actuary that states that Guardian's statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for Guardian's associated contractual obligations and related expenses. If reserves are viewed as being inadequate, Guardian must set up additional reserves by moving funds from surplus. As part of Guardian's 2016 statutory annual statement, Guardian provided an actuarial opinion without qualifications regarding these reserve requirements as of December 31, 2016.

Risk-Based Capital. Section 1322 of the New York Insurance Law requires that New York-domiciled life insurers report their RBC based on a formula calculated by applying factors to various asset, premium and reserve items. The formula takes into account the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk and business risk. Section 1322 imposes broad confidentiality requirements on those engaged in the insurance business (including insurers, agents, brokers and others) and on the NYSDFS as to the use and publication of RBC data.

Section 1322 gives the Superintendent explicit regulatory authority to require various actions by, or take various actions against, insurers whose total adjusted capital does not exceed certain RBC levels. As of December 31, 2016, Guardian's total adjusted capital was in excess of each RBC level that might require Guardian to take remedial action.

BLICOA and GIAC are also subject to RBC requirements. Certain FCW subsidiaries are insurance entities subject to RBC requirements, while FCW itself, not being an insurer, is not. As of December 31, 2016, the total adjusted capital of each of BLICOA, GIAC and the relevant FCW subsidiaries was in excess of each RBC level that might require BLICOA, GIAC or a relevant FCW subsidiary to take some remedial action.

Statutory Examinations. As part of their routine regulatory oversight process, state insurance departments conduct periodic detailed examinations of the books, records and accounts of insurers domiciled in their states. These examinations are generally conducted in cooperation with the departments of two or three other states under guidelines promulgated by the NAIC. The NYSDFS last completed its statutory examination of Guardian for the four-year period ending December 31, 2013 and issued a final report on exam findings on June 19, 2015.

Various state insurance departments also periodically examine non-domestic insurance companies conducting business in their states, including Guardian and its insurance subsidiaries. The purpose of these periodic examinations is to evaluate the companies' compliance with state insurance laws and regulations and to determine if operations are consistent with the public interest of the policyholders resident in the state conducting the examination.

NAIC Ratios. On the basis of statutory financial statements filed with state insurance regulators, the NAIC calculates annually 13 financial ratios to assist state insurance regulators in monitoring the financial condition of insurers. State insurance regulators review this statistical report, which is available to the public, together with an analytical report, prepared by and available only to state insurance regulators, to identify insurance companies that appear to require immediate regulatory attention. A "usual range" of results for each ratio is used as a benchmark. In general, departure from the "usual range" on four or more of the ratios can lead to inquiries from individual state insurance departments. Guardian had no ratios outside the "usual range" in 2016, 2015 and 2014.

Surplus and Capital. The New York Insurance Law requires Guardian to maintain at least $150,000 in surplus. In addition to this minimum, there are also risk-based capital requirements, as discussed above. Guardian and its insurance subsidiaries are subject to the supervision of the regulators in each jurisdiction in which they are licensed to transact business. These regulators have discretionary authority, in connection with the continued licensing of Guardian or any of these insurance subsidiaries, to limit or prohibit its sales to policyholders if such regulators determine that any such insurer has not maintained the minimum surplus or capital required or that such insurer's further transaction of business would be hazardous to policyholders.

Policyholder Dividend Requirements. New York Insurance Law Section 4219 limits the amount of surplus attributable to participating business that a domestic life insurance company may accumulate. Guardian is in compliance with that limit. Guardian distributes amounts of divisible surplus annually in the form of dividends on Guardian's participating policies in accordance with dividend scales approved annually by Guardian's Board of Directors.

Regulation of Investments. Guardian and each of its insurance subsidiaries is subject to state laws and regulations that require diversification of its investment portfolios and limit the amount of investments in certain asset categories, such as below-investment-grade fixed income securities, equity real estate, mortgages, other equity investments, foreign investments and derivatives. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring statutory surplus, and, in most instances, require divestiture. Guardian believes its investments and those of each of its insurance subsidiaries comply with all such laws and regulations.

Federal Income Taxation. Congress has, from time to time, considered legislation that could adversely impact the manner of taxing the products Guardian sells and of calculating the amount of taxes paid by life insurance companies or other corporations, including Guardian. In recent years, proposals have been made to limit a life insurance company's dividends received deduction ("DRD") with respect to variable life insurance and annuity contracts that it sells. Changes in the rules relating to policy acquisition expense (also called deferred acquisition costs, or "DAC") and tax reserving methodologies for various Guardian products have also been proposed, which could result in higher current taxes to Guardian.

Tax reform legislation that is being considered by Congress (the "Tax Reform Bills") generally calls for a reduction in federal income tax rates, and simplification of the tax code. The Tax Reform Bills provide for a flat 20% corporate income tax rate, which may be phased in. To help offset the cost of this rate reduction, the Tax Reform Bills have included a number of different revenue raisers, including changes to the DRD and DAC rules and to tax reserve deductions. If enacted, the changes proposed in the Tax Reform Bills could have an adverse impact on Guardian, notwithstanding the lower corporate income tax rate. Such changes could also impact Guardian's investments and investment strategies. In addition, any reduction in the corporate income tax rate would reduce the value of Guardian's deferred tax assets and, as a result, Guardian's statutory surplus. These changes and other changes to federal, state or other tax laws, or in the interpretation of applicable tax laws and regulations, could reduce Guardian's earnings and adversely affect Guardian's business, financial condition or results of operations.

The attractiveness to Guardian's customers of many of its products may be due, in part, to favorable tax treatment. Current federal income tax laws generally permit the tax-deferred accumulation of earnings on the premiums paid by the holders of life insurance and annuity products. Taxes, if any, are payable generally on income attributable to a distribution under the contract for the year in which the distribution is made. Death benefits under life insurance contracts may be received free of federal income tax. Congress has, from time to time, considered legislation that could have the effect of reducing or eliminating the benefit of such income tax deferral or otherwise affect the taxation of life insurance or annuity products. As a result, demand for certain of Guardian's life insurance and annuity products that offer income tax deferral could be negatively impacted. To the extent that legislation is enacted in the future to reduce the tax deferred status of life insurance or annuity products, limit the exclusion of death benefits from income, or reduce the taxation of competing products, all life insurance companies, including Guardian, could be adversely affected. Likewise, reductions in individual tax rates could reduce the attractiveness of tax deferral to Guardian's potential customers.

Congress has from time to time, including in the Tax Reform Bills, considered material changes to, or a repeal of, the estate tax. Many of Guardian's products are sold to customers in order to help them meet their estate tax planning needs. To the extent that legislation is enacted in the future that would materially change the estate tax, sales of Guardian's products could be adversely affected.

It is likely that the Tax Reform Bills will be substantially revised through the legislative process, and Guardian cannot predict whether the Tax Reform Bills or any other tax legislation will be enacted, or what provisions such legislation would contain.

See "Risk Factors—Risk Factors Related to Guardian—Changes in tax laws and the interpretation thereof could adversely affect Guardian's business."

Securities Laws. Certain of Guardian's direct and indirect subsidiaries and certain policies and contracts offered by them, are subject to various forms of regulation under the federal securities laws administered by the SEC, state securities laws and FINRA rules. Certain of Guardian's direct and indirect subsidiaries, such as PAS and Park Avenue Institutional Advisers LLC ("PAIA"), are investment advisers registered under the Investment Advisers Act of 1940, as amended. In addition, PAS is a broker-dealer with the SEC under the Exchange Act, and is a member of, and subject to regulation by, FINRA.

In addition, certain separate accounts of GIAC related to its variable insurance products and a variety of mutual funds advised or subadvised by PAIA are registered under the Investment Company Act of 1940, as amended. The separate account interests under the variable products issued through these registered separate accounts and shares offered by these registered mutual funds are registered under the Securities Act.

Federal and state securities regulatory authorities, state attorneys general and FINRA from time to time make inquiries regarding compliance by Guardian and its subsidiaries with securities and other laws and regulations regarding the conduct of their securities businesses. Guardian endeavors to respond to such inquiries in an appropriate way and to take corrective action if warranted.

These laws and regulations are primarily intended to benefit investors in the securities markets and generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws and regulations. In such event, the possible regulatory sanctions include the suspension of individual employees or associates, limitations on the activities in which the regulated entity may engage, suspension or revocation of an investment adviser's or broker-dealer's registration as an adviser or broker-dealer, censure and fines. Guardian's direct and indirect subsidiaries may also be subject to similar laws and regulations in the states in which they provide investment advisory services, offer the products described above, or conduct other securities-related activities.

Federal Insurance Initiatives and Legislation. Although the federal government has not directly regulated the insurance business, federal initiatives often have an impact on Guardian's life insurance business. Current and proposed measures that may significantly affect the insurance business generally include proposals to create an optional federal charter for insurers, limitations on anti-trust immunity, minimum solvency requirements, and other proposals at the federal level to streamline state insurance regulatory processes. Guardian cannot predict whether these proposals will be adopted, or, if adopted, the impact, if any, such proposals could have on Guardian's business, results of operation or financial condition. At the present time, Guardian does not know of any federal legislative initiatives that, if enacted, would adversely impact its business, results of operations or financial condition. See "Risk Factors—Risk Factors Related to Guardian. Guardian is subject to extensive regulation, which restricts its operations and imposes compliance costs" and "Risk Factors—Risk Factors Related to Guardian—The Dodd-Frank Act and certain other potential changes in federal laws and regulations may adversely affect Guardian's business, results of operations and financial condition."

In July 2010, Congress passed, and President Obama signed, the Dodd-Frank Act. Policy and rule-making conducted after the enactment of the Dodd-Frank Act has and will continue to significantly change financial regulation. Guardian cannot predict the full impact this financial reform legislation will have on its business, results of operations or financial condition. The Dodd-Frank Act establishes a general framework for systemic regulation that has imposed and will impose mandatory clearing, exchange trading and margin requirements on many derivatives transactions. A possible effect of the Dodd Frank Act could be to increase Guardian's overall costs of entering into derivatives transactions. In particular, new margin requirements and capital charges, even when not directly applicable to Guardian, may increase the pricing of its derivatives transactions.

Guardian may be required to post initial margin on a daily basis to its derivatives counterparties in an amount that the counterparty determines appropriate, and to exchange variation margin on a daily basis with its derivative counterparties based on the daily fair value of the non-cleared swaps. In addition, since eligible margin under the rules will be restricted to cash or highly liquid securities, Guardian's cost of using derivatives and managing collateral may increase but not significantly since currently Guardian already posts mainly cash under its ISDA collateral support annex obligations to its derivative counterparties.

To the extent that Guardian's derivatives counterparty collects initial margin from it, Guardian may request that the SD counterparty segregate all such initial margin at a custodian. If Guardian does not request segregation, the custodian or counterparty may commingle such assets or collateral with the custodian's or counterparty's own assets or collateral, and in the event of the bankruptcy or insolvency of the custodian or counterparty, such assets and collateral may be subject to the conflicting claims of the creditors of the relevant custodian or counterparty, which may result in a loss to Guardian.

In addition, where Guardian enters into certain swaps that are subject to mandatory clearing, Guardian will be required to execute such swaps on a registered exchange or trading platform. While Guardian will benefit from reduced counterparty credit and operations risk and price transparency resulting from these clearing and trading requirements (where applicable), Guardian will incur additional costs in trading these swaps. While Guardian will attempt to ensure that these swaps are executed, cleared and settled through entities it believes to be sound, there can be no assurance that a failure by any such entity will not cause a loss to Guardian.

Further, where Guardian enters into a swap with non-U.S. counterparties, the regulations of the home or resident country of such counterparty may apply with respect to such swap. The requirements and protections afforded to us under such non-U.S. regulations may be materially different from those under U.S. laws. For example, the European Union regulations on derivatives will impose position limits on commodity transactions, and the EMIR already requires reporting of derivatives and various risk mitigation techniques to be applied to derivatives entered into by parties that are subject to the jurisdiction of EMIR. In the near future, certain entities will be subject to a mandatory clearing requirement with respect to certain of their OTC derivatives, as well as initial and variation margin requirements with respect to their non-cleared derivatives, under the regulations implementing EMIR. These European Union regulatory changes will impact a broad range of counterparties, both outside and within the European Union, and are expected to potentially increase our costs of transacting derivatives (particularly with banks and other dealers directly subject to such regulations).

As a result of these regulatory requirements and the reduced availability of certain customized derivatives, the costs of Guardian's hedging transactions have and may continue to increase.

The Dodd-Frank Act also established an FSOC which has authority to designate non-bank financial companies as non-bank SIFIs thereby subjecting them to enhanced prudential standards and supervision by the Federal Reserve. The prudential standards for non-bank SIFIs include enhanced RBC requirements, leverage limits, liquidity requirements, single counterparty exposure limits, governance requirements for risk management, stress test requirements, special debt-to-equity limits for certain companies, early remediation procedures and recovery and resolution planning. If the FSOC were to determine that Guardian is a non-bank SIFI, Guardian would become subject to certain of these enhanced prudential standards. Other regulators such as state insurance regulators may also determine to adopt new or heightened regulatory safeguards as a result of actions taken by the Federal Reserve in connection with its supervision of non-bank SIFIs. There can be no assurance that such new or enhanced regulation will not apply to Guardian.

In addition, the Dodd-Frank Act established the FIO within the U.S. Department of the Treasury, which has the authority, on behalf of the United States, to participate in the negotiations of international insurance agreements with foreign regulators, as well as to collect information about the insurance industry and recommend prudential standards. While not having a general supervisory or regulatory authority over the business of insurance, the director of the FIO will perform various functions with respect to insurance, including serving as a non-voting member of FSOC and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation. On December 12, 2013, the FIO issued a report to Congress setting forth recommendations on modernization of the system of insurance regulation in the United States. The report raised the possibility of a greater role for the federal government if states do not achieve greater uniformity in their laws and regulations. In 2014, the FIO submitted a second report to Congress which described the breadth of the global reinsurance market and its critical role in supporting the U.S. insurance system.

Federal agencies have been given significant discretion in connection with rulemaking pursuant to and implementation of the Dodd-Frank Act. The full impact of the Dodd-Frank Act on Guardian will not be determined until the numerous regulations required by the act are finalized, which may not occur for some time. Additionally, it is unclear what impact the Trump administration's policies and a Republican majority in both chambers of Congress will have on the Dodd-Frank Act and the resulting impact on Guardian's business, financial condition or results of operations. Guardian cannot predict whether any such legislation or regulatory changes will be adopted, or what impact they will have on Guardian's business, financial condition or results of operations.

Federal legislation and administrative policies in other areas, including employee benefit plan regulation and individual retirement account regulation, federal taxation and securities regulation, could significantly affect the insurance industry and the costs faced by its participants. For example, in 2016, the DOL finalized a new fiduciary rule which expands the circumstances in which sales personnel, such as agents and registered representatives, or service providers to employee benefit plans and individual retirement accounts are considered fiduciaries under ERISA. The DOL also finalized new prohibited transaction exemptions and amendments to existing prohibited transactions exemptions that, among other things, apply more extensive disclosure and other requirements to, and increase fiduciary liability exposure in respect of, transactions involving ERISA plans, plan participants and individual retirement accounts. Although the regulation was scheduled to go into effect in April 2017, the DOL delayed the applicability date of the fiduciary rule, along with certain provisions of the exemptions, Furthermore, in November 2017, the DOL extended the transition period for the full applicability of these exemptions from January 1, 2018 to July 1, 2019 to June 2017 in response to a memorandum to the DOL from President Trump. Furthermore, in November 2017, the DOL extended the transition period for the full applicability of these exemptions from January 1, 2018 to July 1, 2019. There has been public speculation that the DOL or the Trump Administration may take actions that would mitigate the impact of the fiduciary rule and the related exemptions.

USA PATRIOT Act. Title III of the USA PATRIOT Act of 2001 (the "PATRIOT Act") amends the Money Laundering Control Act of 1986 and the Bank Secrecy Act to expand Anti-Money Laundering ("AML") and financial transparency laws applicable to financial services companies, including some categories of insurance companies. The PATRIOT Act, among other things, seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism, money laundering or other illegal activities. To the extent required by applicable laws and regulations, Guardian and certain of its subsidiaries that are deemed "financial institutions" under the PATRIOT Act have adopted anti-money laundering programs that include policies, procedures and controls to detect and prevent money laundering, designate a compliance officer to oversee the program, provide for on-going employee training, and ensure periodic independent testing of the program. Guardian's AML programs, to the extent required, also establish and enforce customer identification programs and provide for the monitoring and the reporting to the Treasury of certain suspicious transactions.

Pension Legislative Developments. On September 27, 2010, then-President Obama signed the Small Business Jobs Act of 2010 ("SBJA"). SBJA focuses mainly on credits for small businesses but has a major pension provision which permits participants to transfer money from a pre-tax account to a Roth account within a "qualified plan."

On July 6, 2012, President Obama signed the Moving Ahead for Progress in the 21st Century Act ("MAP-21") which, among other things, affects pension funding by changing the mechanism for determining interest rates to be used for funding pension plans; it also increased pension benefit guaranty corporation ("PBGC") premiums.

The Supreme Court in *United States v. Windsor* (2013) found that Section 3 of the Defense of Marriage Act ("DOMA"), which provides that the word "marriage" means only a legal union between one man and one woman as husband and wife, and the word "spouse" refers only to a person of the opposite sex who is a husband or a wife is unconstitutional because it violates the principles of equal protection.

The impact of any of the above may have a positive impact on the demand for retirement vehicles.

ERISA Considerations. Until December 31, 2016, Guardian and its subsidiaries issued certain investment products and services to employee benefit plans governed by ERISA, including group annuity contracts and funding agreements designed to fund tax-qualified retirement plans such as 401(k), profit-sharing and other participant directed plans, as well as defined benefit plans. ERISA provides (among other requirements) standards of conduct for employee benefit plan fiduciaries, including investment managers and investment advisers with respect to the assets of such plans, and holds fiduciaries liable if they fail to satisfy fiduciary standards of conduct. Generally, Guardian and its subsidiaries have maintained policies and procedures that are intended to limit the circumstances in which Guardian or any of its subsidiaries could be deemed a fiduciary with respect to plans governed by ERISA, or to the extent that they may be deemed to have such fiduciary status, to ensure compliance with applicable ERISA requirements.

Notwithstanding the foregoing paragraph, in April 2016, the DOL released a final fiduciary rule accompanied by new class exemptions and amendments to long-standing exemptions from the prohibited transaction provisions under ERISA. The new fiduciary rule redefines who is considered a "fiduciary" for purposes of transactions with qualified plans, plan participants and individual retirement accounts (IRAs). Although this regulation was scheduled to go into effect in April 2017, the DOL delayed the applicability date of the fiduciary rule, along with certain provisions of the new exemptions, to June 2017 in response to a memorandum to the DOL from President Trump. Furthermore, in November 2017, the DOL extended the transition period for the full applicability of these exemptions from January 1, 2018 to July 1, 2019. The impact of this change could be further affected by actions taken by the DOL or the Trump Administration. Guardian and its subsidiaries currently provide their agents with training, activities documentation tools and disclosures that allow the agents to continue to offer a wide array of product offerings to retirement clients covered by the new fiduciary rule.

Annuity contracts and funding agreements issued by Guardian's insurance subsidiaries may include a "fixed option" that accrues interest and is backed by the general account of the insurance subsidiary. In 1993, the United States Supreme Court issued an opinion in John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank ("Harris Trust"), holding that certain contract holder funds held by John Hancock Mutual Life Insurance Company in its general account under a participating group annuity contract were "plan assets," and therefore subject to ERISA's fiduciary provisions. However, under Section 401(b)(2) of ERISA, if an insurance company issues a guaranteed benefit policy to a plan, the assets of the plan are deemed to include the policy, but do not, solely by reason of the issuance of the policy, include any assets of the insurance company. Section 401(b)(2)(B) of ERISA defines the term "guaranteed benefit policy" to mean an insurance policy or contract to the extent such policy or contract provides for benefits the amount of which is guaranteed by the insurer. Guardian's insurance subsidiaries intend that the "fixed option" component of their annuity contracts and funding agreements qualify as guaranteed benefit policies as defined by Section 401(b)(2)(B) as further interpreted by court decisions and the DOL.

Certain lawsuits have been brought under ERISA by employer sponsors of tax-qualified retirement plans investing through group annuity contracts that offer a selection of variable investment options funded by mutual funds. Plaintiffs have alleged, inter alia, that the insurance company defendants are fiduciaries with respect to plans, and as fiduciaries, the insurance company defendants breached their fiduciary duties and engaged in prohibited transactions by receiving certain compensation from mutual funds as a result of plan investments through the annuity contracts. The ultimate impact of the case law in this area remains uncertain. Although group variable contracts and funding agreements issued to retirement plans by Guardian's insurance subsidiaries have some features that may be similar to the features of group annuity contracts that are the subject of this litigation, neither Guardian nor any of its insurance subsidiaries are aware that similar litigation is threatened or has been filed involving any group annuity contracts or funding agreements issued by the insurance subsidiaries. Guardian and its insurance subsidiaries are continuing to monitor whether legal developments resulting from these lawsuits warrant new or different compliance policies and procedures for this line of business.

Environmental Considerations. As an owner and operator of real property, Guardian is subject to extensive federal, state and local environmental laws and regulations. Inherent in such ownership and operation is the risk that there may be potential environmental liabilities and costs in connection with any required remediation of such properties. Guardian routinely conducts environmental assessments for real estate Guardian is acquiring for investment and before taking title to real property through securing mortgages Guardian holds. In addition, certain federal and state laws have provisions that can protect a mortgage lender, such as Guardian or BLICOA, from environmental liability to governmental entities in connection with properties acquired by foreclosure, if the mortgage lender observes the required procedures under those laws and otherwise meets the legal criteria for these protections. Based on these environmental assessments, Guardian believes that any costs associated with compliance with environmental laws and regulations or any remediation of such properties would not have a material adverse effect on Guardian's financial position or results of operations.

Guardian, and certain of its subsidiaries, hold equity stakes in entities that could potentially be subject to environmental liabilities. Guardian believes, based on its assessment of the businesses and properties of these entities and Guardian's level of involvement in the operation and management of such entities, Guardian would not be subject to any material environmental liabilities with respect to these investments. However, unexpected environmental liabilities can arise.

International Operations

Guardian performs select operational functions in several locations in India through its Guardian India subsidiary (formerly Data Telesis). Functions performed include data entry, new business processing, billing, call center and scheduling. Guardian India provides services to Guardian and its affiliates, but no outside parties.

Properties

Guardian's Northeast Regional Office campus is comprised of four leased properties in Bethlehem, Pennsylvania totaling 344,440 rentable square feet, and Guardian's annual rental obligations under these leases is approximately $7.0 million.

Guardian owns and occupies a 100,000 square foot building located on 40.9 acres in Appleton, Wisconsin, which is the site of Guardian's Midwest Regional Office, In addition, Guardian owns a 136,000 square foot building in Pittsfield, Massachusetts located on 45.9 acres, occupied entirely by Guardian's wholly owned subsidiary, BLICOA.

Guardian leases 846,955 rentable square feet in New York, New York, which is the site of Guardian's Corporate Headquarters, and occupies 575,129 rentable square feet while the remaining 271,826 rentable square feet is occupied by subtenants. This lease expires September 30, 2019. Guardian's annual rental obligations under this lease are approximately $27 million, while Guardian receives approximately $10 million annually in subtenant rent. In January 2017, Guardian exercised its option to purchase this facility at the expiration of the lease for a fixed price, which property may be sold on or shortly after its acquisition. Guardian will relocate its Corporate Headquarters to two locations during the 2018-2019 timeframe, and has entered into a sublease agreement for 148,318 rentable square feet at 10 Hudson Yards, New York New York for the relocation of its principal Corporate Headquarters effective February 1, 2019. The term of the sublease is through June 29, 2036 and the average annual rental obligation will be approximately $14.9 million. Guardian will relocate a subset of headquarters employees to a new leased location in Holmdel, New Jersey comprising 91,310 rentable square feet. The term of this lease commences on January 1, 2018, expires on December 31, 2032, and has an average annual rent obligation of approximately $2.5 million.

Guardian also has approximately 59 leases totaling 400,500 rentable square feet for its corporate-owned sales operations, satellite corporate operations and subsidiary operations. Such leases typically have terms of 3 to 5 years with renewal options. Guardian’s annual rental obligations under these leases are approximately $9.0 million. In addition, Guardian subsidiaries are tenants under 69 dental center leases totaling 325,000 rentable square feet, which typically have terms of 5 to 10 years with renewal options. Guardian’s annual rental obligations under these leases are approximately $6.5 million.

Guardian has approximately 7 Reed Group locations comprising 209,000 rentable square feet, with annual rental obligations of approximately $4.0 million. In addition, Guardian has executed leases for 4 Guardian India locations comprising of 150,000 rentable square feet with annual rental obligations of approximately $1.7 million.

Guardian has signed approximately 15 leases totaling 102,000 rentable square feet on behalf of its agency operations (for those that have not yet become general agents). Such leases typically have terms of 3 to 5 years with renewal options. Guardian’s annual rental obligations under these leases are approximately $2.7 million.

Guardian believes that such owned and leased properties are suitable and adequate for Guardian’s current business operations.

Employees and Agents

As of October 1, 2017, Guardian and its subsidiaries employed approximately 9,189 people. In addition, as of November 1, 2017, over 2,750 full-time career agents are engaged in the sale of Guardian’s products. Approximately 42 entities have selling and servicing agreements for GIAC annuities (including PAS) and 956 broker-dealer entities have servicing agreements for GIAC annuities. Approximately 6 of Guardian subsidiary Access Dental Services LLC’s employees are currently represented by a labor union. Guardian believes that its employee relations are generally good.

FINANCIAL AND ACCOUNTING MATTERS

The historical financial information included in this Information Memorandum has been prepared in conformity with the statutory accounting practices prescribed by the NYSDFS.

Summary of Principal Differences Between SAP and GAAP

SAP is different in some respects from financial statements prepared in accordance with GAAP. The more significant differences between SAP and GAAP are that, under SAP, (1) costs related to acquiring business, principally commissions and certain policy issue expenses, are charged to income in the year incurred; (2) life insurance and annuity reserves are based on statutory mortality and interest requirements, without consideration of withdrawals and company experience; (3) life insurance enterprises are required to establish a formula-based AVR by a direct charge to surplus to offset potential investment losses; (4) realized gains and losses resulting from changes in interest rates on fixed income investments are deferred in the interest maintenance reserve ("IMR") and amortized into investment income over the remaining life of the investment sold; (5) bonds are carried principally at amortized cost; (6) certain reinsurance transactions are accounted for as reinsurance for statutory purposes and as financing transactions under GAAP, and assets and liabilities are reported net of reinsurance for statutory purposes and gross of reinsurance for GAAP; (7) certain "non-admitted assets" (furniture and office equipment, leasehold improvements, capitalized internally developed non-operating system software and prepaid pension costs) must be excluded under statutory reporting through a charge to surplus; (8) investments in common stock of Guardian's wholly owned and majority owned subsidiaries are accounted for using the equity method, where earnings of such subsidiaries are recognized in surplus; only when dividends are distributed is income recognized; (9) gross deferred tax assets changes in deferred tax assets and deferred tax liabilities, except those allocated to changes in unrealized gains and losses, are recognized as a separate component of surplus; (10) deferred tax assets not meeting certain criteria are non-admitted; (11) investments in real estate joint ventures, where Guardian has a controlling financial interest, are accounted for using the equity method for statutory purposes and consolidated under GAAP; and (12) if in the aggregate, Guardian has a net negative cash balance, it is reported as a negative asset for statutory purposes and recorded as a liability under GAAP.

Investment Reserves

In compliance with SAP, Guardian maintains both an AVR and an IMR. The AVR is intended to stabilize policyholders' surplus against market fluctuations in the value of equities and credit related declines in the value of bonds, mortgage loans, public equity, private equity and real estate investments. The level of the AVR is based on both the type of investment and its credit rating. In addition, the reserves required for similar investments, for example, fixed maturity securities, differ according to the credit ratings of the investments, which are based upon ratings established periodically by the Securities Valuation Office of the NAIC. Guardian, in keeping with the New York Insurance Law and SAP, includes the reserve when determining its total adjusted capital for risk-based capital purposes. Changes in the AVR are recorded directly to surplus. The IMR defers net after-tax realized capital gains (losses) which result from changes in the overall level of interest rates for fixed income investments and amortizes these net capital gains (losses) into income over the remaining stated life of the investments sold. Guardian uses the group method of calculating the IMR. The IMR is not treated under SAP as part of the total adjusted capital for risk-based capital purposes. Net realized after-tax capital (losses)/gains of $212 million, $64 million and $137 million as of December 31, 2016, 2015 and 2014, respectively, were deferred into the IMR. Amortization of the IMR into net investment income amounted to $122 million in 2016, $103 million in 2015 and $112 million in 2014.

Realized investment gains and losses are reported in income based upon specific identification of securities sold. Realized losses include valuation adjustments for other-than-temporary declines in investments. Unrealized investment gains and losses on financial instruments carried at fair value represent changes in the reported fair value and are recorded directly to surplus.

Policyholder Dividends and Other Experience Credits

Guardian determines the amount of dividends payable to eligible participating policyholders. These dividends have the effect of reducing the cost of insurance to policyholders and should be distinguished from the dividends paid on shares of capital stock by other types of business corporations or by stock life insurance companies. Policies on which such dividends may be payable are referred to as eligible participating policies; policies on which such dividends are not payable are referred to as non-participating policies. However, for some participating policies where no dividends are anticipated to be paid and for nonparticipating policies, adjustments may be made to non-guaranteed premiums, policy credits and charges to reflect changes to actual mortality, investment results and expenses.

Divisible surplus in excess of the amount Guardian's Board of Directors determines to be necessary to meet its policy obligations (reserves) and contingencies (such as worsening mortality or economic conditions) and to operate and grow its business is distributed in the form of dividends on Guardian's eligible participating policies. The amount and allocation of that distribution is at the discretion of the Board of Directors. The determination of the dividend scale is made after review of actual experience and reflects the traditional three-factor approach, considering dividend interest rate, mortality and expense. For further information concerning statutory policyholder dividend requirements, see "Business of Guardian—Regulation." Guardian's Board of Directors receives the dividend scale report and recommendation from Guardian's Chief Actuary at its regular November Board meeting. The Board has an opportunity to review the report, ask questions of the Chief Actuary, and request additional information. It is the Board's responsibility to approve the following year's dividend scale. Once Board approval is received, Guardian implements the scale for the following year and all policy illustrations reflect the new scale.

Reserves for Policy Benefits

SAP prescribes methods for valuing obligations under in-force policies and contracts. Those valuations are reflected in the "Reserves for policy benefits" line of the financial statements. Changes in reserves for policy benefits are generally charged against earnings in the income statement. Statutes, regulations and actuarial professional standards require Guardian to analyze the sufficiency of these reserves, using various interest rate scenarios in the context of statutory accounting practices on an annual basis.

For a discussion of Policy Reserves, see "—Critical Accounting Policies—Reserves for policy benefits."

Separate Accounts

Guardian does not sell products which require separate account assets or liabilities. Any such products are sold by GIAC. Separate account assets and liabilities represent segregated funds administered and invested by GIAC for the benefit of individual and group variable annuity, variable life, and other insurance used by policyholders to meet specific insurance and investment objectives. Separate account assets consist principally of marketable securities reported at fair value and are not available to satisfy liabilities that arise from any other business of GIAC. GIAC receives administrative and investment advisory fees from these accounts.

Separate accounts reflect two categories of risk assumption: non-guaranteed separate accounts, for which the policyholder assumes the investment risk; and guaranteed separate accounts, for which GIAC contractually guarantees either a minimum return or minimum account value to the policyholder. Premium income, benefits and expenses of the separate accounts are included in GIAC's Statutory Statements of Income. Investment income and realized and unrealized capital gains and losses on the assets of separate accounts accrue to policyholders and, accordingly, are not recorded in the Statutory Statements of Income.

GIAC may transfer investments from the general account to seed separate accounts. Investments transferred to separate accounts are transferred at fair market value on the date the transaction occurs. Gains related to the transfer are deferred to the extent that GIAC maintains a proportionate interest in the separate account. The deferred gain is recognized as GIAC's ownership decreases or when the separate account sells the underlying asset during the normal course of business. Losses associated with these transfers are recognized immediately.

Accounting for Employee Benefit Plans

The Company sponsors non-contributory defined benefit pension plans covering all eligible employees. These include tax-qualified plans, as well as nonqualified plans that provide benefits to certain participants in excess of ERISA limits for qualified plans. The Company's policy is to fund the obligations of qualified plans in accordance with ERISA requirements.

In addition to pension benefits, the Company provides certain health care, dental and life insurance benefits ("post-retirement benefits") for retired employees. Substantially all of the employees and representatives may become eligible for these benefits if they reach retirement age while working for the Company.

In accordance with NAIC SAP, the costs associated with these required benefits are expensed over the period that the participant provides services to the Company, including recognition of assets and liabilities based on the funded status of the related plans. Pension assets are then non-admitted and thereby excluded from surplus.

Critical Accounting Policies

The preparation of financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statutory financial statements, and the reported amounts of revenues and expenses during those reporting periods. The most significant estimates include those used in determining the carrying values of investments and derivatives, the amount of investment valuation reserves on mortgage loans, other-than-temporary impairments and reserves for policy benefits. Future events, including but not limited to changes in the levels of mortality, morbidity, interest rates, persistency, asset valuations and asset defaults, could cause actual results to differ from the estimates used in the statutory financial statements. Although some variability is inherent in these estimates, management believes the amounts presented are appropriate.

For a complete discussion of accounting policies and practices, see the notes to the Statutory Financial Statements included in this Information Memorandum.

Carrying Values of Investments and Derivatives. Investments are valued in accordance with methods prescribed by the Securities Valuation Office of the NAIC ("SVO"). Guardian obtains the fair value of financial instruments held in its portfolio from a number of sources, which are measured at fair value, as described in the Statutory Financial Statements. These sources include published market quotes for active market exchange traded instruments, third-party pricing vendors, investment banks which are lead market makers in certain markets and broker quotes. Guardian also uses internal valuation models that use market observable inputs when available and Guardian derived inputs when external inputs are not available or deemed to be inaccurate.

Bonds are stated principally at amortized cost with bond premiums and discounts amortized using the scientific interest method. Those bonds which are rated 6 by the NAIC are reported at the lower of amortized cost or fair value. Mortgage-backed bonds are carried at amortized cost using the interest method considering anticipated prepayments at the date of purchase. Significant changes in future anticipated cash flows from the original purchase assumptions are accounted for using the retrospective adjustment method with Public Securities Association standard prepayment rates. Guardian has elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from issuers or broker-dealers through information services or internal estimates and are believed to be consistent with current interest rates and the economic environment.

Preferred stocks which are rated 4, 5 or 6 by the SVO are stated at the lower of cost or fair value.

Common stocks of unaffiliated companies are stated at fair value, which is based on quoted market prices. For common stocks without quoted market prices, fair value is estimated using independent pricing services or internally developed pricing models. Investments in subsidiaries and affiliates are included in common stocks and are valued at equity in the underlying net assets. Undistributed earnings or losses of subsidiaries and unrealized appreciation or depreciation on common stocks are reflected as unrealized capital gains and losses directly in surplus.

Mortgage loans are valued at amortized cost. Valuation reserves are established for potential declines in the value of the mortgage loans. Fair value is determined based upon the present value of the scheduled future cash flows of each loan based on the average term to maturity discounted at the appropriate U.S. Treasury rate, adjusted for the current market spread for a similar quality mortgage.

Real estate, which Guardian has the intent to hold for the production of income, and real estate occupied by Guardian are carried at cost, less any valuation adjustment, encumbrances and accumulated depreciation of buildings and other improvements using a straight line method over the estimated useful life of the improvements. Depreciation expense is included in net investment income.

Derivative financial instruments for hedged assets and liabilities, which include those used in the equity hedging program, are carried at estimated fair value, which is based primarily upon quotations obtained from independent sources. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Information about Market Risk—Hedging Programs." Changes in the fair value of these open hedge positions are recorded as unrealized capital gains and losses in surplus. Gains and losses realized on the termination, closing, expiration or assignment of contracts are recorded as realized capital gains and losses. Amounts receivable and payable are accrued.

Investment Valuation Reserves on Mortgage Loans. When, based upon current information and events, it is probable that Guardian will be unable to collect all amounts of interest and principal due according to the contractual terms of the mortgage loan agreement, a valuation allowance is established for the excess of the carrying value of the mortgage loan over its fair value. Collectability and estimated recoveries are assessed on a loan-by-loan basis considering all events and conditions relevant to the loan. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revisions as more information becomes available, as changes occur in the market or as negotiations with the borrowing entity evolve. Changes to the valuation allowance are recorded as unrealized capital losses in surplus.

Other-than-Temporary Impairments. The carrying values of bonds, mortgage-backed and asset-backed securities are written down to fair value when a decline in value is considered to be other-than-temporary. Guardian considers the following factors in the evaluation of whether a non-interest related decline in value is other-than-temporary: (a) the financial condition and near-term prospects of the issuer; (b) the likelihood that Guardian will be able to collect all amounts due according to the contractual terms of a debt security in effect at the date of acquisition; (c) Guardian's ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery in value; and (d) the period and degree to which the market value has been below cost. Guardian considers the following factors in the evaluation of whether an interest related decline in value is other-than-temporary: (a) Guardian's near term intent to sell; (b) Guardian's contractual and regulatory obligations; and (c) Guardian's ability to hold the investment until anticipated recovery of the cost of the investment. Guardian conducts a semi-annual management review of all bonds including those in default, not-in-good standing or valued below 80% of cost. Guardian also considers other qualitative and quantitative factors in determining the existence of other-than-temporary impairments including, but not limited to, unrealized loss trend analysis and significant short-term changes in value. If the impairment is other-than-temporary, a direct write-down is recognized in realized capital losses and a new cost basis is established.

The cost basis of common stocks is adjusted for impairments deemed to be other-than-temporary. Guardian considers the following factors in the evaluation of whether a decline in value is other-than-temporary: (a) the financial condition and near-term prospects of the issuer; (b) Guardian's ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery in value; and (c) the period and degree to which the market value has been below cost. Guardian conducts a semi-annual management review of issuers whose common stock is not-in-good standing or valued below 80% of cost. Guardian also considers other qualitative and quantitative factors in determining the existence of other-than-temporary impairments including, but not limited to, unrealized loss trend analysis and significant short-term changes. If the impairment is other-than-temporary, a direct write-down to fair value is recognized in realized capital losses and a new cost basis is established.

For mortgage loans, when an event occurs resulting in an impairment that is other-than-temporary, a direct write-down is recognized in realized capital losses and a new cost basis is established. An impairment is deemed other-than-temporary when foreclosure proceedings or other procedures leading to the acquisition of the collateral are initiated, the acquisition of the collateral is probable and a reasonable estimate of the collateral value has been determined.

For real estate, depreciated cost is adjusted for impairments whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable, with the impairment being included in realized capital losses.

For partnerships and LLCs, when it appears probable that Guardian will be unable to recover the outstanding net capital contributed (cost) of an investment, or there is evidence indicating an inability of the investee to sustain earnings to justify the cost of the investment, an other-than-temporary impairment is recognized in realized capital losses for the excess of the cost over the estimated fair value of the investment. The estimated fair value is determined by assessing the value of the partnership or LLC's underlying assets, cash flow, current financial condition and other market factors. Distributions not deemed to be a return of capital are recorded in net investment income when received provided there are undistributed earnings in the partnership or LLC.

Reserves for policy benefits. Policyholders' reserves provide amounts adequate to discharge estimated future obligations in excess of estimated future premium on policies in-force. The reserves are established using actuarial methods based on mortality and morbidity experience tables and valuation interest rates prescribed by the NYSDFS. Actual future experience will differ from assumptions used to determine these reserves.

Reserves for life insurance contracts are developed using accepted actuarial methods computed principally on the Net Level Premium Method, the New Jersey Reserve Method, and the Commissioners' Reserve Valuation Method bases using the American Experience and the 1941, 1958, 1980 and 2001 Commissioners' Standard Ordinary mortality tables with assumed interest rates. Reserve methods, mortality tables and assumed interest rates vary with issue year generations of contracts. Reserves for disability riders associated with life contracts are calculated using morbidity rates from the 1952 Period 2 Intercompany Disability Table.

Individual disability income insurance policy reserves are generally calculated using the two-year preliminary term, net level premium and fixed net premium methods, and actuarially accepted morbidity tables, using the 1964 Commissioners' Disability Table and the 1985 Commissioners' Individual Disability Table A with assumed interest rates in accordance with applicable statutes and regulations.

Disabled life claim reserves are generally calculated using actuarially accepted methodologies and actuarially accepted morbidity tables, using 1985 Commissioners' Individual Disability Tables A and C modified with factors to generate reserves that are more conservative, with assumed interest rates in accordance with applicable statutes and regulations.

Unpaid claims and claim expense reserves are related to disability and long-term care claims with long-tail payouts. Unpaid disability claim liabilities are projected based on the most recent disability payment paid prior to the valuation date Claim expense reserves are based on an analysis of the unit expenses related to the processing and examination of new and ongoing claims. Interest accrued on reserves is calculated by applying NAIC prescribed interest rates to the average reserves by incurral year.

Tabular interest, tabular less actual reserves released and tabular cost for all life and annuity contracts and supplementary contracts involving life contingencies are determined in accordance with NAIC Annual Statement Instructions. Traditional life and term products use a formula that applies a weighted-average interest rate determined from a seriatim valuation file to the mean average reserves. Universal life, variable life, group life insurance, annuity, and supplemental contracts use a formula which applies a weighted-average credited rate to the mean account value.

Guardian waives deduction of deferred fractional premium at death, and returns any portion of the final premium beyond the date of death. Reserves are computed using continuous functions to reflect these practices. The larger of legally computed reserves and cash surrender values on a policy-by-policy basis are held as liabilities.

The same reserve methods applied to standard policies are used for the substandard reserve calculations that are based on a substandard mortality rate (a multiple of standard reserve tables).

Reserves for group life waiver and long-term disability ("LTD") reported claims are determined on a seriatim basis. Life waiver of premium reserves are determined using the 1970 Inter-company Group Life Disability Table for claimants disabled prior to 2009 and the 2005 Group Term Life Waiver Table for claimants disabled on or after January 1, 2009; interest rates vary by the year the claim was incurred, typically 3.5-4.0%. LTD reserves are determined using the 1987 Commissioners' Group Disability Table and Table 95a; interest rates vary by the year the claim was incurred, typically ranging from 3.0% to 5.0%. Group short-term disability, vision and dental claims incurred but not yet reported reserves are estimated based on Guardian's historical experience. Group reserves include reasonable allowances for potential adverse deviation.

Guardian had total life insurance in-force of $590.8 billion, $555.5 billion and $519.1 billion as of December 31, 2016, 2015 and 2014, respectively. Of this total, Guardian had $14 billion, $14 billion and $19 billion of life insurance in-force as of December 31, 2016, 2015 and 2014, respectively, for which the gross premium income was less than the net premium income according to the standard valuation set by the NYSDFS. The gross premium income is less than the net premium income needed to establish the reserves because the statutory reserves must use industry standard mortality tables, while the gross premium income calculated by pricing uses mortality tables that reflect both Guardian's experience and the transfer of mortality risk to reinsurers.

Certain individual VA products issued by GIAC offer GMDBs and, on or before March 31, 2017 guaranteed living benefits ("VAGLB"). The primary types of VAGLBs offered by Guardian on or before March 31, 2017, were GMWBs. Certain individual VA products issued by GIAC in the past offered GMIBs and guarantee minimum accumulation benefits ("GMABs"). As of February 17, 2017, GIAC no longer offers VAGLB.

GMWB riders provide the VA contract holder with a guarantee that a minimum amount will be available for withdrawal annually for life regardless of the contract value. The liability for GMWBs is included in policyholders' reserves and the related change in this liability is included in change in policyholders' reserves. GIAC has a reinsurance agreement with a third-party reinsurer that reinsures 90% of various GMWB riders that were written through December 2008 and introduced prior to September 2008. That reinsurer is an admitted reinsurer in New York. The financial strength ratings of this reinsurer from S&P and Moody's are AA- and Aa3, respectively. The reinsurance treaty remains in effect for any business written on these riders including any renewal premiums received through the date hereof. The remainder of the business written on these riders is subject to a hedging program. Beginning in September 2008, new GMWB rider forms were introduced, and the business written pursuant to these new rider forms is not subject to reinsurance, instead 100% of such business is subject to the hedging program. For a description of this hedging program and its limitations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Information about Market Risk—Hedging Programs." At December 31, 2016, the account value of all GMWB contracts was approximately $7.4 billion before reinsurance and $6.7 billion after reinsurance. At December 31, 2015, the before and after reinsurance account values were $7.0 billion and $6.3 billion, respectively. At December 31, 2014, the before and after reinsurance account values were $6.9 billion and $6.1 billion, respectively. In addition, the net amount at risk was $653 million, $653 million and $84 million at December 31, 2016, 2015 and 2014, respectively. As of February 17, 2017, GIAC no longer offers GMWB.

GMDBs provide a death benefit if the contract value is less than the guaranteed minimum amount. Some contracts provide that guarantee upon the contract owner's death while others provide it upon the annuitant's death. Most base contracts include a death benefit based on a ROP (the premium paid less amounts withdrawn). Additionally, coverage amounts for elective riders include a roll-up (an accumulation of premium at a specified interest rate adjusted for withdrawals), a reset (the contract value on a specified anniversary date adjusted for subsequent withdrawals, which may decrease when reset), or a ratchet (the contract value on a specified anniversary date adjusted for subsequent withdrawals, which is never allowed to decrease when reset). For an annuity contract, a decline in the stock market causing the contract value to fall below the specified amount will increase the net amount at risk, which is the GMDB in excess of the contract value. The liability for GMDBs is included in policyholders' reserves and the related change in this liability is included in change in policyholders' reserves. The net amount at risk represents the amount of death benefit guaranteed over the account value. At December 31, 2016, 2015 and 2014, the net amount at risk was $46 million, $106 million and $49 million, respectively. All GMDB annual benefit elective riders issued through December 2009 are 100% reinsured with two third party reinsurers, each of which has a financial strength rating of at least AA- from S&P. To the extent the GMDB annual benefit elective rider was purchased, ROP benefit risk was also reinsured with such third-party reinsurers for certain issue years. Depending on the type of GMDB annual death benefit rider purchased, the ROP portion of coverage ended for contracts issued either on or after April 2005 or January 2009, and such risks are no longer reinsured.

In the past, GIAC also offered GMIBs. The amount of these riders in-force is minimal relative to the GMWB business in-force. GMIBs provide the annuity contract holder with a guaranteed minimum payment when the contract is annuitized. The GMIB would be beneficial to the contract holder if the contract holder's account value would otherwise not provide a higher annuitization value using currently offered rates at the time of annuitization. The GMIB riders are 100% reinsured with one third-party reinsurer. GIAC no longer sells this type of VAGLB. The account value of the GMIB riders was $75 million, $82 million and $99 million at December 31, 2016, 2015 and 2014, respectively.

GIAC no longer sells the GMAB rider. Existing business for legacy policies accounted for $1.7 million of account value at December 31, 2016, $4 million at December 31, 2015 and $12 million at December 31, 2014. There is no reinsurance on this block of riders. In general, VAGLBs require adherence to limitations required by GIAC's approved asset allocation strategy. Election of a VAGLB is generally only available at contract issue. As noted above, as of February 17, 2017, GIAC no longer offers VAGLBs.

Actuarial Guideline XLIII (VACARVM) provides guidance on how to calculate reserves for VAs with both living and death benefit guarantees. The guideline requires the reserve to be calculated using two approaches, the standard scenario approach and the stochastic scenario approach, the final reserve being the greater of the two. The Standard Scenario amount is based on a single path, deterministic projection with stipulated assumptions and the stochastic amount is based on the results of stochastically generated interest rate and equity scenarios. Management's best estimate assumptions along with margins for uncertainty are used to calculate the stochastic amount. Key assumptions used in valuing the liability include full withdrawals, partial withdrawals, mortality, investment management fees and revenue sharing, expenses, fund allocations, and other policyholder behavior. In addition, a method for projecting interest rates and equity returns is required. The stochastic process also requires the projection of in-force general account assets, assets from reinvested cash flows and in-force hedge assets that support the liabilities. The key assumptions needed in valuing the assets include reinvestment asset mix, reinvestment credit spreads, default rates, implied volatility, and swap interest rates. At December 31, 2016 and 2015, the Stochastic amount was the greater of the two measures and was thus used as the final reserve. However, at December 31, 2014, the Standard Scenario amount was the greater of the two measures and was thus used as the final reserve.

SPIA and DIA statutory reserves are determined as the present value of future payments. The present value of future payments is based on prescribed maximum mortality and discount rate assumptions; however, for certain issue years, more conservative discount rate assumptions are used.

The estimated fair value of contract holder account balances for investment type contracts has been determined to be equivalent to carrying value as the current offering and renewal rates are set in response to current market conditions.

The estimated fair value of contract holder account balances for investment type contracts has been determined to be equivalent to carrying value as the current offering and renewal rates are set in response to current market conditions.

All policyholders' reserves and accruals are based on the various estimates discussed previously and are presented net of reinsurance. Management believes that these liabilities and accruals will be sufficient, in conjunction with future revenues, to meet future anticipated obligations of policies and contracts in-force.

Reserves for dividend accumulations, premium deposit funds and investment-type contracts are based on account value or accepted actuarial methods using applicable interest rates. Fair value is estimated by discounting expected future cash flows using current market.

SELECTED HISTORICAL STATUTORY FINANCIAL INFORMATION OF GUARDIAN

The selected financial information of Guardian set forth below has been compiled on an unconsolidated basis and determined in accordance with SAP. For a description of the accounting principles applicable to this financial information and certain differences between SAP and GAAP, see "Financial and Accounting Matters—Summary of Principal Differences Between SAP and GAAP."

The following statutory financial information as of December 31, 2016, 2015 and 2014 and for the years then ended has been derived from the Statutory Financial Statements included elsewhere in this Information Memorandum. The Statutory Financial Statements for 2016, 2015 and 2014 have been audited by PricewaterhouseCoopers LLP, independent accountants.

This information should be read in conjunction with, and is qualified in its entirety by, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Statutory Financial Statements and other information included elsewhere in this Information Memorandum. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results may differ from estimates. The results for past accounting periods are not necessarily indicative of the results to be expected for any future accounting period.

	Years Ended December 31,			$ Change	% Change	$ Change	% Change
	2016	2015	2014	2016 vs. 2015	2016 vs. 2015	2015 vs. 2014	2015 vs. 2014
	($ in Millions)						
Statements of Income Data:							
Revenue:							
Premiums, annuity considerations and fund deposits	$ 7,768	$ 7,334	$ 6,999	$ 434	5.9%	$ 335	4.8%
Net investment income	2,052	1,985	2,146	67	3.4%	(161)	(7.5%)
Other income	421	376	397	45	12.0%	(21)	(5.3%)
Total revenue	$10,241	$ 9,695	$ 9,542	$ 546	5.6%	$ 153	1.6%
Benefits and expenses:							
Benefit payments to policyholders and beneficiaries	$ 4,293	$ 4,104	$ 3,858	$ 189	4.6%	$ 246	6.4%
Net additions to policy benefit reserves	2,330	2,137	2,172	193	9.0%	(35)	(1.6%)
Commissions and operating expenses	2,262	2,048	1,997	214	10.4%	51	2.6%
Total benefits and expenses	$ 8,885	$ 8,289	$ 8,027	$ 596	7.2%	$ 262	3.3%
Gain from operations before dividends and federal income taxes	1,356	1,406	1,515	(50)	(3.6%)	(109)	(7.2%)
Dividends to policyholders[1]	(839)	(826)	(778)	(13)	1.6%	(48)	6.2%
Gain from operations before federal income taxes	$ 517	$ 580	$ 737	$ (63)	(10.9%)	$ (157)	(21.3%)
Federal income tax (expense) benefit	(141)	(82)	(102)	(59)	72.0%	20	(19.6%)
Income from operations before net realized capital gains	$ 376	$ 498	$ 635	$ (122)	(24.5%)	$ (137)	(21.6%)
Net realized capital gains	(8)	(65)	77	57	(87.7%)	(142)	(184.4%)
Net income	$ 368	$ 433	$ 712	$ (65)	(15.0%)	$ (279)	(39.2%)
Balance Sheet Data:							
Assets:							
Total assets	$ 51,884	$48,121	$45,296	$ 3,763	7.8%	$ 2,825	6.2%
Liabilities and surplus:							
Reserves for policy benefits	$ 39,369	$37,031	$34,856	$ 2,338	6.3%	$ 175	6.2%
Policyholder dividends payable and other contract liabilities[2]	3,107	2,189	2,054	918	41.9%	135	6.6%
Interest maintenance reserve	464	373	412	91	24.4%	(39)	(9.5%)
Asset valuation reserve	810	798	754	12	1.5%	44	5.8%
Other liabilities	1,962	1,640	1,528	322	19.6%	112	7.3%
Total liabilities	$ 45,712	$ 42,031	$39,604	$ 3,681	8.8%	$ 2,427	6.1%
Surplus	6,172	6,090	5,692	82	1.6%	398	7.0%
Total liabilities and surplus	$ 51,884	$ 48,121	$45,296	$ 3,763	7.8%	$ 2,825	6.2%

(1) Dividends to policyholders are discretionary and subject to the approval of Guardian's Board of Directors.

(2) Statutory accounting practices require that the liability for policyholders’ dividends include dividends currently payable and the full amount of dividends apportioned for payment over the 12 months following the date of the applicable payment.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion below is prepared in conformity with SAP and the accounting practices prescribed by the NYSDFS. See “Financial and Accounting Matters—Summary of Principal Differences Between SAP and GAAP.”

General

This disclosure should be read in conjunction with the Statutory Financial Statements (including the notes thereto) and “Selected Historical Statutory Financial Information of Guardian.” This section reviews the financial condition of Guardian at December 31, 2016, 2015 and 2014, Guardian’s results of operations for the years ended December 31, 2016, 2015 and 2014, and factors that may affect Guardian’s future financial performance.

Guardian, together with its subsidiaries, is a diversified financial services group that seeks to provide attractive value for policyholders and customers by providing a wide array of differentiated products and services, while aiming to achieve strong financial results. In pursuing this strategy, Guardian’s guiding principle is to enable its customers to obtain financial success while protecting their families and businesses. To achieve this goal, Guardian focuses on developing and distributing a broad portfolio of financial products and services, maintaining what it believes to be prudent underwriting standards and rigorous expense control, and pursuing asset/liability management practices that it considers conservative.

Guardian’s statutory net income was $368 million for the year ended December 31, 2016, $433 million for the year ended December 31, 2015 and $712 million for the year ended December 31, 2014. As of and for the year ended December 31, 2016, Guardian had $51.9 billion in total statutory assets, net gain from operations (before dividends to policyholders and taxes) of $1.4 billion, over 976 million individual policies in-force, and $590.8 billion of life insurance in-force.

Guardian’s insurance financial strength/claims paying ability, is rated AA+ by S&P, Aa2 by Moody’s, AA+ by Fitch, and A++ by A.M. Best. S&P, Moody’s, Fitch, and A.M. Best currently report a stable outlook for Guardian’s insurance financial strength rating. Each rating agency independently assigns ratings based on its own separate review and takes into account a variety of factors, which are subject to change, in making its decision. Accordingly, there can be no assurance of the ratings that will be afforded Guardian in the future.

Basis of Presentation

The preparation of financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates include those used in determining the carrying values of investments and derivatives, the liability for future policyholders’ reserves and deposit-type contracts, and the amount of investment valuation reserves on mortgage loans, real estate held for sale, other-than-temporary impairments and the liability for taxes. Future events including, but not limited to, changes in the levels of mortality, morbidity, interest rates, persistency and asset valuations, could cause actual results to differ from the estimates used in the financial statements. Although some variability is inherent in these estimates, management believes the amounts presented are appropriate. Guardian has reclassified certain prior year balances to conform to the current year presentation. With respect to an individual line item, a discussion of changes between the end of one period and another may be omitted to the extent such item has not changed materially.

The discussion below regarding Guardian’s results of operations is based on the Statutory Financial Statements of Guardian included elsewhere in this Information Memorandum. Those financial statements have been prepared on the basis of SAP prescribed by the NYSDFS. Under SAP, results of subsidiaries are not consolidated with the results of Guardian on a line-by-line basis, but rather are generally recorded at their underlying net equity value as affiliated common stock investments, with the current year change in net equity value, less dividends paid and contributions from Guardian reflected in unrealized capital gains and losses through surplus. Dividends received from subsidiaries are included in Guardian's net investment income. See "Financial and Accounting Matters."

Analysis of Results of Operations—For the Years Ended December 31, 2016, 2015 and 2014.

The following table sets forth the components of statutory net income for the years ended December 31, 2016, 2015 and 2014.

	Years Ended December 31,		
	2016	2015	2014
		($ in Millions)	
Revenue:			
Premiums, annuity considerations and fund deposits	$ 7,768	$ 7,334	$ 6,999
Net investment income	2,052	1,985	2,146
Other income	421	376	397
Total revenue	$ 10,241	$ 9,695	$ 9,542
Benefits and expenses:			
Benefit payments to policyholders and beneficiaries	$ 4,293	$ 4,104	$ 3,858
Net increase to policy benefit reserves	2,330	2,137	2,172
Commissions and operating expenses	2,262	2,048	1,997
Total benefits and expenses	$ 8,885	$ 8,289	$ 8,027
Gain from operations before dividends and federal income taxes	1,356	1,406	1,515
Dividends to policyholders	(839)	(826)	(778)
Gain from operations before federal income taxes	$ 517	$ 580	$ 737
Federal income tax expense	(141)	(82)	(102)
Net gain from operations	$ 376	$ 498	$ 635
Net realized capital (losses)/gains after taxes and transfers to IMR	(8)	(65)	77
Net income	$ 368	$ 433	$ 712

Net Income

Total revenue increased $0.5 billion from $9.7 billion in 2015 to $10.2 billion in 2016, driven primarily by an increase in premiums, annuity considerations and fund deposits. Total benefits and expenses increased $0.6 billion from $8.3 billion in 2015 to $8.9 billion in 2016, due to increases in benefit payments to policyholders and beneficiaries, policy benefit reserves, and commissions and operating expenses.

Total revenue increased $0.2 billion from $9.5 billion in 2014 to $9.7 billion in 2015, driven primarily by an increase in premiums, annuity considerations and fund deposits. Total benefits and expenses increased $0.3 billion from $8.0 billion in 2014 to $8.3 billion in 2015, primarily due to an increase in benefit payments to policyholders and beneficiaries.

Premium income, annuity considerations and fund deposits

Selected premium income, annuity considerations and fund deposits information is presented below:

	Years Ended December 31,			$ Change	% Change	$ Change	% Change
	2016	2015	2014	2016 vs. 2015	2016 vs. 2015	2015 vs. 2014	2015 vs. 2014
		($ in Millions)					
Premium income:							
Whole life	$ 3,706	$ 3,527	$ 3,426	$ 179	5.1%	$ 101	2.9%
Disability	464	441	424	23	5.2%	17	4.0%
Term, universal, and variable life	138	137	142	1	0.7%	(5)	-3.5%
Group	3,457	3,225	3,004	232	7.2%	221	7.4%
Reinsurance	3	4	3	(1)	-25.0%	1	33.3%

Total	$ 7,768	$ 7,334	$ 6,999	$ 434	$ 5.9%	$ 335	$ 4.8%

For the year ended December 31, 2016, premium income as compared to the year ended December 31, 2015 increased $434 million, primarily due to an increase in group premium income of $232 million, as a result of better persistency and in-group growth and an increase in whole life premium income of $179 million due to natural growth and favorable persistency.

For the year ended December 31, 2015, premium income as compared to the year ended December 31, 2014 increased $335 million, primarily due to an increase in group premium income of $221 million, as a result of better persistency and in-group growth and an increase in whole life premium income due to natural growth and favorable persistency.

Net Investment Income

The components of net investment income are set forth below:

	Years Ended December 31		
	2016	2015	2014
		($ in Millions)	
Net investment income:			
Bonds	$ 1,545	$ 1,480	$ 1,406
Preferred stocks	7	8	7
Common stocks—subsidiaries and affiliates	12	35	308
Common stocks—unaffiliated	9	9	16
Mortgage loans	169	159	165
Policy loans	247	241	232
Real estate	73	74	25
Derivatives and other invested assets	181	165	117
Cash, cash equivalents and short-term investments	4	3	1
Total gross investment income	$ 2,247	$ 2,174	$ 2,277
Investment expenses	(195)	(189)	(131)
Net investment income	$ 2,052	$ 1,985	$ 2,146
Amortization of IMR	122	103	112
Net investment income including IMR amortization	$ 2,174	$ 2,088	$ 2,258

For the year ended December 31, 2016, net investment income, including IMR amortization, increased $86 million due to increases in bonds and mortgage interest income plus increased private equity income distributions, which was partially offset by lower dividend distributions from common stock affiliates and higher investment expenses.

For the year ended December 31, 2015, net investment income, including IMR amortization, decreased $170 million due to lower dividend distributions from common stock affiliates, which more than offset increases in bond and private equity income distributions.

Guardian calculates the yield on its investment portfolio before federal income taxes as (a) two times gross investment income divided by (b) the beginning and ending balance of invested assets minus (c) gross investment income. After deducting all investment expenses, the net annualized yields were, 4.66% for the year ended December 31, 2016, 4.91% for the year ended December 31, 2015 and 4.88% for the year ended December 31, 2014. The primary reason for the decrease in 2016 is lower reinvestment rates for investments acquired during 2016.

Bond gross investment income increased $65 million in 2016 as compared to 2015 due to increased average asset balances and increased receipt of bond prepayment fees on private placements. Bond gross investment income increased $74 million in 2015 as compared to 2014 due to increased average asset balances and increased receipt of prepayment fees on private placements. Average bond asset balances were $33.6 billion, $30.7 billion and $28.5 billion in 2016, 2015 and 2014, respectively. Average bond portfolio yields decreased from 4.93% in 2014 to

4.82% in 2015 to 4.60% in 2016. Prepayment fees on private placements, which are included in gross investment income, were $37 million in 2016, $35 million in 2015 and $24 million in 2014.

Income from common stocks—unaffiliated remained flat at $9 million in 2016, as compared to 2015. Income from common stocks—unaffiliated decreased $7 million in 2015, as compared to 2014, due to a reduction in the portfolio during 2015.

Mortgage loan gross investment income increased $10 million in 2016 as compared to 2015 due to higher mortgage prepayment fees received in 2016. Mortgage loan gross investment income decreased $6 million in 2015 as compared to 2014 primarily due to significantly lower new money rates in 2015. Predominantly all income comes from commercial loans. Average mortgage portfolio yields were 4.94% in 2016, 4.94% in 2015 and 5.61% in 2014. Mortgage prepayment fees, which are included in gross investment income, were $14 million in 2016, $7 million in 2015 and $8 million in 2014.

The $6 million increase in policy loan gross investment income in 2016 as compared to 2015 is primarily due to an increase in average asset balance which rose from $3.3 billion in 2015 to $3.4 billion in 2016. The $9 million increase in policy loan gross investment income in 2015 as compared to 2014 is primarily due to an increase in average asset balance which rose from $3.2 billion in 2014 to $3.3 billion in 2015.

Real estate income decreased slightly by $1 million in 2016 as compared to the prior year. Real estate income increased $49 million in 2015 primarily due to new statutory accounting guidance which reclassified 14 properties to real estate from other invested assets.

In 2016, the increase in derivatives and other invested assets gross investment income of $16 million was primarily due to increased distributions from private equity limited partnerships of $31 million, partially offset by lower income distributions from real estate joint ventures and affiliated limited partnerships. In 2015, the increase in derivatives and other invested assets gross investment income of $48 million was primarily due to increased distributions from private equity limited partnerships of $45 million.

The cash, cash equivalents and short-term investment gross investment income increased slightly by $1 million in 2016 as compared to 2015. The cash, cash equivalents and short-term investment gross investment income increased slightly by $2 million in 2015 as compared to 2014.

Amortization of IMR increased $19 million in 2016 as a result of a significant increase in bond gains of $392 million in 2016 as compared to 2015. Amortization of IMR decreased $9 million in 2015 as a result of a significant reduction in bond gains ($259 million) in 2015 as compared to 2014.

Other income

Other income, which includes miscellaneous income, commissions and expense allowances on reinsurance ceded, and reserve adjustments on reinsurance, increased $26 million for the year ended December 31, 2016, as compared to December 31, 2015, primarily due to reserve adjustments on reinsurance assumed.

Other income, which includes miscellaneous income, commissions and expense allowances on reinsurance ceded, and reserve adjustments on reinsurance, decreased $21 million for the year ended December 31, 2015, as compared to December 31, 2014, primarily due to reserve adjustments on reinsurance assumed.

Benefit payments to policyholders and beneficiaries

Benefit payments to policyholders and beneficiaries increased $189 million in the year ended December 31, 2016 as compared to the year ended December 31, 2015. The increase is primarily due to an increase in paid claims for all accident and health lines and higher death claims.

Benefit payments to policyholders and beneficiaries increased $246 million in the year ended December 31, 2015 as compared to the year ended December 31, 2014. The increase is primarily due to an increase in paid claims for all accident and health lines and higher death claims.

Additions to policy benefit reserves

Net additions to policy benefit reserves increased $193 million in the year ended December 31, 2016 compared to the year ended December 31, 2015. The policyholders' reserves increased primarily as a result of natural growth of Individual Life reserves.

Net additions to policy benefit reserves decreased $35 million in the year ended December 31, 2015 compared to the year ended December 31, 2014. The policyholders' reserves decreased primarily as a result of the recapture of a reinsurance treaty.

Commissions and operating expenses

Commissions and operating expenses increased $214 million in the year ended December 31, 2016 as compared to the year ended December 31, 2015, due to premium growth from better persistency, increases in general insurance expenses, and premiums, taxes, and fees.

Commissions and operating expenses increased $51 million in the year ended December 31, 2015 as compared to the year ended December 31, 2014, due to premium growth from better persistency.

Dividends to Policyholders

Dividends to policyholders increased $13 million for the year ended December 31, 2016 as compared to the year ended December 31, 2015, due to natural growth.

Dividends to policyholders increased $48 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014, due to changes in the dividend scale.

Guardian Federal Income Tax Expense

Federal income tax expense on operations increased $59 million for the year ended December 31, 2016 as compared to the year ended December 31, 2015, primarily due to a release of contingent taxes in 2015 with no such release in 2016.

Federal income tax expense on operations decreased $20 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily driven by higher taxable income offset by the release of contingent taxes and favorable true-ups.

Net Realized Capital Gains After Tax and Transfers to IMR

Net realized capital gains after taxes and transfers to IMR were comprised of the following:

	Years Ended December 31,		
	2016	**2015**	**2014**
		($ in Millions)	
Total net realized capital gains (losses) after taxes and transfers to IMR:			
Bonds	$ 401	$ 9	$ 268
Preferred stocks	(11)	1	(1)
Mortgage loans	(2)	–	(2)
Common stocks—subsidiaries and affiliates	–	–	–
Common stocks—unaffiliated	5	–	(13)

	Years Ended December 31,		
	2016	2015	2014
		($ in Millions)	
Real estate	29	2	–
Derivatives and other invested assets	(54)	119	61
Net realized capital gains (losses) before deferral to the IMR	$ 368	$ 131	$ 313
Capital gains tax benefit (expense)	(164)	(132)	(99)
Transfer from (to) IMR	(212)	(64)	(137)
Total net realized capital gains after taxes and transfers to IMR	$ (8)	$ (65)	$ 77

The book values of investments are written down when a decline in value is considered to be other-than-temporary. For the year ended December 31, 2016, Guardian recognized $46 million of impairment losses. All of the 2016 impairments were in the private equity limited partnership portfolio. For the year ended December 31, 2015, Guardian recognized $188 million of impairment losses. Guardian employs a systematic methodology to evaluate other-than-temporary impairments. The methodology to evaluate declines in value utilizes a quantitative and qualitative process to attempt to evaluate available evidence concerning the declines in a disciplined manner. Of the $188 million of other-than-temporary impairments, $151 million was related to affiliated LLCs, $31 million was related to bond investments, and $6 million was related to private equity and real estate limited partnerships. For the year ended December 31, 2014, Guardian recognized $2 million of impairment losses, all related to bond investments. See "Financial and Accounting Matters—Critical Accounting Policies."

Net realized capital gains after taxes and transfers to IMR increased $57 million in 2016 as compared to 2015, primarily from increased realized gains after IMR in the bond portfolio of $244 million, realized gains resulting from sales of directly owned real estate increased $27 million, and realized gains on the sales of unaffiliated common stock increased $5 million in 2016 as compared to 2015. These gains were partially offset by an increase in capital gains tax of $32 million, lower derivative and other invested assets gains of $173 million, lower preferred stock gains of $12 million and lower mortgage gains of $2 million. Net realized capital gains after taxes and transfers to IMR decreased $142 million in 2015 as compared to 2014, primarily from decreased realized gains after IMR in the bond portfolio of $186 million. In addition, impairment losses also increased by $186 million in 2015 as compared to 2014. Other contributing factors to the decrease included an increase of $33 million in capital gains taxes in 2015 as compared to 2014. These losses were partially offset by an increase in realized gains from the sale of real estate joint ventures and an affiliated LLC of $186 million.

Realized capital gains after tax and transfers to IMR do not reflect the changes in AVR and other investment reserves, which are recorded as a change in surplus.

Bonds: Low interest rates during 2016 helped net realized capital gains after IMR increase $244 million in 2016 as compared to 2015. Net realized capital gains after IMR decreased $186 million in 2015 as compared to 2014, primarily driven by Guardian generating tax losses in 2015. There were no other-than-temporary impairments in the bond portfolio during 2016. There were $31 million of other-than-temporary impairments in the bond portfolio during 2015, mainly related to energy credits. There were $2 million of bond impairments during 2014, mainly in the private placement portfolio.

Derivative and other invested assets: Derivative instruments and other invested assets had realized (losses) of ($54) million in 2016 compared to realized gains of $119 million in 2015. There were ($46) million in other-than-temporary impairments in 2016 in this category as compared to $6 million in 2015. There were $37 million in real estate joint venture gains on sale in 2016 as compared to $98 million in gains on sale in 2015. Forward foreign currency contracts generated no realized gains/ (losses) in 2016 as compared to $32 million in realized gains in 2015. Credit default swaps generated a realized (loss) of ($4) million in 2016 as compared to a ($1) million loss in 2015. In addition, realized (losses) on future contracts were ($41) million in 2016 as compared to ($4) million in 2015. Derivative instruments and other invested assets had realized gains of $119 million in 2015 compared to realized gains of $61 million in 2014. There were ($6) million in other-than-temporary impairments during 2015 in this category as compared to $0 million during 2014. Real Estate Joint Venture gains totaled $98 million in 2015 as compared to $62 million in 2014. In addition, forward foreign currency contracts generated a realized gain of $32 million in 2015 as compared to a realized gain of $1 million in 2014. For a description of Guardian's hedging program and its limitations, see "Financial and Accounting Matters—Critical Accounting Policies" and "—Quantitative and Qualitative Information about Market Risk—Hedging Programs."

For 2016, $212 million of net after-tax gains were deferred into the IMR primarily from significant gains on bond sales during 2016. For 2015, $64 million of net after-tax gains were deferred into the IMR primarily from gains on sales of bonds in the normal course of business. In 2014, $137 million of gains were deferred into the IMR due to gains on bond sales. Gains/losses deferred to the IMR are amortized into income over the estimated life of the investment sold.

Statement of Financial Position

The following table sets forth Guardian's assets, liabilities and surplus:

	As of December 31,		
	2016	2015	2014
		($ in Millions)	
Balance Sheet Data:			
Total assets	$ 51,884	$ 48,121	$ 45,296
Total liabilities	45,712	42,031	39,604
Total surplus	6,172	6,090	5,692

Assets

Total assets as of December 31, 2016 increased $3.763 billion, or 7.8%, as compared to December 31, 2015. The major components of the growth in assets were invested assets and reinsurance recoverable from affiliates, partially offset by a decrease in other assets.

Total assets as of December 31, 2015 increased $2.825 billion, or 6.2%, as compared to December 31, 2014. The major components of the growth in assets were invested assets and receivables from parent, subsidiaries, and affiliates.

Total invested assets as of December 31, 2016 increased by $3.7 billion, or 8.7%, as compared to December 31, 2015, driven by increases in investment grade bonds, private placement bonds and mortgages.

Total invested assets as of December 31, 2015 increased by $2.5 billion, or 6.3%, as compared to December 31, 2014, driven by increases in the public bond, private placement bond and mortgage loan portfolios.

Bonds at December 31, 2016 of $35.4 billion increased 11.8%, or $3.7 billion, from $31.7 billion at December 31, 2015. Taxable bonds increased by $3.7 billion, while tax exempt bonds remained relatively unchanged from the prior year. Bond impairments decreased by $31 million in 2016 as compared to 2015. Bonds at December 31, 2015 of $31.7 billion increased 7.0%, or $2.0 billion, from $29.7 billion at December 31, 2014. Taxable bonds increased by $2 billion while tax exempt bonds remained relatively flat from the prior year. Bond impairments increased by $29 million in 2015 as compared to 2014.

Bonds in NAIC Classes 1 and 2 represented 70.6%, 68.8% and 67.8% of total general invested assets as of December 31, 2016, 2015 and 2014, respectively. The percentage of total invested assets representing bond investments in NAIC Classes 3 through 6 was 4.9%, 4.7% and 5.2% as of December 31, 2016, 2015 and 2014, respectively. See "—Investments" for more discussion of NAIC investment classes.

Preferred stocks as of December 31, 2016 decreased $126 million as compared to December 31, 2015, or 75.7%, mainly due to increased dispositions in this asset class. Net realized losses totaled $11 million as a result of these sales. Preferred stocks as of December 31, 2015 increased $48 million as compared to December 31, 2014, or 40.3%, mainly from increased acquisitions in this asset class.

Common stocks of subsidiaries and affiliates held by Guardian as of December 31, 2016 increased $78 million as compared to December 31, 2015, or 8.0%, consisting of a $7 million increase in the value of life insurance subsidiaries and a $71 million increase in other affiliated common stocks. Common stocks of subsidiaries and affiliates held by Guardian as of December 31, 2015 decreased $40 million as compared to December 31, 2014, or 4.0%, consisting of a $39 million decrease in the value of life insurance subsidiaries and a $23 million increase in other affiliated common stocks. There was $304 million contributed to common stock affiliates during 2016, $178 million in return of capital during 2016 and $6 million in non-admitted common stock affiliates. There was $50 million contributed to common stock affiliates during 2015, $74 million in return of capital during 2015 and $6 million in non-admitted common stock affiliates.

Common stocks of unaffiliated entities as of December 31, 2016 decreased $52 million as compared to December 31, 2015, or 11.0%, primarily due to net dispositions in the portfolio. Net realized gains recognized from these dispositions were $5 million. Net unrealized gains from stocks were $21 million. There were no other-than-temporary impairments during 2016.

Common stocks of unaffiliated entities as of December 31, 2015 decreased $34 million as compared to December 31, 2014, or 6.5%, primarily due to net dispositions in the portfolio. Net realized gains recognized from these dispositions were $0.3 million. Net unrealized losses from stocks were $31.5 million, while there were no other-than-temporary impairments during 2015.

Mortgage loans as of December 31, 2016 increased $84 million as compared to December 31, 2015, or 2.5%, including $664 million in new investment, rollovers and additional fundings, which were partially offset by the $574 million of paydowns, sales and full payoffs.

Mortgage loans as of December 31, 2015 increased $342 million as compared to December 31, 2014, or 11.2%, including $816 million of new investments, rollovers and additional funding which were partially offset by $469 million of paydowns and full payoffs.

Guardian does not originate any residential mortgages but invests in residential mortgage loan pools, which may contain mortgages of subprime credit quality.

Policy loans as of December 31, 2016 increased $68 million as compared to December 31, 2015, or 2.0%, due to growth in the ordinary course of business. Policy loans as of December 31, 2015 increased $106 million as compared to December 31, 2014, or 3.3%, due to growth in the ordinary course of business.

Properties held for the production of income at December 31, 2016 of $361 million decreased by $54 million from $415 million at December 31, 2015. This was primarily due to six property sales with proceeds of $81 million during 2016 that generated $29 million in net realized gains. There was one property purchased during 2016 for a net cost of $33 million. There was also $7 million in capital expenditures during 2016. Real estate occupied by the company is $13 million as of December 31, 2016 and is included in the $374 million total. Real estate occupied by the company includes $10 million of properties that were available for sale as of December 31, 2016. Depreciation expense recorded during 2016 totaled $19 million and the increase in encumbrances was $58 million. As of December 31, 2016, industrial and other buildings in the general account represented 21.7% of Guardian's real estate portfolio compared to 25.0% for the same property type as of December 31, 2015.

Properties held for the production of income at December 31, 2015 of $415 million increased by $285 million from $130 million at December 31, 2014. This was primarily due to new statutory accounting requirements that reclassified 100% owned LLCs that had a single property from other invested assets to property held for the production of income. Approximately $310 million of real estate was reclassified as a result of this change. Real estate occupied by the company is $15 million as of December 31, 2015 and is included in the $430 million total. In 2015, Guardian received a net $21 million from the sale of real estate, which included $2 million of realized gains. Guardian purchased one directly owned property in 2015 for $40 million and invested $1 million in capital improvements. Real estate occupied by the company is $19 million as of December 31, 2014 and is included in the $149 million total. In 2014, Guardian did not sell any real estate properties. Guardian did not purchase any directly owned real estate during 2014 and invested $3 million in capital improvements. Depreciation expense recorded during 2015 totaled $20 million and the increase in encumbrances was $204 million. Depreciation expense during

2014 totaled $5 million and the decrease in encumbrances was $6 million. As of December 31, 2015, industrial and other buildings in the general account represented 25.0% of Guardian's real estate portfolio compared to 75.6% for the same property type as of December 31, 2014.

Partnerships and LLCs as of December 31, 2016 decreased $103 million as compared to December 31, 2015, or 5.4%, as a result of $94 million of net unrealized pass-through losses due to the depreciation of the private equity portfolio and the reversal of unrealized gains that were distributed during the year as income. Partnerships and LLCs had $46 million in other-than-temporary impairments as of December 31, 2016. During 2016, there were $627 million contributed to new or existing partnerships. In addition, during 2016, there were $587 million of returns of capital which included the sale of six real estate joint ventures that generated $53 million in realized gains.

Partnerships and LLCs as of December 31, 2015 decreased $230 million as compared to December 31, 2014, or 10.8%, as a result of the new statutory accounting requirements which removed 100% owned single property LLCs from this classification and reclassified them as properties held for the production of income. During 2015, there were also $85 million of net unrealized pass-through gains due to the appreciation of the private equity portfolio. Partnerships and LLCs had $6 million in other than temporary impairments as of December 31, 2015. In 2015, there were $850 million of return of capital which included sales of 4 real estate joint venture partnerships, 1 sale of an affiliated LLCs, and 1 sale of a private equity limited partnership that generated $246 million in realized gains. During 2014, there were also $42 million of net unrealized pass-through losses due to depreciation of the private equity portfolio. Partnerships and LLCs had no other than temporary impairments as of December 31, 2014. In 2014, there were $237 million of returns of capital which included sales of 3 real estate joint ventures that generated $62 million in realized gains.

Derivatives and other invested assets at December 31, 2016 were $83 million, $11 million at December 31, 2015 and $13 million at December 31, 2014. This balance mainly represents the value of foreign currency swaps and a small number of unsettled trades at December 31, 2016 relating to bond and stock trading activity.

Guardian uses derivative financial instruments in the ordinary course of business to attempt to manage risks, primarily to reduce equity, interest rate and currency risk. For a description of these hedging programs and their limitations, see "—Quantitative and Qualitative Information about Market Risk—Hedging Programs." The vast majority of Guardian's investment risk is not hedged. Guardian may use a combination of derivatives and fixed income investments to create synthetic investment positions. These combined investments are created opportunistically when they are economically more attractive than the replicated instrument or when the replicated instrument is unavailable. To a much lesser extent, some of these combinations are considered replicated asset transactions as defined under statutory accounting principles.

Cash, cash equivalents and short-term investments increased by $44 million at December 31, 2016 compared to December 31, 2015 due to increased fourth quarter sales activity that were not reinvested by the end of the year. Cash, cash equivalents and short-term investments increased by $13 million at December 31, 2015 compared to December 31, 2014 as a result of increased fourth quarter 2015 sales that were not reinvested by the end of the year.

Investment income due and accrued at December 31, 2016 was $384 million. Investment income due and accrued at December 31, 2015 of $367 million was the same as the amount recorded at December 31, 2014.

Other than invested assets increased $24 million from $4.941 billion at December 31, 2015 to $4.965 billion at December 31, 2016, primarily due to increased receivables from subsidiaries and affiliates.

Other than invested assets increased $278 million from $4.663 billion at December 31, 2014 to $4.941 billion at December 31, 2015, primarily due to increased receivables from subsidiaries and affiliates and current federal and foreign tax recoverable.

Liabilities

Total liabilities as of December 31, 2016 increased $3.681 billion, or 8.8%, as compared to December 31, 2015, primarily due to increases in reserves for policy benefits and policyholder dividends payable and other contract liabilities.

The increase in reserves for policy benefits of $2.338 billion at December 31, 2016 as compared to December 31, 2015 is primarily related to the natural growth of reserves and strengthening of disability claim reserves.

Policyholder dividends payable and other contract liabilities increased $918 million at December 31, 2016 as compared to December 31, 2015, primarily due to the $800 million reserve and accrued interest for the Funding Agreement issued in the second and fourth quarter of 2016.

Total liabilities as of December 31, 2015 increased $2.427 billion, or 6.1%, as compared to December 31, 2014 due primarily to increases in reserves for policy benefits.

AVR increased $12 million, or 1.4%, at December 31, 2016 as compared to December 31, 2015, primarily due to a $22 million increase in the bond, preferred stock, short-term investments and derivatives reserve and a $6 million increase in the common stock reserve. These increases were partially offset by a decrease of $15 million in the real estate and other invested asset reserve. The mortgage reserve decreased by $2 million from $33 million at December 31, 2015 to $31 million at December 31, 2016.

AVR increased $44 million, or 5.8%, at December 31, 2015 as compared to December 31, 2014, primarily due to the basic contribution required by the AVR formula. The mortgage loan 2015 AVR component increased by $4 million also mainly as a result of the basic contribution required by the AVR formula. In addition, the real estate and other invested asset reserve component for 2015 increased by $25 million due to a $122 million increase in private equity investments. These increases were slightly offset by a decrease in the common stock reserve of $1 million during 2015. At December 31, 2015, $301 million was reserved for bonds, preferred stock, short-term investments and derivatives, $33 million was reserved for mortgage loans, $121 million was reserved for common stock and $343 million was reserved for real estate and other invested assets.

Other liabilities at December 31, 2016 of $1.962 billion increased by $322 million from $1.640 billion at December 31, 2015. This increase was primarily due to increases in general expenses and taxes licenses and fees due and accrued.

Other liabilities at December 31, 2015 of $1.640 billion increased by $112 million from $1.528 billion at December 31, 2014. This increase was primarily due to increases in general expenses.

Surplus

Surplus increased $82 million from $6.090 billion at December 31, 2015 to $6.172 billion at December 31, 2016. The increase in surplus was primarily due to net income of $368 million, partially offset by increased pension liabilities and net investment losses.

Surplus increased $398 million from $5.692 billion at December 31, 2014 to $6.090 billion at December 31, 2015. The increase in surplus was primarily due to net income of $433 million.

Liquidity and Capital Resources

Liquidity

Guardian manages its liquidity position by matching its exposure to cash demands with adequate sources of cash and other liquid assets. Guardian's principal sources of liquidity are operating cash flows and holdings of cash, cash equivalents and other readily marketable assets. Historically, Guardian has consistently experienced net positive cash flows from operations. Guardian's primary cash flow sources include investment income, principal repayments on invested assets, and insurance premiums.

Cash, cash equivalents and short-term investments increased $44 million, or 5.6%, as of December 31, 2016 as compared to December 31, 2015. Cash, cash equivalents and short-term investments increased $13 million, or 1.7%, as of December 31, 2015 as compared to December 31, 2014.

Net cash provided from operations for the year ended December 31, 2016 was $2.729 billion. For the year ended December 31, 2016, net cash applied from investing activities amounted to $3.488 billion and net cash provided from financing totaled $803 million. Net cash provided from operations increased $371 million, or 15.7%, to $2.729 million in 2016 as compared to 2015. The increase is primarily attributable to increases in investment income of $442 million, and decreases in other expense, net of $250 million. These increases to net cash provided from operations are partially offset by increased benefits and loss payments of $214 million and decreased other income of $76 million. The increase in cash from financing and miscellaneous activities is primarily attributable to the FABN Program of which $800 million of FA-Backed Notes have been issued.

Net cash provided from operations for the year ended December 31, 2015 was $2.358 billion. For the year ended December 31, 2015, net cash applied from investing activities amounted to $2.350 billion and net cash provided from financing totaled $5 million. Net cash provided from operations decreased $135 million, or 5.4%, to $2.358 million in 2015 as compared to 2014. The decrease is primarily attributable to decreases in investment income of $121 million, benefits and loss payments of $155 million, commissions, expenses and taxes paid of $156 million, and other of $166 million. Partially offsetting these increases to net cash provided from operations are increases in premiums and other income received of $313 million and other income of $150 million.

Excess operating cash flow is used to purchase investments. Purchases of investments and the net increase in policy loans were $20.3 billion, $14.8 billion and $14.7 billion for the years ended December 31, 2016, December 31, 2015, and December 31, 2014, respectively, while sales and maturities of investments and receipts from repayments of loans were $16.9 billion, $12.6 billion and $12.0 billion, respectively, resulting in a net cash outflow of $3.4 billion, $2.2 billion and $2.7 billion, respectively.

Guardian utilizes what it believes to be sophisticated asset/liability analysis techniques in the management of the investments supporting its liabilities. Additionally, Guardian tests the adequacy of the projected cash flows provided by assets to meet all of its future policyholder and other obligations. Guardian performs these studies using stress tests regarding future credit and other asset losses, market interest rate fluctuations, claim losses, and other considerations. The result provides a view of the adequacy of the underlying assets, reserves, and capital. Guardian analyzes a variety of scenarios modeling potential demands on liquidity, taking into account the provisions of policies and contracts in force, its cash flow position, and the volume of cash and readily marketable securities in its portfolio. Guardian attempts to proactively manage its liquidity position on an ongoing basis to meet cash needs while minimizing adverse impacts on investment returns.

In most scenarios that Guardian has tested, operating cash flow is sufficient to satisfy its obligations. Guardian believes that even in extreme scenarios tested, obligations can be met in the modeled stress tests through operating cash flows and the sale of some of Guardian's liquid assets. These stress test scenarios assume no new business that would result in immediate positive cash flow. In addition, if Guardian was in a stress situation, some uses of cash could be suspended, including new investments in illiquid instruments. However, given the inherent limitations and underlying assumptions of quantitative modeling, there can be no assurances of Guardian's ability to maintain sufficient liquidity under actual liquidity needs. See "Risk Factors—Risk Factors Related to Guardian—Guardian's investment portfolio and aspects of Guardian's business are subject to the full range of market risks, including credit, liquidity and equity markets and interest rate risks" and "—Some of Guardian's investments are relatively illiquid and are in asset classes that could experience significant market valuation fluctuations."

Liquidity Risks

Liquidity risk is the risk that Guardian will not have access to sufficient funds to meet its liabilities when due. Guardian believes that its product mix contributes to its strong liquidity position. Guardian's blocks of variable life insurance and VA contracts limit its liquidity risk because the customer bears most of the investment risk for these types of products. A primary liquidity concern for Guardian is the risk of early contract owner and policyholder life insurance policy loans and surrenders and withdrawals. Guardian closely evaluates and manages this risk. As a matter of policy, virtually all of Guardian's life insurance and annuity products contain surrender charges for varying durations or fair value adjustments, reducing the risk that customers will seek surrenders and withdrawals or life insurance policy loans during the periods when surrender charges or fair value adjustments are in place. Surrender charges or fair value adjustments help Guardian to better plan the maturities of its invested assets by reducing the risk that future outflows will exceed anticipated levels.

Guardian's principal sources of liquidity to meet unexpected cash outflows are its portfolio of liquid assets and its net operating cash flow. Liquid assets include cash, cash equivalents, short-term investments and other readily marketable public securities. Furthermore, Guardian monitors and manages cash flows over a one-year horizon in order to attempt to maximize investment returns relative to client obligations and to reduce the number, length of time and severity of asset and liability cash flow mismatches. See "—Investments" for a more detailed discussion of the investment portfolio.

Dividends from Subsidiaries

Guardian has not historically relied on dividends from its subsidiaries to meet its operating cash flow requirements. Dividend payments from insurance subsidiaries are generally subject to certain restrictions imposed by statutory authorities. Additionally, dividend payments from other subsidiaries are limited to their retained earnings.

For Guardian's life insurance subsidiaries, including BLICOA and GIAC, substantially all of the statutory aggregate surplus of approximately $526 million as of December 31, 2016 is subject to dividend restrictions. Under the laws of Delaware and Massachusetts, the domiciliary states of GIAC and BLICOA, respectively, dividends in excess of unassigned funds require regulatory approval. In addition, BLICOA and GIAC must seek regulatory approval prior to paying a dividend whose fair market value together with other dividends within the preceding twelve months exceeds the greater of (i) 10% of the insurer's policyholder surplus as of the last day of December next preceding or (ii) the net gain from operations of the insurer for the twelve month period ending the last day of December next preceding. Guardian's life insurance subsidiaries, including BLICOA and GIAC, had the ability to make dividend payments up to $77 million in 2016 without obtaining prior approval from their respective state insurance departments. Guardian's individual disability income insurance line of business is written by BLICOA and Guardian is, accordingly, only able to receive income generated by this line of business through dividends received from BLICOA. For the years ended December 31, 2016, 2015 and 2014, Guardian received an aggregate of $12 million, $43 million and $324 million, respectively, in cash dividends from its subsidiaries. The dividend in 2014 consisted of cash and $305 million in mortgages and private placement bonds Guardian received from BLICOA. Guardian can make no assurance regarding the timing or amount of dividends, if any, that may be paid by these subsidiaries to Guardian in the future. GIS and FCW are not subject to dividend restrictions imposed by statutory authorities but may pay dividends up to but not exceeding any accumulated earnings. As of December 31, 2016, FCW had accumulated earnings of $44 million and would be able to pay a dividend up to $44 million in 2017. As of December 31, 2015, FCW had accumulated earnings of $19 million and would have been able to pay a dividend up to $19 million in 2016. As of December 31, 2014, FCW had accumulated losses of $2 million and therefore was not able to pay dividends.

Capital Resources

The NAIC has an RBC model to compare total adjusted capital with a standard design in order to reflect an insurance company's risk profile. RBC is calculated at year end for regulatory purposes, and Guardian estimates RBC on an interim basis. Although Guardian believes that there is no single appropriate means of measuring capital needs, Guardian feels that the NAIC approach to RBC measurement is reasonable and conservative, and Guardian manages its capital position with significant attention to maintaining adequate total adjusted capital relative to RBC. Guardian's total adjusted capital was well in excess of all RBC standards at December 31, 2016, 2015, and 2014. Guardian believes that it enjoys a strong capital position in light of its risks and that it is well-positioned to meet policyholder and other obligations.

Existing Surplus Notes

On October 6, 2009, the Company issued the 2039 Surplus Notes with a principal balance of $400 million, bearing interest at 7.375%, and scheduled to mature on September 30, 2039. Proceeds from the issuance of the 2039 Surplus Notes were $392.4 million, net of discounts and fees. Interest on these 2039 Surplus Notes is scheduled to be paid semiannually on March 31 and September 30 of each year. The 2039 Surplus Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company. Under New York Insurance Law, the 2039 Surplus Notes are not part of the legal liabilities of the Company. Each payment of interest or principal may be made only with the prior approval of the Superintendent and only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance Law. Provided that approval is granted by the Superintendent, the 2039 Surplus Notes may be redeemed at the option of the Company at any time (in whole or in part) at the "make-whole" redemption price equal to the greater of the principal amount of the 2039 Surplus Notes to be redeemed, or the sum of the present value of the remaining scheduled interest and principal payments, excluding accrued interest as of the date on which the 2039 Surplus Notes are to be redeemed, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 50 basis points. The Company paid $30 million in interest on the 2039 Surplus Notes in each of the years ended December 31, 2016, 2015 and 2014, respectively.

On June 19, 2014, the Company issued the Existing 2064 Surplus Notes with a principal balance of $450 million, bearing interest at 4.875%, and scheduled to mature on June 19, 2064. Proceeds from the issuance of the Existing 2064 Surplus Notes were $445 million, net of discounts and fees. Interest on these Existing 2064 Surplus Notes is scheduled to be paid semiannually on June 19 and December 19 of each year. The Existing 2064 Surplus Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company. Under New York Insurance Law, the Existing 2064 Surplus Notes are not part of the legal liabilities of the Company. Each payment of interest or principal may be made only with the prior approval of the Superintendent and only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance Law. Provided that approval is granted by the Superintendent, the Existing 2064 Surplus Notes may be redeemed at the option of the Company at any time (in whole or in part) at the "make-whole" redemption price equal to the greater of the principal amount of the Existing 2064 Surplus Notes to be redeemed, or the sum of the present value of the remaining scheduled interest and principal payments, excluding accrued interest as of the date on which the Existing 2064 Surplus Notes are to be redeemed, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 25 basis points. The Company paid $22 million in interest on the Existing 2064 Surplus Notes in the years ended December 31, 2016 and 2015, respectively.

On January 24, 2017, the Company issued the Original 2077 Surplus Notes with a principal balance of $350 million, bearing interest at 4.850%, and scheduled to mature on January 24, 2077. Proceeds from the issuance of the Original 2077 Surplus Notes were $347 million, net of discounts and fees. Interest on these Original 2077 Surplus Notes is scheduled to be paid semiannually on January 24 and July 24 of each year. The Original 2077 Surplus Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company. Under New York Insurance Law, the Original 2077 Surplus Notes are not part of the legal liabilities of the Company. Each payment of interest or principal may be made only with the prior approval of the Superintendent and only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance Law. Provided that approval is granted by the Superintendent, the Original 2077 Surplus Notes may be redeemed at the option of the Company at any time (in whole or in part) at the "make-whole" redemption price equal to the greater of the principal amount of the Original 2077 Surplus Notes to be redeemed, or the sum of the present value of the remaining scheduled interest and principal payments, excluding accrued interest as of the date on which the Original 2077 Surplus Notes are to be redeemed, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 30 basis points, plus in each case, accrued and unpaid interest to the date of redemption.

Funding Agreement-Backed Notes

On April 18, 2016, Guardian Life Global Funding, a special purpose trust, established a global debt issuance program (the "FABN Program") for the sale from time to time of up to $3 billion in funding agreement-backed notes. On April 26, 2016, October 27, 2016 and May 8, 2017, Guardian Life Global Funding issued $500 million, $300 million and $400 million, respectively, under the FABN Program (the "FA-Backed Notes"). Pursuant to the FABN Program, Guardian Life Global Funding used the proceeds from each sale of FA-Backed Notes to purchase a funding agreement from Guardian, which secure the obligations of the relevant FA-Backed Notes. Guardian Life Global Funding is not a subsidiary or affiliate of Guardian, or any of its subsidiaries or affiliates. While the funding agreements are unsecured obligations of Guardian, the FA-Backed Notes are not obligations of, and will not be guaranteed by, Guardian or any of its subsidiaries or affiliates. In the year ended December 31, 2016, the Company paid $5 million in interest on the funding agreements securing the outstanding FA-Backed Notes.

Investments

General

At September 30, 2017, Guardian had $50.1 billion of invested assets in the general account, an increase of $3.2 billion from December 31, 2016. At December 31, 2016, Guardian had $46.9 billion of invested assets in its general account, an increase of $3.7 billion from December 31, 2015. At December 31, 2015, Guardian had $43.2 billion of invested assets in its general account, an increase of $2.5 billion from December 31, 2014. Guardian had $40.6 billion in invested assets at December 31, 2014. Guardian manages the portfolio of invested assets to support the general account liabilities in light of liability characteristics and risk management considerations.

The following tables set forth Guardian's invested assets in the general account as of the dates indicated:

	September 30,		December 31,					
	2017		2016		2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)							
Bonds:								
Public bonds	$ 25,400	50.7%	$ 24,453	52.1%	$ 22,192	51.4%	$ 21,286	52.4%
Private placement bonds	8,939	17.9%	8,211	17.5%	7,765	18.0%	6,900	17.0%
CMBS	1,885	3.8%	1,555	3.3%	1,156	2.7%	962	2.4%
RMBS	923	1.8%	705	1.6%	549	1.4%	463	1.1%
Asset backed securities/ CLO	820	1.6%	523	1.1%	54	0.1%	42	0.1%
Total bonds	37,967	75.8%	35,447	75.6%	31,716	73.5%	29,653	73.0%
Preferred stocks	26	0.1%	40	0.1%	167	0.4%	119	0.3%
Common stocks— subsidiaries and affiliates	1,076	2.1%	1,044	2.2%	966	2.2%	1,006	2.5%
Common stocks— unaffiliated	544	1.1%	438	0.9%	490	1.1%	524	1.3%
Mortgage loans	3,723	7.4%	3,472	7.4%	3,388	7.9%	3,046	7.5%
Policy loans	3,472	6.9%	3,405	7.2%	3,337	7.7%	3,231	7.9%
Real estate	356	0.7%	374	0.8%	430	1.0%	149	0.4%
Partnerships and LLCs	1,938	3.9%	1,794	3.8%	1,897	4.4%	2,127	5.2%
Derivatives	28	0.1%	41	0.1%	9	0.0%	12	0.0%
Other invested assets[(1)]	116	0.2%	42	0.1%	2	0.0%	1	0.0%
Cash, cash equivalents and short-term investments	852	1.7%	822	1.8%	778	1.8%	765	1.9%
Total investments	$ 50,098	100.0%	$ 46,919	100.0%	$ 43,180	100.0%	$ 40,633	100.0%

(1) This line item consists primarily of receivables from broker on securities sold. Carrying value of investments is discussed in the Critical Accounting Policies section.

Impairments

There were $18 million of impairments recorded during the first nine months of 2017 and all were related to the private equity limited partnerships investments. Impairments during 2016, 2015 and 2014 totaled $46 million, $188 million and $2 million, respectively. In 2016, $46 million of impairments were taken on private equity limited partnerships investments. In 2015, $151 million of impairments were taken on an affiliated LLC, $1 million of impairments were taken on real estate limited partnerships, $31 million were taken on corporate bonds and $5 million were taken on private equity limited partnership investments. In 2014, $2 million of impairments were taken on private placement bonds.

Guardian's Investment Strategy

Guardian's principal investment objective is to invest prudently for the long-term and deliver competitive dividends and financial security for its policyholders. Guardian's investment philosophy starts with what it believes to be sound asset allocation strategies, thereby seeking to optimize expected long-term returns within well-defined risk parameters, while benefiting from diversification strategies designed to reduce risk.

Guardian's portfolio managers employ what it believes to be a disciplined investment decision-making process, which is fundamentally based on proprietary research and analysis. Guardian employs this process in part to avoid what it views as overreliance on rating agencies or quantitative risk models. Additionally, Guardian's asset liability investment management process carefully integrates asset maturities in a manner consistent with its view of prudent funding of insurance liabilities. Guardian's process is designed to optimize risk/reward profiles and deliver consistent financial results, although this cannot be assured.

Bonds

Bonds consist primarily of government backed securities and high-quality marketable corporate debt securities. Guardian invests a significant portion of its investment funds in high quality publicly traded bonds in order to maintain and manage liquidity and reduce the risk of default in the portfolio.

The NAIC SVO rates investment credit risk based upon the issuer's credit profile. NAIC rating designations range from 1 to 6. An NAIC designation of 1 denotes obligations of the highest quality in which credit risk is at its lowest and the issuer's credit profile is stable; whereas an NAIC designation of 6 is assigned to obligations that are in or near default. Classes 1 and 2 are investment grade, and Classes 3, 4, 5 and 6 are non-investment grade.

The following table sets forth the SVO ratings for Guardian's bond portfolio along with what it believes are the equivalent rating agency designations.

Total Portfolio Credit Quality

		September 30,			December 31,								
		2017			2016			2015			2014		
		($ in Millions)											
NAIC Classes	Rating Agency Equivalent Designation	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value
1	Aaa/Aa/A	$ 21,282	$ 22,529	56.1%	$ 18,135	$ 18,866	51.2%	$ 16,150	$ 16,876	50.9%	$ 14,208	$ 15,707	47.9%
2	Baa	14,474	15,156	38.1%	15,006	15,352	42.3%	13,531	13,551	42.7%	13,332	14,332	45.0%
3	Ba	963	961	2.6%	1,200	1,193	3.4%	1,004	958	3.2%	1,075	1,089	3.6%
4	B	1,002	1,011	2.6%	1,002	1,018	2.8%	893	871	2.8%	948	963	3.2%
5	Caa and lower	127	126	0.3%	102	97	0.3%	138	125	0.4%	90	89	0.3%
6	In or near default	119	125	0.3%	2	4	0.0%	0	0	0.0%	0	0	0.0%
	Total	$ 37,967	$ 39,908	100.0%	$ 35,447	$ 36,530	100.0%	$ 31,716	$ 32,381	100.0%	$ 29,653	$ 32,180	100.0%

The tables below set forth the NAIC SVO ratings for Guardian's publicly traded and privately placed portfolios.

Publicly Traded Credit Quality

		September 30,			December 31,								
		2017			2016			2015			2014		
		($ in Millions)											
NAIC Classes	Rating Agency Equivalent Designation	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value
1	Aaa/Aa/A	$ 19,128	$ 20,294	65.9%	$ 16,340	$ 17,028	60.0%	$ 14,431	$ 15,117	60.2%	$ 12,942	$ 14,344	56.9%
2	Baa	8,205	8,714	28.3%	9,109	9,380	33.4%	7,928	7,890	33.1%	8,039	8,777	35.3%
3	Ba	525	537	1.8%	732	742	2.7%	639	626	2.7%	748	768	3.3%
4	B	942	959	3.2%	968	988	3.6%	829	814	3.5%	948	963	4.2%
5	Caa and lower	109	108	0.4%	85	80	0.3%	124	111	0.5%	76	76	0.3%

6	In or near default	119	125	0.4%	2	4	0.0%	0	0	0.0%	0	0	0.0%
	Total	$ 29,028	$ 30,737	100.0%	$ 27,236	$ 28,222	100.0%	$ 23,951	$ 24,558	100.0%	$ 22,753	$ 24,928	100.0%

Privately Placed Credit Quality

		September 30,			December 31,								
		2017			2016			2015			2014		
		($ in Millions)											
NAIC Classes	Rating Agency Equivalent Designation	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value
1	Aaa/Aa/A	$ 2,154	$ 2,235	24.1%	$ 1,795	$ 1,838	21.9%	$ 1,719	$ 1,759	22.1%	$ 1,266	$ 1,363	18.4%
2	Baa	6,269	6,442	70.1%	5,897	5,972	71.8%	5,603	5,661	72.2%	5,293	5,555	76.7%
3	Ba	438	424	4.9%	468	451	5.7%	365	332	4.7%	327	321	4.7%
4	B	60	52	0.7%	34	30	0.4%	64	57	0.8%	0	0	0.0%
5	Caa and lower	18	18	0.2%	17	17	0.2%	14	14	0.2%	14	13	0.2%
6	In or near default	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%
	Total	$ 8,939	$ 9,171	100.0%	$ 8,211	$ 8,308	100.0%	$ 7,765	$ 7,823	100.0%	$ 6,900	$ 7,252	100.0%

Guardian utilizes its investments in the privately placed portfolio to enhance the value of the overall portfolio, increase diversification, and obtain higher yields than can be earned by investing in comparable quality public market securities. To control risk when utilizing privately placed securities, Guardian relies upon broader access to management information, stronger negotiated protective covenants, call protection features, and a higher level of collateralization than can customarily be achieved in the public market. The strength of the privately placed portfolio is demonstrated by the predominance of NAIC Class 1 and 2 securities.

The following tables summarize Guardian's fixed income securities by maturity.

Fixed Income Securities By Maturity

	September 30,					December 31,														
	2017					2016					2015					2014				
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)
	($ in Millions)					($ in Millions)					($ in Millions)					($ in Millions)				
Due in one year or less	$ 652	1.7%	$ 663	1.6%	$ 11	$ 474	1.3%	$ 492	1.4%	$ 18	$ 314	1.0%	$ 347	1.1%	$ 33	$ 471	1.6%	$ 498	1.6%	$ 27
Due after one year through five years	7,740	20.4%	7,962	20.0%	222	5,339	15.1%	5.528	15.1%	189	4,206	13.3%	4,422	13.6%	216	3,898	13.1%	4,226	13.1%	328
Due after five years through ten years	9,790	25.8%	10,101	25.3%	311	9,571	27.0%	9,621	26.3%	50	10,013	31.5%	9,978	30.8%	(35)	10,359	34.9%	10,765	33.5%	406
Due after ten years	13,293	35.0%	14,356	36.0%	1,063	14,169	40.0%	14,810	40.6%	641	12,344	38.9%	12,594	38.9%	250	11,082	37.4%	12,494	38.8%	1,412
Subtotal(1)	31,475	82.9%	33,082	82.9%	1,607	29,553	83.4%	30,451	83.4%	898	26,877	84.7%	27,341	84.4%	464	25,810	87.0%	27,983	87.0%	2,173
Sinking fund bonds, mortgage-backed securities and asset-backed securities(2)	6,492	17.1%	6,826	17.1%	334	5,894	16.6%	6,079	16.6%	185	4,839	15.3%	5,040	15.6%	201	3,843	13.0%	4,196	13.0%	353
Total	$37,967	100.0%	$39,908	100.0	$1,941	$ 35,447	100.0%	$ 36,530	100.0%	$ 1,083	$ 31,716	100.0%	$ 32,381	100.0%	$ 665	$ 29,653	100.0%	$ 32,179	100.0%	$ 2,526

(1) Includes convertible bonds, public and private corporates, U.S. government/agencies, tax exempt and taxable municipals, non-U.S. bonds, and bank loans.

(2) Includes agency and non-agency RMBS pass throughs, asset-backed securities, commercial mortgage-backed securities, and CMOs.

Guardian attempts to diversify its investment portfolio across asset type, industry and issuer in order to reduce the risk of adverse events affecting a single asset type, industry or issuer from having a material negative impact on the portfolio. Additionally, Guardian does not own any Collateralized Debt Obligations ("CDOs"), Structured Investment Vehicles ("SIVs"), or Asset Backed Commercial Paper. Fixed income securities were diversified by asset category of issuer at September 30, 2017 and December 31, 2016, 2015 and 2014 as set forth in the following tables.

Composition of Fixed Income Securities Portfolio

	September 30, 2017				
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)
			($ in Millions)		
U.S. Treasury Securities	$ 2,151.8	5.7%	$ 2,162.7	5.4%	$ 10.9
U.S. Government Agencies	3.4	0.0%	3.3	0.0%	(0.1)
Obligations of States and Political Subdivisions	2,160.0	5.7%	2,435.2	6.1%	275.2
Debt Securities Issued by Foreign Governments	241.0	0.6%	247.9	0.6%	6.9
Corporate Securities:					
U.S. Corporate	21,948.8	57.8%	23,147.2	58.0%	1,198.4

	September 30, 2017				
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)
			($ in Millions)		
Foreign Corporate	7,199.9	19.0%	7,562.4	19.0%	362.5
Residential Mortgage-Backed Securities:					
Government Agency	633.9	1.7%	643.0	1.6%	9.1
Non Agency RMBS	923.1	2.4%	992.2	2.5%	69.1
CMBS	1,884.5	5.0%	1,892.4	4.7%	7.9
Asset-Backed Securities	582.9	1.5%	583.1	1.5%	0.2
Collateralized Loan Obligations	237.2	0.6%	238.2	0.6%	1.0
Total	$ 37,966.5	100.0%	$ 39,907.6	100.0%	$ 1,941.1

	December 31, 2016				
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)
			($ in Millions)		
U.S. Treasury Securities	$ 1,597.5	4.5%	$ 1,571.7	4.3%	$ (25.8)
U.S. Government Agencies	3.7	0.0%	3.6	0.0%	(0.1)
Obligations of States and Political Subdivisions	2,246.0	6.3%	2,462.4	6.8%	216.4
Debt Securities Issued by Foreign Governments	209.2	0.6%	210.5	0.6%	1.3
Corporate Securities:					
U.S. Corporate	21,114.7	59.5%	21,803.8	59.7%	689.1
Foreign Corporate	6,828.1	19.3%	7,024.1	19.2%	196.0
Residential Mortgage-Backed Securities:					
Government Agency	666.3	1.9%	672.9	1.8%	6.6
Non Agency RMBS	704.9	2.0%	715.0	2.0%	10.1
CMBS	1,554.8	4.4%	1,546.1	4.2%	(8.7)
Asset-Backed Securities	339.5	1.0%	337.5	0.9%	(2.0)
Collateralized Loan Obligations	182.7	0.5%	182.6	0.5%	(0.1)
Total	$ 35,447.4	100.0%	$ 36,530.2	100.0%	$ 1,082.8

	December 31, 2015				
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)
			($ in Millions)		
U.S. Treasury Securities	$ 1,638.5	5.2%	$ 1,638.6	5.1%	$ 0.2
U.S. Government Agencies	4.8	0.0%	4.7	0.0%	0.0
Obligations of States and Political Subdivisions	2,148.7	6.8%	2,413.6	7.5%	264.9
Debt Securities Issued by Foreign Governments	305.9	1.0%	290.9	0.9%	(14.9)
Corporate Securities:					
U.S. Corporate	18,258.5	57.6%	18,614.2	57.5%	355.7
Foreign Corporate	6,937.4	21.9%	6,985.0	21.6%	47.6
Residential Mortgage-Backed Securities:					
Government Agency	663.9	2.1%	677.2	2.1%	13.3
Non Agency RMBS	548.6	1.7%	544.0	1.7%	(4.6)
CMBS	1,155.6	3.6%	1,158.0	3.6%	2.5
Asset-Backed Securities	54.2	0.2%	54.8	0.2%	0.5
Collateralized Loan Obligations	—	0.0%	—	0.0%	—
Total	$ 31,715.9	100.0%	$ 32,381.1	100.0%	$ 665.1

	December 31, 2014				
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)
			($ in Millions)		
U.S. Treasury Securities	$ 1,297.1	4.4%	$ 1,345.9	4.2%	$ 48.7
U.S. Government Agencies	6.5	0.0%	6.5	0.0%	0.0
Obligations of States and Political Subdivisions	2,139.4	7.2%	2,486.2	7.7%	346.8
Debt Securities Issued by Foreign Governments	536.8	1.8%	567.4	1.8%	30.6

	December 31, 2014				
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)
			($ in Millions)		
Corporate Securities:					
U.S. Corporate	16,192.1	54.6%	17,782.5	55.3%	1,590.4
Foreign Corporate	7,438.6	25.1%	7,891.7	24.5%	453.0
Residential Mortgage-Backed Securities:					
Government Agency	576.1	1.9%	599.3	1.9%	23.1
Non Agency RMBS	465.2	1.6%	468.6	1.5%	3.4
CMBS	962.0	3.2%	991.9	3.1%	29.9
Asset-Backed Securities	38.8	0.1%	40.0	0.1%	1.1
Collateralized Loan Obligations	—	0.0%	—	0.0%	—
Total	$ 29,652.9	100.0%	$ 32,179.9	100.0%	$ 2,527.1

Guardian's corporate credit portfolio is well diversified. Guardian has aggregate per issuer limits to attempt to limit the maximum exposure to an issuer to a set percentage of the securities portfolio. This reduces the impact of default risk or of a single issuer having a material negative impact on the portfolio.

Mortgage-Backed and Other Asset-Backed Securities (Structured Securities)

Asset Backed, Commercial Mortgage Backed and Residential Mortgage Backed Securities (Structured Securities) of $4.3 billion consist mainly (86.3% as of September 30, 2017) of Agency and Non-Agency RMBS as well as CMBS and CLO's of generally high quality, which are supported by well diversified collateral.

Asset Backed, Commercial Mortgage Backed and Residential Mortgage Backed Securities (Structured Securities) of $3.4 billion consist mainly (90.2% as of December 31, 2016) of Agency and Non-Agency RMBS as well as CMBS and CLO's of generally high quality, which are supported by well diversified collateral.

Asset Backed, Commercial Mortgage Backed and Residential Mortgage Backed Securities (Structured Securities) of $2.4 billion consist mainly (97.8% as of December 31, 2015) of Agency and Non-Agency RMBS as well as CMBS of generally high quality, which are supported by well diversified collateral. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Analysis of Results of Operations—For the Years Ended December 31, 2016, 2015 and 2014—Net Realized Capital Gains After Tax and Transfers to IMR" for additional information regarding RMBS held in Guardian's investment portfolio. As of September 30, 2017, Guardian had no direct subprime exposure through the origination of residential mortgage loans or purchases of unsecuritized whole-loan pools. As of September 30, 2017, December 31, 2016, December 31, 2015 and December 31, 2014, Guardian had Agency (Fannie Mae Or Freddie Mac) mortgage backed exposure with a carrying value of $634 million, $666 million, $664 million and $576 million, respectively.

The following tables show the types of mortgage-backed and asset-backed securities held as of September 30, 2017 and December 31, 2016, 2015 and 2014.

	September 30, 2017											
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	Total
			($ in Millions)					Carrying Value ($ in Millions)				
Residential Mortgage-Backed Securities:												
Government Agency	$ 633.9	14.9%	$ 643.0	14.8%	$ 9.1	$ 633.9	$ –	$ –	$ –	$ –	$ –	$ 633.9
Non-Agency RMBS	923.1	21.6%	992.2	22.8%	69.1	758.0	20.3	5.6	13.7	7.5	118.0	923.1
CMBS	1,884.5	44.2%	1,892.4	43.5%	7.9	1,884.5	–	–	–	–	–	1,884.5
Asset Backed Securities (ABS)	582.9	13.7%	583.1	13.4%	0.2	524.9	57.0	1.0	–	–	–	582.9
Collateralized Loan Obligations (CLO))	237.2	5.6%	238.2	5.5%	1.0	237.2	–	–	–	–	–	237.2
Total	$ 4,261.6	100.0%	$ 4,348.9	100.0%	$ 87.3	$ 4,038.5	$ 77.3	$ 6.6	$ 13.7	$ 7.5	$ 118.0	$ 4,261.6

	December 31, 2016											
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	Total
			($ in Millions)					Carrying Value ($ in Millions)				
Residential Mortgage-Backed Securities:												
Government Agency	$ 666.3	19.3%	$ 672.9	19.4%	$ 6.6	$ 666.3	$ –	$ –	$ –	$ –	$ –	$ 666.3
Non-Agency RMBS	704.9	20.5%	715.0	20.7%	10.1	699.6	5.3	–	–	–	–	704.9

CMBS	1,554.8	45.1%	1,546.1	44.8%	(4.7)	1,554.8	–	–	–	–	–	1,554.8
Asset Backed Securities (ABS)	339.6	9.8%	337.5	9.8%	(2.1)	290.3	49.3	–	–	–	–	339.6
Collateralized Loan Obligations (CLO))	182.7	5.3%	182.6	5.3%	(0.1)	182.7	–	–	–	–	–	182.7
Total	$ 3,448.3	100.0%	$ 3,454.1	100.0%	$ (9.8)	$3,393.7	$ 54.6	$ –	$ –	$ –	$ –	$ 3,448.3

	December 31, 2015											
	Carrying Value	**% of Total**	**Fair Value**	**% of Total**	**Gains/ (Losses)**	**NAIC 1**	**NAIC 2**	**NAIC 3**	**NAIC 4**	**NAIC 5**	**NAIC 6**	**Total**
			($ in Millions)					**Carrying Value ($ in Millions)**				
Residential Mortgage-Backed Securities:												
Government Agency	$ 663.9	27.4%	$ 677.2	27.8%	$ 13.3	$ 663.9	$ –	$ –	$ –	$ –	$ –	$ 663.9
Non-Agency RMBS	548.6	22.7%	544.0	22.4%	(4.6)	531.1	5.0	3.7	8.8	–	–	548.6
CMBS	1,155.6	47.7%	1,158.0	47.6%	2.4	1,155.6	–	–	–	–	–	1,155.6
Asset Backed Securities (ABS)	54.2	2.2%	54.8	2.2%	0.6	19.5	34.7	–	–	–	–	54.2
Total	$ 2,422.3	100.0%	$ 2,434.0	100.0%	$ 11.7	$2,370.1	$ 39.7	$ 3.7	$ 8.8	$ –	$ –	$ 2,422.3

	December 31, 2014											
	Carrying Value	**% of Total**	**Fair Value**	**% of Total**	**Gains/ (Losses)**	**NAIC 1**	**NAIC 2**	**NAIC 3**	**NAIC 4**	**NAIC 5**	**NAIC 6**	**Total**
			($ in Millions)					**Carrying Value ($ in Millions)**				
Residential Mortgage-Backed Securities:												
Government Agency	$ 576.1	28.2%	$ 599.3	28.6%	$ 23.2	$ 576.1	$ –	$ –	$ –	$ –	$ –	$ 576.1
Non-Agency RMBS	465.2	22.8%	468.6	22.3%	3.4	419.4	34.5	11.3	–	–	–	465.2
CMBS	962.0	47.1%	991.9	47.2%	29.9	962.0	–	–	–	–	–	962.0
Asset Backed Securities (ABS)	38.8	1.9%	40.0	1.9%	1.2	19.5	19.3	–	–	–	–	38.8
Total	$ 2,042.1	100.0%	$ 2,099.8	100.0%	$ 57.7	$1,977.0	$ 53.8	$ 11.3	$ –	$ –	$ –	$ 2,042.1

Bond Portfolio Surveillance and Under-Performing Investments

Generally, bonds are valued at amortized cost using the constant yield interest method. Bond transactions are recorded on a trade date basis, except for private placement bonds which are recorded on the funding date.

The fair value of bonds is based on values provided by the NAIC's SVO when available. If SVO values are not available, quoted market values provided by other third-party organizations are used. If quoted market values are unavailable, fair value is estimated by discounting expected future cash flows using current market rates applicable to yield, credit quality, and maturity of the investment or using quoted market values for comparable investments.

Guardian actively manages portfolio risks and provides a daily mark-to-market valuation for all of its public securities. Daily total rates of return are calculated on this actively managed portfolio and a performance attribution review is performed on a quarterly basis. Credit risk analysis is ongoing.

To identify underperforming investments, Guardian conducts a semi-annual management review of all bonds including those in default, not-in-good standing, or valued below 80% of cost. In addition, a credit report is provided quarterly with other investment related materials and reviewed with the Investment Committee of the Board. Guardian considers the following factors in the evaluation of whether a non-interest related decline in value is other-than-temporary: (a) the financial condition and near-term prospects of the issuer; (b) the likelihood that Guardian will be able to collect all amounts due according to the contractual terms of a debt security in effect at the date of acquisition; (c) its ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery in value and (d) the period and degree to which the market value has been below cost. Guardian considers the following factors in the evaluation of whether an interest related decline in value is other-than-temporary: (a) its near-term intent to sell; (b) its contractual and regulatory obligations and (c) its ability to hold the investment until anticipated recovery of the cost of the investment.

Additionally, Guardian considers qualitative and quantitative factors such as material declines in issuer revenues or margins, significant uncertainty regarding the issuer's industry, debt service coverage or cash flow ratios that fall below industry-specific thresholds, violation of financial covenants, trading of public securities at a substantial discount due to specific credit concerns, and other subjective factors that relate to the issuer.

Guardian actively reviews the bond portfolio to estimate the likelihood and amount of financial defaults or write-downs in the portfolio and to make timely decisions as to the potential sale or renegotiation of terms of specific investments.

Guardian employs a systematic methodology to evaluate declines in fair value below book value. The methodology to evaluate declines in fair value utilizes a quantitative and qualitative process ensuring that available evidence concerning the declines is evaluated in a disciplined manner. The book values of investments are written down to fair value when a decline in value is considered to be other-than-temporary. See "—Impairments."

Common Stocks

Guardian's common stocks include investments in public equities, mutual funds, and the net equity in unconsolidated subsidiaries and affiliates. Investments in insurance subsidiaries are stated at underlying statutory surplus adjusted for unamortized goodwill.

The table below details the carrying value of common stocks of Guardian's unaffiliated and affiliated companies as of the dates indicated:

	As of September 30,	As of December 31,		
	2017	2016	2015	2014
	($ in Millions)			
Common Stocks – Unaffiliated[(1)]	$ 544	$ 438	$ 490	$ 524
Investment in Affiliates:				
BLICOA	$ 210	$ 202	$ 208	$ 269
GIAC	321	260	260	227
Park Avenue Life Insurance Company	69	64	50	76
Other Affiliated Companies	476	518	448	434
Total Investment in Affiliates:	$ 1,076	$ 1,044	$ 966	$ 1,006

(1) See "—Statement of Financial Position—Assets" for a discussion of the change in common stocks during 2016 as compared to 2015 and 2014.

Mortgage Loans

Mortgage loans represented 7.4% of the total investments in the general account as of September 30, 2017, 7.4% as of December 31, 2016, 7.9% as of December 31, 2015 and 7.5% as of December 31, 2014. Mortgage loans consist of whole loans on commercial real estate.

Commercial Mortgage Loans

Guardian's commercial mortgage loan portfolio, which includes mezzanine loans, consisted of fixed rate loans on completed, income-producing properties.

As of September 30, 2017 and December 31, 2016, 2015 and 2014, 96%, 96%, 96% and 95%, respectively, of the commercial mortgage loan portfolio consisted of bullet loans. Bullet loans are loans that do not fully amortize over their term.

Guardian had 3 bullet loans totaling $14 million scheduled to mature during 2017. As of September 30, 2017, 20 loans were paid in full for $211million. Past experience with regard to bullet maturities, however, is not necessarily indicative of future results. Guardian had 1 loan with a principal balance of $23 million with a $5 million valuation allowance as of September 30, 2017 and December 31, 2016, 2015 and 2014.

The maturities of Guardian's commercial mortgage loans are well-diversified as per the table below, and Guardian carefully monitors and manages them in light of its liquidity position.

The following tables set forth the commercial mortgage loan portfolio by maturity:

Commercial Loans by Maturity

Year of Maturity	As of September 30, 2017		
	Carrying Value ($ in millions)	Number of Loans	Percent
2017	$ 13.8	4	0.4%
2018	304.9	43	8.2%
2019	71.3	13	1.9%
2020	251.4	19	6.7%
2021	269.2	28	7.2%
2022	512.2	23	13.8%
2023	238.6	15	6.4%
2024	370.8	22	10.0%
2025	571.9	29	15.4%
2026	361.0	21	9.7%
2027	506.4	28	13.6%
2028	34.8	1	0.9%
2029	33.6	2	0.9%
2031	127.3	7	3.4%
2034	45.9	1	1.2%
2036	9.4	1	0.3%
Total	$ 3,722.5	257	100.0%

Year of Maturity	As of December 31, 2016		
	Carrying Value ($ in millions)	Number of Loans	Percent
2017	$ 241.8	26	7.0%
2018	349.8	47	10.1%
2019	80.3	15	2.3%
2020	255.8	19	7.4%
2021	326.2	29	9.4%
2022	411.3	22	11.8%
2023	241.3	15	7.0%
2024	280.6	19	8.1%
2025	569.0	29	16.4%
2026	364.1	21	10.5%
2027	110.0	4	3.2%
2028	35.3	1	1.0%
2029	21.8	1	0.6%
2031	127.3	7	3.7%
2034	47.4	1	1.4%
2036	9.6	1	0.3%
Total	$ 3,471.6	257	100.0%

Year of Maturity	As of December 31, 2015		
	Carrying Value ($ in millions)	Number of Loans	Percent
2016	$ 199.9	34	5.9%
2017	490.9	48	14.5%
2018	363.3	49	10.7%
2019	103.1	17	3.0%
2020	262.2	20	7.7%
2021	250.5	29	7.4%
2022	354.7	20	10.5%
2023	255.6	15	7.5%
2024	284.9	18	8.4%
2025	575.3	31	17.0%
2026	143.1	14	4.2%
2027	3.7	1	0.1%
2028	36.0	1	1.1%
2029	22.5	1	0.7%
2030	42.4	2	1.3%
Total	$ 3,387.9	300	100.0%

The following tables set forth the commercial mortgage loan portfolio by property type and geographic distribution:

Commercial Loans by Property Type

	September 30,		December 31,					
	2017		2016		2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
			($ in Millions)					
Office	$ 551.9	14.8%	$ 609.5	17.6%	$ 793.2	23.4%	$ 952.5	31.3%
Apartments	1,702.0	45.7%	1,463.6	42.2%	1,313.2	38.8%	930.7	30.6%
Industrial & other	342.5	9.2%	365.9	10.5%	410.8	12.1%	400.8	13.2%
Retail	949.0	25.5%	853.1	24.6%	796.3	23.5%	762.2	25.0%
Hotels	177.1	4.8%	179.5	5.2%	74.5	2.2%	—	0.0%
Total	$ 3,722.5	100.0%	$ 3,471.6	100.0%	$ 3,387.9	100.0%	$ 3,046.3	100.0%

Commercial Loans by Geographic Distribution

	September 30,		December 31,					
	2017		2016		2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
			($ in Millions)					
New England[(1)]	$ 212.7	5.7%	$ 190.9	5.5%	$ 256.4	7.6%	$ 168.0	5.5%
Mid Atlantic[(2)]	558.8	15.0%	552.8	15.9%	530.5	15.7%	488.8	16.0%
South Atlantic[(3)]	877.9	23.6%	836.4	24.1%	855.7	25.3%	830.6	27.3%
East North Central[(4)]	100.7	2.7%	123.2	3.5%	168.6	5.0%	206.3	6.8%
East South Central[(5)]	111.6	3.0%	55.6	1.6%	17.2	0.5%	19.2	0.6%
West North Central[(6)]	9.5	0.2%	10.2	0.3%	11.3	0.3%	52.7	1.7%
West South Central[(7)]	298.7	8.0%	227.2	6.5%	206.1	6.1%	161.7	5.3%
Mountain[(8)]	180.7	4.9%	133.8	3.9%	157.7	4.7%	157.5	5.2%
Pacific[(9)]	1,371.9	36.9%	1,341.4	38.6%	1,184.5	35.0%	961.5	31.6%
Total	$ 3,722.5	100.0%	$ 3,471.6	100.0%	$ 3,387.9	100.0%	$ 3,046.3	100.0%

(1) New England states are CT, MA, ME, NH, RI and VT.
(2) Mid-Atlantic states are PA, NJ and NY.
(3) South Atlantic states are DE, DC, FL, GA, MD, NC, SC, VA and WV.
(4) East North Central states are IL, IN, MI, OH and WI.
(5) East South Central states are AL, KY, MS and TN.
(6) West North Central states are IA, KS, MN, MO, NE, ND and SD.
(7) West South Central states are AR, LA, OK and TX.
(8) Mountain Region states are AZ, CO, ID, MT, NV, NM, UT and WY.
(9) Pacific Region states are AK, CA, HI, OR and WA.

Guardian’s commercial mortgage whole loan exposure to Nevada ($42 million), Arizona ($15 million), Florida ($174 million) and California ($1,205 million) totaled $1.4 billion as of September 30, 2017. This represents 38.6% of the total commercial mortgage whole loan portfolio and this aggregation has an average loan-to-value (“LTV”) of 48% as compared to 49% for the entire commercial mortgage whole loan portfolio. These loans are performing well with no delinquencies.

The following tables set forth the commercial loan portfolio by LTV range, year of origination and delinquency rate:

Commercial Mortgage Loans by LTV Range[(1)]

	As of September 30, 2017			
	Carrying Value	Number of Loans	Average Loan Amount	Percent of Portfolio
50% LTV or below	$ 1,182.3	123	$ 9.6	31.8%
51%–60% LTV	1,489.2	81	18.4	40.0%
61%–70% LTV	873.7	40	21.8	23.5%
71%–75% LTV	112.8	8	14.1	3.0%
75%–80% LTV	46.4	4	11.6	1.2%
Greater than 80% LTV	18.1	1	18.1	0.5%
Total	$ 3,722.5	257	$ 14.5	100.0%

	As of December 31, 2016			
	Carrying Value	Number of Loans	Average Loan Amount	Percent of Portfolio
50% LTV or below	$ 1,116.8	125	$ 8.9	32.2%
51%–60% LTV	1,040.1	58	17.9	30.0%
61%–70% LTV	1,005.8	53	19.0	29.0%
71%–75% LTV	198.4	11	18.0	5.7%
75%–80% LTV	63.7	7	9.1	1.8%
Greater than 80% LTV	46.9	3	15.6	1.4%
Total	$ 3,471.6	257	$ 13.5	100.0%

	As of December 31, 2015			
	Carrying Value	Number of Loans	Average Loan Amount	Percent of Portfolio
50% LTV or below	$ 885.5	139	$ 6.4	26.1%
51%–60% LTV	1,061.6	61	17.4	31.3%
61%–70% LTV	1,056.6	65	16.3	31.2%
71%–75% LTV	196.4	14	14.0	5.8%
75%–80% LTV	126.5	12	10.5	3.7%
Greater than 80% LTV	61.4	9	6.8	1.8%
Total	$ 3,387.9	300	$ 11.3	100.0%

(1) The LTV represents the September 30, 2017 loan balance divided by the value of the property utilizing the most recent property financial statements. The value of the property is based on the 2016 year end property net operating income divided by a market capitalization rate. 2017 financial information for such properties is not generally available until the second or third quarter of 2018.

The following tables set forth the carrying value of the commercial loan portfolio by property type and vintage:

Carrying Value of Commercial Mortgage Loans

	As of September 30, 2017 ($ in Millions)									
	2009 & Prior	2010	2011	2012	2013	2014	2015	2016	2017	Total
Office	$ 261.2	$ 36.1	$ 4.6	$ 18.1	$ 3.4	$ 6.9	$ 173.3	$ 35.4	$ 12.9	$ 551.9
Apartments	64.7	31.2	35.6	124.7	160.9	218.1	354.9	361.4	350.5	1,702.0
Industrial	79.0	–	6.6	–	7.7	59.7	–	–	84.3	237.3
Retail	262.9	–	26.6	72.2	11.0	91.2	137.8	154.2	193.1	949.0
Hotels	–	–	–	–	–	–	73.6	103.5	–	177.1
Other	27.0	–	–	27.3	–	23.0	27.9	–	–	105.2
Total	$ 694.8	$ 67.3	$ 73.4	$ 242.3	$ 183.0	$ 398.9	$ 767.5	$ 654.5	$ 640.8	$3,722.5

	As of December 31, 2016									
	2008 & Prior	2009	2010	2011	2012	2013	2014	2015	2016	Total
	($ in Millions)									
Office	$ 335.6	$ 48.5	$ 36.7	$ 4.7	$ 34.5	$ 3.6	$ –	$ 115.5	$ 30.5	$ 609.5
Apartments	71.5	–	31.7	65.2	126.0	212.8	219.4	373.1	363.8	1,463.6
Industrial	102.1	3.8	–	6.8	4.9	7.9	60.6	–	–	186.2
Retail	354.9	–	–	27.2	73.6	11.2	92.6	139.1	154.6	853.1
Hotels	–	–	–	–	–	–	–	74.0	105.5	179.5
Other	3.3	24.9	–	–	27.7	1.7	30.0	87.0	5.1	179.7
Total	$ 867.3	$ 77.2	$ 68.4	$ 104.0	$ 266.8	$ 237.1	$ 402.5	$ 788.8	$ 659.5	$3,471.6

	As of December 31, 2015									
	2007 & Prior	2008	2009	2010	2011	2012	2013	2014	2015	Total
	($ in Millions)									
Office	$ 363.2	$ 128.7	$ 67.7	$ 50.3	$ 4.9	$ 35.1	$ 3.7	$ 22.3	$ 117.2	$ 793.2
Apartments	133.3	33.2	–	32.3	110.7	162.7	245.9	220.8	374.3	1,313.2
Industrial	98.4	37.0	4.0	–	7.2	5.6	8.1	61.8	–	222.0
Retail	290.5	156.3	–	–	27.9	75.3	11.4	94.3	140.5	796.3
Hotels	–	–	–	–	–	–	–	–	74.5	74.5
Other	12.9	3.3	25.5	–	–	28.3	1.7	30.0	87.2	188.8
Total	$ 898.3	$ 358.4	$ 97.2	$ 82.6	$ 150.7	$ 307.1	$ 270.8	$ 429.2	$ 793.7	$3,387.9

Residential Mortgage Loans

Guardian does not currently originate residential mortgages.

Mortgage Loan Portfolio Surveillance and Under–Performing Investments

Guardian actively monitors, manages, and directly services its commercial mortgage loan portfolio. Guardian performs or reviews all aspects of loan origination and portfolio management, including lease analysis, property transfer analysis, economic and financial reviews, tenant analysis, and management of default and bankruptcy proceedings.

Guardian's $3.7 billion commercial mortgage loan portfolio is well–diversified geographically and by property type. Guardian's underwriting seeks to effectively protect the company from cyclical market challenges. The portfolio's current delinquency rate is 0%. Guardian utilized what it considers to be conservative underwriting and valuation standards in originating loans and anticipates that the portfolio should continue to perform well relative to the industry. In monitoring and evaluating the portfolio, Guardian has used models and stress tests, including a severe early–90's real estate recession scenario provided by CoStar. Guardian recently stress tested the individual loan values in the $3.7 billion commercial mortgage whole loan portfolio by employing increased vacancy rates and higher capitalization rates reflective of deteriorating market conditions. Even under these stress tests, the majority of the assets that secure Guardian's mortgages continue to support the debt service, with a minimal amount of projected loss. However, given the inherent limitations and underlying assumptions of quantitative modeling, there can be no assurances of Guardian's ability to maintain sufficient liquidity under actual liquidity needs.

Guardian revalues underperforming properties each year and reinspects these properties at least every other year based on internal quality ratings. The criteria used to determine whether a current or potential problem exists includes borrower bankruptcies, major tenant bankruptcies, requests for restructuring, delinquent tax payments, late payments, loan–to–value or debt service coverage deficiencies, and overall vacancy levels.

There were no current or potential problem mortgage loans consisting of restructured mortgage loans as of September 30, 2017 and December 31, 2016, 2015 and 2014. There were no commercial mortgage loans in process of foreclosure or in default as of September 30, 2017 and December 31, 2016, 2015 and 2014. The AVR contains a mortgage loan component, which totaled $32 million, $31 million, $33 million and $29 million as of September 30, 2017 and December 31, 2016, December 31, 2015 and December 31, 2014, respectively. See “Investment Reserves.”

Real Estate

Guardian’s real estate portfolio includes real estate properties it occupies and real estate it originally acquired as investments or through foreclosure or deed in lieu of foreclosure. As of September 30, 2017 and December 31, 2016, 2015 and 2014, Guardian did not have any foreclosed real estate.

The following tables illustrate the diversity of Guardian’s real estate portfolio by property type and geographic distribution:

Real Estate Property by Property Type (Excludes Home Office Properties)

	September 30, 2017		December 31, 2016		2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)							
Office	$ 55.4	15.7%	$ 56.5	15.7%	$ 87.7	21.1%	$ 0.0	0.0%
Apartments	217.4	61.5%	222.4	61.6%	219.7	53.0%	31.7	24.4%
Industrial & other	77.3	21.8%	78.4	21.7%	103.6	25.0%	98.4	75.6%
Retail	3.5	1.0%	3.7	1.0%	3.9	0.9%	0.0	0.0%
Hotels	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total	$ 353.6	100.0%	$ 361.0	100.0%	$ 414.9	100.0%	$ 130.1	100.0%

Real Estate by Geographic Distribution (Excludes Home Office Properties)

	September 30,		December 31,					
	2017		2016		2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)							
New England[(1)]	$ 62.2	17.6%	$ 63.2	17.5%	$ 32.5	7.8%	$ –	0.0%
Mid Atlantic[(2)]	–	0.0%	–	0.0%	–	0.0%	–	0.0%
South Atlantic[(3)]	101.2	28.6%	103.7	28.7%	137.0	33.0%	21.2	16.3%
East North Central[(4)]	–	0.0%	–	0.0%	–	0.0%	–	0.0%
East South Central[(5)]	–	0.0%	–	0.0%	–	0.0%	–	0.0%
West North Central[(6)]	–	0.0%	–	0.0%	–	0.0%	–	0.0%
West South Central[(7)]	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Mountain[(8)]	–	0.0%	–	0.0%	7.2	1.7%	–	0.0%
Pacific[(9)]	190.2	53.8%	194.1	53.8%	238.2	57.4%	108.9	83.7%
Total	$ 353.6	100.0%	$ 361.0	100.0%	$ 414.9	100.0%	$ 130.1	100.0%

(1) New England states are CT, MA, ME, NH, RI and VT.
(2) Mid–Atlantic states are PA, NJ and NY.
(3) South Atlantic states are DE, DC, FL, GA, MD, NC, SC, VA and WV.
(4) East North Central states are IL, IN, MI, OH and WI.
(5) East South Central states are AL, KY, MS and TN.
(6) West North Central states are IA, KS, MN, MO, NE, ND and SD.
(7) West South Central states are AR, LA, OK and TX.
(8) Mountain Region states are AZ, CO, ID, MT, NV, NM, UT and WY.
(9) Pacific Region states are AK, CA, HI, OR and WA.

As of September 30, 2017, Guardian's real estate portfolio consisted of 21 properties with a statement value of $356 million, of which $3 million was occupied by Guardian. The portfolio uses leverage to increase return, with $268 million in third party non–recourse debt outstanding as of September 30, 2017. As of December 31, 2016, Guardian's real estate portfolio consisted of 25 properties with a statement value of $374 million, of which $13 million was occupied by Guardian. The portfolio uses leverage to increase return, with $270 million in third party non–recourse debt outstanding as of December 31, 2016. As of December 31, 2015, Guardian's real estate portfolio consisted of 30 properties with a statement value of $430 million, of which $15 million was occupied by Guardian. The portfolio uses leverage to increase return, with $212 million in third–party non–recourse debt outstanding as of December 31, 2015. As of December 31, 2014, Guardian's real estate portfolio consisted of 18 properties with a statement value of $149 million, of which $19 million was occupied by Guardian. The portfolio uses leverage to increase return with $8 million in third–party non–recourse debt outstanding as of December 31, 2014.

Guardian reviews individual property valuations on an annual basis. Internal valuations are conducted by Guardian's Asset Managers. Appropriate appraisal valuation methodologies are employed on a case–by–case basis (including Income Approach, Sales Comparison Approach and Cost Approach). Guardian reviews these valuations for technical accuracy, methodology, and the appropriateness of the assumed rates of return. Generally, external valuations are conducted on an ad hoc basis as determined by management or joint venture ownership requirements. As of September 30, 2017, Guardian's real estate and other invested asset AVR totaled $361 million.

Private Equity Limited Partnership Investments by Type

	September 30,		December 31,					
	2017		2016		2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)							
Private Equity Investments	$ 1,062	54.0%	$ 922	50.2%	$ 922	48.4%	$ 789	36.9%
Real Estate Investments	55	2.8%	132	7.2%	383	20.1%	676	31.6%
Hedge Funds	–	–	–	–	–	–	–	–
Other Alternative Investments	58	3.0%	71	3.9%	44	2.3%	74	3.5%
Affiliated LLCs	791	40.2%	710	38.7%	556	29.2%	600	28.0%

Total	$ 1,966	100.0%	$ 1,835	100.0%	$ 1,905	100.0%	$ 2,139	100.0%

Real Estate Joint Ventures by Property Type

	September 30,		December 31,					
	2017		2016		2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
				($ in Millions)				
Office	$ 41.3	100.0%	$ 34.1	35.4%	$ 52.2	15.7%	$ 145.4	23.4%
Apartments	0.0	0.0%	16.3	16.9%	184.8	55.6%	374.0	60.1%
Industrial & other	0.0	0.0%	0.0	0.0%	36.0	10.8%	39.3	6.3%
Retail	0.0	0.0%	46.0	47.7%	45.5	13.7%	48.9	7.9%
Hotels	0.0	0.0%	0.0	0.0%	13.9	4.2%	15.0	2.4%
Total	$ 41.3	100.0%	$ 96.4	100.0%	$ 332.4	100.0%	$ 622.6	100.0%

Real Estate Joint Ventures by Geographic Distribution

	September 30,		December 31,					
	2017		2016		2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
				($ in Millions)				
New England(1)	$ –	0.0%	$ –	0.0%	$ 13.9	4.2%	$ 49.7	8.0%
Mid Atlantic(2)	15.3	37.0%	14.9	15.5%	14.8	4.5%	14.4	2.3%
South Atlantic(3)	–	0.0%	46.0	47.7%	78.2	23.5%	208.8	33.5%
East North Central(4)	26.0	63.0%	19.2	19.9%	33.9	10.2%	20.4	3.3%
East South Central(5)	–	0.0%	–	0.0%	2.7	0.8%	2.7	0.4%
West North Central(6)	–	0.0%	–	0.0%	–	0.0%	–	0.0%
West South Central(7)	–	0.0%	4.7	4.9%	11.6	3.5%	12.1	1.9%
Mountain(8)	–	0.0%	–	0.0%	31.7	9.5%	60.9	9.8%
Pacific(9)	–	0.0%	11.6	12.0%	112.3	33.8%	223.5	35.9%
Other(10)	–	0.0%	–	0.0%	33.3	10.0%	30.1	4.9%
Total	$ 41.3	100.0%	$ 96.4	100.0%	$ 332.4	100.0%	$ 622.6	100.0%

(1) New England states are CT, MA, ME, NH, RI and VT.
(2) Mid–Atlantic states are PA, NJ and NY.
(3) South Atlantic states are DE, DC, FL, GA, MD, NC, SC, VA and WV.
(4) East North Central states are IL, IN, MI, OH and WI.
(5) East South Central states are AL, KY, MS and TN.
(6) West North Central states are IA, KS, MN, MO, NE, ND and SD.
(7) West South Central states are AR, LA, OK and TX.
(8) Mountain Region states are AZ, CO, ID, MT, NV, NM, UT and WY.
(9) Pacific Region states are AK, CA, HI, OR and WA.

Note: The reduction in the 2016 real estate joint ventures in the three prior tables resulted from transfers to a wholly–owned subsidiary (GIS – $234 million in real estate joint venture assets as of December 31, 2016).

Derivatives

Derivative instruments are used to attempt to manage Guardian’s exposure to fluctuations in interest rates, foreign currency risk, credit risk and equity market risk. A variety of derivative instruments are used including futures, swaps, and foreign exchange forward contracts, among others.

The following table summarizes the notional amount and estimated fair value by derivative type for the periods indicated:

Derivative Financial Instruments

	Notional Amount				Estimated Fair Value Asset/(Liability)			
	September 30,	December 31,			September 30,	December 31,		
	2017	2016	2015	2014	2017	2016	2015	2014
	($ in Millions)							
Foreign currency swaps	$ 788.7	$ 435.0	$ 145.9	$ 45.2	$ (27.5)	$ 16.9	$ 9.0	$ 2.3
Currency forwards	$ –	$ –	$ –	$ 519.0	$ –	$ –	$ –	$ 9.9
Credit default swaps	$ –	$ 950.0	$ 50.0	$ –	$ –	$ (14.7)	$ (5.0)	$ –
Exchange traded futures	$ 269.5	$ 649.6	$ 170.6	$ 247.3	$ *	$ *	*	*
S&P equity options	$ 6.8	$ 1.5	$ –	$ –	$ 0.1	$ –	$ –	$ –

*Futures fair value (Variation Margin) is settled daily in full.

Policy Loans

Policy loans are permitted to the extent of such policy's contractual limits. Policy loans represent loans to a policyholder on the security of the cash surrender value of the policy. As of September 30, 2017, December 31, 2016, December 31, 2015 and December 31, 2014, the policy loan balance was $3.472 billion, $3.405 billion, $3.337 billion and $3.231 billion, respectively. All policy loans are at fixed interest rates. The interest rates range from 4% to 8%, with over 97% of the loans at 8%.

Cash, Cash Equivalents and Short–term Investments

Cash includes amounts on deposit with banks. Cash equivalents are stated at amortized cost and consist of liquid investments having maturities of three months or less at time of purchase. Short–term investments, including money market funds, are stated at cost or amortized cost and consist primarily of investments having maturities greater than three months from date of purchase, but less than one year to maturity. Fair values for such investments approximate carrying value. The following table details cash, cash equivalents and short–term investments for the periods indicated.

Cash, Cash Equivalents and Short–term Investments

	September 30,	December 31,		
	2017	2016	2015	2014
	($ in Millions)			
Cash in banks	$ (42)	$ 6	$ (46)	$ 33
Cash Equivalents:				
Repos and commercial paper	531	790	801	358
Total Cash and Cash Equivalents	489	796	755	391
Short–Term Investments:				
Money market funds and treasury bills	363	26	23	374
Totals	$ 852	$ 822	$ 778	$ 765

Investment Reserves

Guardian establishes and records write–downs or investment reserves in accordance with statutory practice.

Guardian determines the fair value of bonds in accordance with principles established by the SVO using criteria that include the net worth and capital structure of the borrower, the value of the collateral, the presence of additional credit support, and its evaluation of the borrower's ability to compete in a relevant market.

In the case of real estate and commercial mortgage loans, Guardian makes borrower and property–specific assessments as well.

In compliance with regulatory requirements, Guardian maintains an AVR. The AVR is a contingency reserve to offset potential losses of stocks, real estate investments, partnerships and LLCs, as well as credit–related declines in bonds, mortgage loans and derivatives.

As of September 30, 2017, the AVR totaled $870 million, which represents a 7.4% increase from December 31, 2016. As of December 31, 2016, the AVR totaled $810 million, which represents a 2.0% increase from December 31, 2015. As of December 31, 2015, the AVR totaled $798 million, which represents a 5.8% increase from December 31, 2014. This increase was primarily due to the calculated contributions required to fund the reserve in accordance with the AVR formula. The AVR is currently at its maximum level of reserve.

Quantitative and Qualitative Information about Market Risk

All non–guaranteed separate account assets and liabilities have been excluded from the following discussion since all market risks associated with those accounts are assumed by GIAC contract holders.

Assets, such as bonds, stocks, mortgage loans on real estate, policy loans, and derivatives are financial instruments, which are subject to the risk of market volatility and potential market disruptions. These risks may reduce the value of Guardian's financial instruments or impact future cash flows and earnings from those instruments.

Guardian's primary market risk exposure is changes in interest rates, which can cause changes in the fair value, cash flows, and earnings of certain financial instruments. To manage its exposure to interest rate changes, Guardian uses what it believes to be sophisticated quantitative asset/liability management techniques designed to match the market sensitivity of assets with the liabilities they support to reduce the net economic impact to changes in interest rates. In addition, Guardian invests a significant portion of its investment allocation in high quality bonds in order to maintain and manage liquidity and reduce the risk of default in the portfolio.

See "—Hedging Programs."

GIAC stopped selling VAs with living benefit riders as of February 17, 2017. The VAs that are purchased with a living benefit rider are primarily in the form of GMWBs. The profitability of these products can vary as GIAC's obligation changes with interest rate and equity market volatility. GIAC has a reinsurance agreement with a third–party reinsurer that reinsures 90% of various GMWB riders that were written through December 2008 and introduced prior to September 2008. That reinsurer is an admitted reinsurer in New York. The financial strength ratings of this reinsurer from S&P and Moody's are AA– and Aa3, respectively. The reinsurance treaty remains in effect for any business written on these riders through December 2008. The business written on new rider forms introduced in September 2008 and after, which were not covered by the treaty, as well as the 10% of the risks on riders introduced prior to September 2008 that are not reinsured, are subject to a hedging program, as described below under "—Hedging Programs—GIAC GMWB Rider Hedging Program." While the hedging program is designed to mitigate equity risk and interest rate tail risk associated with these riders, it is not currently hedging all risks associated with such riders, such as volatility risks associated with policyholder withdrawals in equity markets subject to sustained volatility. There can be no assurance that this hedging program will reduce all the risks associated with those riders. See "Risk Factors—Risk Factors Related to Guardian—Guarantees embedded in GMWB riders sold with variable annuity contracts expose GIAC to certain risks."

The reserves on contracts with living benefit riders were $7,684 million as of September 30, 2017, $7,304 million as of December 31, 2016, $6,764 million as of December 31, 2015 and $6,680 million as of December 31, 2014.

Risks Related to Credit Markets

Credit risk is the risk that issuers of investments owned by Guardian may default or that other parties may not be able to pay amounts due to it. Guardian attempts to manage its investments to limit credit risk by diversifying its portfolio among various security types and industry sectors and limiting the exposure to issuers.

Guardian is exposed to credit–related losses in the event of non–performance by counterparties to various financial instruments. In order to reduce counterparty risk, Guardian and certain of its counterparties require collateral to be posted in the amount owed under each of these transactions, subject to thresholds and minimum transfer amounts that are functions of the rating on the counterparty's long–term, unsecured, unsubordinated debt.

Guardian regularly monitors counterparty credit ratings and exposures, investment positions and valuations, and the value of collateral posted to ensure counterparties are credit–worthy and the concentration of its exposure. Guardian monitors this exposure as part of its management of its overall credit exposures.

Hedging Programs

Macro Dynamic Hedging Program

Guardian currently maintains what it refers to as a macro dynamic hedging program which uses exchange traded futures contracts to hedge on a macro level against volatility impact on capital. The macro dynamic hedging program seeks to protect statutory capital from volatility resulting from mark–to–market assets.

The hedging program is currently using exclusively exchange traded derivatives such as equity index futures and currency futures contracts, in part to avoid individual counterparty exposure under non–cleared swaps.

While Guardian's hedging program attempts to protect capital from volatility of mark–to–market assets, various factors may adversely affect the ability of the program to achieve its goal. These factors may include operational risks associated with the execution of the program, liquidity risks in the futures market, the availability of suitable instruments to replicate the option valuation model related sensitivity calculations, model risks, basis risks between the futures and underlying indices, continuity of trading in the futures markets in periods of distress, and changes in the relevant regulatory environment at the federal and state levels and the cost of hedging. The macro dynamic hedging program effectively links Guardian's ability or tolerance to take certain capital markets risks to a desired level of maximum pre–tax loss. Therefore, following this hedging strategy, an adverse impact to Guardian's capital could result from a lack of operating earnings, credit impairments or other factors and will not be covered by this macro hedging program.

There can be no assurances that the macro dynamic hedging program will protect Guardian's capital from volatility of mark–to–market assets.

See "Financial and Accounting Matters—Critical Accounting Policies."

GIAC GMWB Rider Hedging Program

Within GIAC, short and long positions in exchange traded futures based on Treasuries and various stock indexes are used to hedge the firm's statutory and economic obligations associated with writing GMWB riders in connection with GIAC's VA business. This hedging program is used only to the extent those riders are not reinsured to a third party reinsurer. GIAC has a reinsurance agreement with a third–party reinsurer that reinsures 90% of the risk under various GMWB riders that were written through December 2008 and introduced prior to September 2008. The reinsurance treaty remains in effect for any business written on these riders through December 2008. The business written on new rider forms introduced in September 2008 and after, which were not covered by the treaty, as well as the 10% of the risks on riders introduced prior to September 2008 that are not reinsured, are subject to a hedging program.

As part of this hedging program, Guardian periodically rebalances hedge positions. The hedge rebalancing is linked to the sensitivities of the liabilities being hedged to equity and interest rate risk. The sensitivities are calculated daily, based on policy by policy daily updates of in–force liabilities and current equity markets and interest rate levels. Futures positions are designed to partially offset a combination of statutory and economic liability sensitivities in accordance with the parameters of the hedging program. Equity index futures positions used in this hedging program attempt to offset the equity risk sensitivity of the liabilities. Treasury index futures are used to hedge the interest rate risk of the liabilities. Volatility risk is not hedged at the current time, but will be considered when appropriate. All risk from the riders is accordingly not hedged by this program, including risks associated with sustained volatility in equity markets and policyholder withdrawals. There can be no assurances that this hedging program will reduce the risks associated with these riders. See “Risk Factors—Risk Factors Related to Guardian—Guarantees embedded in GMWB riders sold with variable annuity contracts expose GIAC to certain risks.”

Seed Capital Hedging

In the past, as appropriate Guardian has hedged directly equity market risks associated with seed capital investments it has made in mutual funds advised by its former subsidiary, RS Investment Management Co. LLC. The hedges were executed with equity index futures.

Foreign Currency Risk Hedging Program

Within the general account of Guardian, currency derivatives are used to manage the currency risk inherent in the firm’s global bond portfolios and certain foreign denominated private placement transactions. Currency hedging is accomplished using currency forward contracts as well as currency swaps. The decision whether to hedge currency risks is based upon Guardian’s view of macroeconomic fundamentals across the markets in which it invests and desired tolerance for currency risk.

Credit Default Risk Hedging and Replications

Guardian employs credit default swaps to hedge credit risks in its investment portfolios as needed. Credit risk in the corporate bond portfolio is hedged using credit default swaps, when viewed as warranted by Guardian, which considers liquidity, fundamentals, issuer exposure and other relevant factors in making this determination. In 2016, Guardian also used uncleared credit default swaps to enter into replication transactions to achieve exposure to desired market segments. Credit default swaps positions may involve credit exposure to derivative counterparties in bilateral uncleared transactions or to the clearing house of the central clearing counterparty involved. Guardian uses collateral arrangements with all its counterparties to manage this risk.

Interest Rate Hedging Programs

Guardian partially hedges interest rate risk with derivatives in the GIAC GMWB rider hedging program (see above). Interest rate risk exposures are also managed by matching the duration of portfolios, including fixed income assets such as treasuries and corporate bonds, to the duration of the respective liabilities to minimize interest rate risk. In the course of asset/liability management Guardian or its affiliates may also use derivatives to manage interest rate risk. In 2016, Guardian started using such an interest rate hedging program in two of its segments. In addition, Guardian hedges the interest rate risk due to timing between the accumulation of assets supporting funding agreement backed notes and the issuance of the liability as described in the FA–Backed notes interest rate hedging program below. Guardian also has partially hedged the interest rate risk associated with the anticipated issuance of surplus notes. There is no guarantee that the employed interest rate risk hedging program will offset the interest rate risk exposure intended to be hedged.

Deferred Compensation (Company Plan) Liability Hedging

Guardian offers a non–qualified deferred compensation plan to certain individuals such as eligible employees, retirees and directors. Deferred compensation growth is linked to the performance of equity and fixed income investments with observable returns. Guardian had employed a hedging program to hedge the equity linked company liabilities associated with the deferred compensation plan. The instruments used to hedge these liabilities are equity index futures. There are no guarantees that the company plan liability hedging program will offset the equity linked company liabilities associated with its deferred compensation plan.

Replication

Guardian has used and may use derivatives to enter into replications of permitted securities. In 2016, Guardian used interest rate futures to replicate US treasury returns.

FA–Backed Notes Interest Rate Hedging

In 2017 and 2016, Guardian acquired assets to support the issuance of one and two funding agreements, respectively, backing notes issued by Guardian Life Global Funding. Guardian hedged the interest rate risk of those assets and FA–Backed note liabilities using Treasury futures.

Index Participation Rider hedging

In 2016 Guardian started using over the counter equity index options to hedge the equity risk of the associated Index Participation Rider liabilities of certain participating whole life policies.

Other Hedging Programs

Guardian has employed in the past, may be employing or may employ in the future other hedging programs not listed above such as rate lock hedging for private placements and commercial mortgages origination, hedging equity linked features of its products and other similar derivative programs under its Derivative Use Plan.

DIRECTORS AND EXECUTIVE OFFICERS OF GUARDIAN

Set forth below is information regarding the directors and executive officers of Guardian as of December 4, 2017:

Name	Title	Since(2)
John J. Brennan	Director(1)	2011
Lloyd E. Campbell.............................	Director(1)	2006
Richard E. Cavanagh	Director(1)	1998
Nancy E. Cooper................................	Director(1)	2012
Deborah L. Duncan............................	Lead Director(1)(3)	2006
William C. Freda	Director(1)	2014
Christopher T. Jenny..........................	Director(1)	2017
Deanna M. Mulligan..........................	Director	2011
	President and Chief Executive Officer	2008
Gary A. Norcross...............................	Director(1)	2017
Stephen J. Squeri	Director(1)	2009
Donald C. Waite III	Director(1)(4)	2002
Marc M. Costantini............................	Executive Vice President, Group and Worksite Markets	2014
Dean Del Vecchio..............................	Executive Vice President, Chief Information Officer & Head of Enterprise Shared Services	2013
Eric R. Dinallo……………………..	Executive Vice President, Chief Legal Counsel	2017
Christopher S. Dyrhaug	Executive Vice President, Individual Markets	2013
Michael N. Ferik................................	Executive Vice President and Chief Financial Officer	2009
Andrew J. McMahon……………….	Executive Vice President, Strategy & Customer Development	2017
Thomas G. Sorell, CFA	Executive Vice President and Chief Investment Officer	1994
Jay E. Rosenblum	Senior Vice President, Chief Human Resources Officer	2015
Michael Slipowitz..............................	Senior Vice President, Corporate Chief Actuary and Chief Risk Officer	2008

The address of each of the directors and executive officers listed above is The Guardian Life Insurance Company of America, 7 Hanover Square, New York, New York, 10004. Guardian's main telephone number is (212) 919–8000.

(1) Independent non–employee director.
(2) First year of affiliation with Guardian.
(3) Ms. Duncan was appointed Lead Director, effective January 1, 2017.
(4) To retire from the Board of Directors, effective December 31, 2017, pursuant to Company's Mandatory Board Retirement Policy.

Directors' Biographical Information

Set forth below is a description of the business positions held by the directors during at least the past five years (ages as of December 4, 2017).

John J. Brennan, age 63, is the former Chairman and Chief Executive Officer of The Vanguard Group, from which he retired in December 2009. He is currently Chairman Emeritus of The Vanguard Group and Chairman of the Vanguard Charitable Endowment Program. He serves as Chairman of FINRA, is Chairman of the University of Notre Dame, is the Lead Director of the General Electric Company and is a Director of American Express Company.

Lloyd E. Campbell, age 59, has been a consultant with Spencer Stuart since 2008. Mr. Campbell is also Special Advisor to Aurora Management Partners LLC. He is also a former Senior Advisor of Rothschild Inc., former Director of Argyle Securities Corporation, Spartech Corporation and the Alderwoods Group, and a past Trustee of Georgetown University.

Richard E. Cavanagh, age 71, is the former President and Chief Executive Officer of The Conference Board, Inc. Mr. Cavanagh served in that position from 1995 to 2007. Previously, Mr. Cavanagh was Executive Dean of the John F. Kennedy School of Government at Harvard University, where he is currently a faculty member. Mr. Cavanagh is a Director and Chairman of the BlackRock Mutual Funds family, a Director and Senior Advisor of the Fremont Group and the National Chairman of Volunteers for America. He is a former Trustee and Chairman of Educational Testing Service.

Nancy E. Cooper, age 63, is the former Chief Financial Officer and Executive Vice President of CA Technologies, Inc. Ms. Cooper served in that position from 2006–2011. She is also a former Chief Financial Officer and Senior Vice President of IMS Health, Inc. and former Partner of General Atlantic. She is a Director of Brunswick Corporation, Teradata Corporation, and The Mosaic Company.

Deborah L. Duncan, age 62, is a Senior Advisor and former Executive Vice President and Chief Financial Officer of Fremont Group. Ms. Duncan is a Director of the Fremont Group and certain related companies and foundations. She is also Chair of the Board of Trustees of Smith College.

William C. Freda, age 65, is the retired Senior Partner and Vice Chairman of Deloitte, former Chairman of Global Insurance Committee at Deloitte Touche Tohmatsu Limited (DTTL), and former Managing Partner of U.S. Financial Services Industry Practice of Deloitte LLP. Mr. Freda is Chairman of Hamilton Insurance Group, a Director of State Street Corporation, and a Trustee at Bentley University. He is a former Director of DTTL, former Chairman of American Institute of Certified Public Accountants' (AICPA) Insurance Company Committee, former Chairman of AICPA's Mutual Life Insurance Task Force, former U.S. Representative for the International Accounting Standards Committee's Insurance Steering Committee, former Chairman of Board of Trustees at Catholic Community Services, and former Chairman of Board of Trustees at United Way of Essex and West Hudson.

Christopher T. Jenny, age 62, is a Senior Advisor at Parthenon–EY. He is also a former President and Senior Partner of The Parthenon Group and a former Partner of Bain & Company. Mr. Jenny is Chairman of Jennus Innovation and is a Director of CBRE Group, Inc., Mobile Virtual Player and PLT4M. Mr. Jenny also serves on the boards of the New England Baptist Hospital and the Sudbury Valley Trustees, a regional land conservation trust.

Deanna M. Mulligan, age 54, has been the President and Chief Executive Officer and a Director of Guardian since 2011. Previously, she served as the President and Chief Operating Officer of Guardian in 2010. Ms. Mulligan joined Guardian in 2008 as the Executive Vice President, Individual Life and Disability. She serves as a Director of The Vanguard Group, Inc., Trustee elect of the Vanguard Funds (effective January 1, 2018), Director of the Partnership for New York City, Trustee of the Economic Club of New York, Director of the Committee Encouraging Corporate Philanthropy, Trustee of the Bruce Museum and is the former Chair of the American Council of Life Insurers. Ms. Mulligan is also a former Director of Arch Capital Group Ltd. and a former Trustee of RS Investment Trust and RS Variable Products Trust. Ms. Mulligan is also a member of the Stanford Graduate School of Business Advisory Council, and a former member of the President's Advisory Council on Financial Capability for Young Americans. Prior to joining Guardian in 2008, Ms. Mulligan founded DMM Management Solutions LLC where she served as President from 2007 to 2008. Previously, she held several other management positions at McKinsey & Company, AXA Financial, Inc. and New York Life Insurance Company.

Gary A. Norcross, age 52, has been the President and Chief Executive Officer of FIS since 2015. He is also a Member of the Dean's Executive Advisory Board of the Sam M. Walton School of Business for the University of Arkansas. Mr. Norcross is a Director of the YMCA of Florida's First Coast and a Director for the Knowledge is

Power Program's (KIPP) Impact School in Jacksonville, Florida. Mr. Norcross is also a former Director of mFoundry, Inc.

Stephen J. Squeri, age 58, is the Chief Executive Officer elect and Chairman elect of American Express Company. Mr. Squeri's appointments as Chief Executive Officer and Chairman of American Express are effective February 1, 2018. He currently serves as Vice Chairman of American Express Company, where he has worked since 1985. Mr. Squeri serves as a Director of J. Crew Group and American Express Global Business Travel. He is a member of the Board of Trustees of Manhattan College and of the Valerie Fund. He is also a member of the Board of Governors of Monsignor McClancy Memorial High School.

Donald C. Waite III, age 75, was a member of McKinsey & Company's Office of the Managing Director, and Chairman of McKinsey’s Investment Committee and Compensation Committee from 1996 to 2002. He is a Director Emeritus of McKinsey & Company and a member of the McKinsey Investment Committee. Mr. Waite is a member of the Board of Overseers of Columbia University Graduate School of Business, and serves as a Director of Information Services Group, Inc.

Executive Officers’ Biographical Information

Set forth below is a description of the business positions held during the past five years by the executive officers (other than Ms. Mulligan whose biographical data is described above) (ages as of December 4, 2017) listed above.

Marc M. Costantini, age 48, has been the Executive Vice President, Group and Worksite Markets, of Guardian since 2017. Previously, he had been the Executive Vice President and Chief Financial Officer of Guardian from 2014 to 2017. Prior to joining Guardian, he held several senior management positions with Manulife Financial Corporation (“Manulife”) and John Hancock Life Insurance Company (“John Hancock”), including Executive Vice President, Corporate Development and Strategy for Manulife from 2012 to 2014, Executive Vice President, Strategic Initiatives for John Hancock from 2011 to 2012, President, Annuities for John Hancock from 2007 to 2011 and Chief Financial Officer for John Hancock from 2005 to 2007.

Eric R. Dinallo, age 54, has been the Executive Vice President, Chief Legal Counsel of Guardian since December 2017. Prior to joining Guardian, he was a Partner and Co–Head of the Insurance Group and Member of the White Collar and Regulatory Defense Group of the law firm of Debevoise & Plimpton LLP, from 2010 to 2017, where he represented financial services firms, including Guardian, on issues related to regulation, compliance, litigation and transactions. His prior experience also includes senior–level leadership positions as Superintendent of Insurance for New York State, Global Head of Regulatory Affairs at Morgan Stanley and General Counsel at Willis Holdings. Mr. Dinallo also serves as an Adjunct Professor of Business and Society at New York University Stern School of Business since 2009.

Dean Del Vecchio, age 51, has been the Executive Vice President, Chief Information Officer & Head of Enterprise Shared Services since 2016. Previously, he had been the Senior Vice President, Chief Information Officer of Guardian since 2013. Prior to joining Guardian, he was the Senior Vice President, Chief Information Officer and Head of IT Shared Services at News Corp. Dow Jones from 2005 to 2013.

Christopher S. Dyrhaug, age 47, has been the Executive Vice President, Individual Markets, of Guardian since 2017. Previously, he had been the Senior Vice President, Head of Individual Markets Administration, Operations & Wealth Management of Guardian from 2016 to 2017, and the Vice President and Managing Director, Individual Markets, of Guardian from 2013 to 2016. Prior to joining Guardian, he held several senior management positions with Morgan Stanley Smith Barney, including Chief Operating Officer of International Wealth Management, Managing Director, from 2012 to 2013, Head of National Branch Services, Managing Director, from 2009 to 2012, and Director of Branch Administration, Managing Director, from 2006 to 2009.

Michael N. Ferik, age 45, has been the Executive Vice President and Chief Financial Officer of Guardian since 2017. Previously, he had been the Executive Vice President, Individual Markets, of Guardian from 2016 to 2017, and the Senior Vice President, Life Insurance and Wealth Management, of Guardian from 2009 to 2016. Prior to joining Guardian, he held a senior management position with AXA Equitable, Life Products and Annuities and an engagement management position with McKinsey & Company. Mr. Ferik also held a Vice President & Actuary position with Manulife (Singapore).

Andrew J. McMahon, age 50, has been the Executive Vice President, Strategy & Customer Development of Guardian since December 2017. Prior to joining Guardian, he was the Chief Executive Officer and Founder of Vitae Advisors, LLC from 2014 to 2017, and he served in multiple roles at AXA Financial from 2005 to 2014, including Head of Strategic Initiatives Group, Chairman/COO of AXA Advisors, and, ultimately, as the President of AXA Financial.

Jay E. Rosenblum, age 51, has been the Senior Vice President and Chief Human Resources Officer of Guardian since 2016. Previously, he led Guardian's Government Affairs team as Senior Vice President of Government Affairs from 2015 to 2016. Prior to joining Guardian, he was the Senior Vice President, Associate General Counsel and Director of Government Affairs of The Hartford from 2009 to 2015.

Michael Slipowitz, age 59, has been Senior Vice President and Corporate Chief Actuary of Guardian since 2010. He has also been Chief Risk Officer of Guardian since 2014. Mr. Slipowitz joined Guardian in 2008 and served as Vice President, Chief Actuary, Retirement Solutions, from 2008 to 2010. Prior to joining Guardian, Mr. Slipowitz served as Chief Risk Officer at AXA Financial, Inc. from 2004 to 2007.

Thomas G. Sorell, CFA, age 62, has been the Executive Vice President and Chief Investment Officer of Guardian and certain other Guardian subsidiaries since 2003. Previously, Mr. Sorell was a Senior Managing Director, Head of Guardian’s Fixed Income Department, and Co–Portfolio Manager of a number of Guardian–sponsored fixed income funds.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Except as described below, there are no potential conflicts of interest between the duties to Guardian of any of the members of the Board of Directors and their respective private interests or other duties.

In the ordinary course of its insurance operations, Guardian and its insurance subsidiaries have from time to time provided insurance coverage to a number of corporations of which the directors of Guardian are or were officers or directors. However, such coverage is primarily the result of sales efforts and is not tied to the membership on Guardian's Board of Directors of any one or more individuals or to a relative or spouse of such individual.

Some of the directors carry one or more life insurance policies issued by Guardian and its insurance subsidiaries. These policies give owners voting rights as prescribed by the New York Insurance Law, but in the aggregate such directors and officers who are policyholders hold an insignificant percentage of the aggregate voting rights in Guardian.

GLOSSARY

The following Glossary includes general definitions of certain insurance terms as well as other terms relating specifically to Guardian.

Admitted assets: Assets which are included in an insurance company's financial statements to measure surplus as determined in accordance with state insurance laws. Other assets, consisting principally of amounts due from insurance agents, prepaid expenses and furniture and equipment are treated as "nonadmitted assets" for statutory accounting purposes.

Annual Statement: The reports filed annually with state insurance regulatory authorities that contain financial and other information on a calendar year basis and are prepared in accordance with statutory accounting practices. The form of the annual statement is prescribed by the NAIC.

Annuity: A contract that pays or permits the election of a periodic income benefit for the life of a person, the lives of two or more persons or a specific period of time.

Apportioned Dividend Liability: The estimated amount of all dividends declared by Guardian's Board of Directors prior to the end of the statement year which are not yet paid or due at the end of the year.

Asset Valuation Reserve ("AVR"): The reserve required by insurance regulators to stabilize statutory surplus from non interest–related fluctuations in the market value of bonds, stocks, mortgage loans, real estate and other invested assets.

Carrying Value: The value of an asset as carried on an insurance company's balance sheet, as determined in accordance with SAP.

Cash Value: The amount of cash available to a policyholder on the surrender of a life insurance policy or annuity contract.

Cede: When an insurer reinsures its liability with another insurer (a "cession"), it "cedes" business and is referred to as the "ceding company."

Disability Income Insurance: Insurance which provides income payments to the insured when employment is interrupted or terminated because of illness, sickness or accident. The level, timing and duration of payments vary by policy type.

Dividend Scales: The schedule of amounts payable as dividends on participating policies based on experience factors relating to, among other things, investment results, mortality, lapse rates, expenses, premium taxes and policy loan interest and utilization rates.

Equity Real Estate: An investment asset category which combines wholly owned real estate and interests in real estate joint ventures.

GAAP: Accounting Principles Generally Accepted in the United States of America.

General Account: The aggregate of an insurer's assets other than those allocated to Separate Accounts.

General Account Assets: The assets held in the General Account associated with the operations of an insurance company which include bonds, mortgages, real estate, equity interests, policy loans, cash and short–term investments and other invested assets.

Insurance Subsidiaries: Collectively, the significant operating insurance subsidiaries of Guardian, mainly GIAC.

Interest Maintenance Reserve (“IMR”): The reserve required by insurance regulators to capture interest rate–related realized capital gains and losses (net of taxes) on fixed income investments (primarily bonds and mortgage loans), which are amortized into net investment income over the estimated remaining periods to maturity of the investments sold.

Investment Reserves: Collectively, the AVR and other investment reserves.

Lapse: Termination of a policy because of surrender, failure to pay a premium or lack of sufficient cash value to maintain in–force status.

Lapse Rate: The ratio of the amount of lapses during a period to the amount of insurance in force or amount of premium at the beginning of the period.

Morbidity: Rates and duration of disability varying by such things as age, gender and duration since disability, used in pricing and valuing disability income insurance products.

Mortality: Rates of death, varying by such parameters as age, gender and health, used in pricing and valuing life and annuity products.

National Association of Insurance Commissioners (“NAIC”): The national association of state insurance regulators that sets guidelines for statutory policies, procedures and reporting for insurance enterprises.

Participating Policyholder: A policyholder who participates in the divisible surplus of an insurance company through policyholder dividends to the extent declared by an insurer’s Board of Directors.

Persistency: Measurement of life insurance or other insurance policies remaining in force from year to year.

Policy: A life, accident, health, annuity, property or casualty contract, issued by an insurance company to an individual or group, that provides financial protection to an insured, owner or beneficiary.

Policyholder Dividends: Premiums for participating policies are set with margins designed and intended to allow for certain refund provisions, usually called policyholder dividends, paid over the term of the policy, if and as declared by the insurer’s board of directors, and adjusted, over time, to reflect the actual experience of the class of policies involved.

Reinsurance: The acceptance by one or more insurers, called reinsurers, of a portion of risk underwritten by another insurer who has directly written the coverage in return for a portion of the premium relating thereto. The legal rights of the insured generally are not affected by the reinsurance transaction and the insurance enterprise issuing the insurance contract remains liable to the insured for payment of policy benefits.

Risk Based Capital (“RBC”): A regulatory measure of the minimum amount of capital needed for an insurance company to support its overall business in light of both its size and risk profile.

Separate Accounts: Investment accounts maintained by an insurer to which funds have been allocated for certain policies under provisions of relevant state insurance law. The investments in each Separate Account are maintained separately from those in other Separate Accounts and the General Account. The investment results of the Separate Account assets normally are passed through to the relevant policyholders.

Statutory Accounting Practices (“SAP”): Those accounting practices prescribed or permitted by an insurer’s domiciliary state insurance regulator for purposes of financial reporting to insurance regulators.

Statutory Reserves: Amounts established pursuant to state insurance laws that an insurer must have available to provide for future obligations with respect to all policies. Reserves are liabilities on the balance sheet of financial statements prepared in conformity with statutory accounting practices.

Statutory Surplus: As determined under statutory basis accounting principles, the amount remaining after all liabilities, including loss reserves, are subtracted from all admitted assets. Admitted assets are assets of an insurer permitted by a state to be taken into account in determining the insurer's financial condition for statutory purposes.

Surrenders and Withdrawals: Surrenders of life insurance policies and annuity contracts for their entire net cash surrender values and withdrawals of a portion of such values.

Term Life: Life insurance which provides insurance protection for a fixed period (which generally may be renewed at an increased premium) and has no cash value.

Total Adjusted Capital: Guardian adopted the NAIC's definition of total adjusted capital for purposes of comparison with RBC; defined as Surplus plus AVR plus half the Apportioned Dividend Liability.

Unassigned Surplus: The undistributed and unappropriated amount of statutory surplus. This excludes surplus notes and special surplus funds. Special surplus funds are voluntary or general contingency reserves which are not actual liabilities of the company.

Underwriting: The process of examining, accepting or rejecting insurance risks, and classifying those accepted, in order to charge an appropriate premium for each risk accepted.

Universal Life Insurance: Life insurance under which (1) premiums are generally flexible, (2) the level of death benefits may be adjusted and (3) explicit expense, interest, and mortality rates are used to accumulate cash value.

Variable Universal Life Insurance: Same as Universal Life Insurance, except the interest element is replaced by actual performance of one or more Separate Accounts; the entire investment risk is borne by the policyholder.

Whole Life Insurance: These policies provide guaranteed death benefits and guaranteed cash values in return for periodic fixed premium payments or, in the case of single premium whole life policies, a lump sum payment when the policy is issued. Participating whole life insurance provides dividends based on actual experience more favorable than expense, interest, mortality, and persisting assumptions underlying guarantees.

INDEX TO AUDITED STATUTORY FINANCIAL STATEMENTS

Independent Auditor's Report

To the Board of Directors of
The Guardian Life Insurance Company of America

We have audited the accompanying statutory financial statements of The Guardian Life Insurance Company of America, which comprise the statutory basis balance sheets as of December 31, 2016, 2015 and 2014, and the related statutory basis statements of operations, of changes in policyholders' surplus, and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the New York State Department of Financial Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America are material.

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Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2016, 2015 and 2014, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Company as of December 31, 2016, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services described in Note 2.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the statutory basis financial statements taken as a whole. The accompanying supplemental Schedule I - Selected Financial Data, Investment Risk Interrogatories, and Summary Investment Schedule (collectively, “the supplemental schedules”) of the Company as of December 31, 2016 and 2015, and for the years then ended are presented for purposes to comply with the National Association of Insurance Commissioners’ Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the statutory basis financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory basis financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the statutory basis financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the statutory basis financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 21, 2017

The Guardian Life Insurance Company of America

Audited Statutory Basis
Financial Statements and Supplemental Schedules
December 31, 2016 and 2015

The Guardian Life Insurance Company of America

Statutory Basis Balance Sheets

(In Millions)

	As of December 31, 2016	As of December 31, 2015
Admitted Assets		
Bonds	$ 35,447	$ 31,716
Common and preferred stocks	1,522	1,623
Mortgage loans	3,472	3,388
Real estate	374	430
Policy loans	3,405	3,337
Other invested assets	1,850	1,906
Receivable for securities	27	2
Cash, cash equivalents and short-term investments	822	778
Total invested assets	46,919	43,180
Due and accrued investment income	384	367
Premiums deferred and uncollected	1,058	1,021
Current federal and foreign income tax recoverable and interest thereon	106	101
Net deferred tax asset	727	707
Reinsurance recoverable from affiliate	2,472	2,370
Other assets	218	375
Total admitted assets	$ 51,884	$ 48,121
Liabilities		
Reserves for policy benefits	$ 39,369	$ 37,031
Policyholder dividends payable and other contract liabilities	3,107	2,189
Interest maintenance reserve	464	373
Asset valuation reserve	810	798
Other liabilities	1,962	1,640
Total liabilities	45,712	42,031
Policyholders' surplus	5,327	5,245
Surplus notes	845	845
Total liabilities and policyholders' surplus	$ 51,884	$ 48,121

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America

Statutory Basis Statements of Operations

(In Millions)

	For the Years Ended December 31,	
	2016	2015
Revenues		
Premiums, annuity considerations and fund deposits	$ 7,768	$ 7,334
Net investment income	2,052	1,985
Other income	421	376
Total revenues	10,241	9,695
Benefits and Expenses		
Benefit payments to policyholders and beneficiaries	4,293	4,104
Net increase to policy benefit reserves	2,330	2,137
Commissions and operating expenses	2,262	2,048
Total benefits and expenses	8,885	8,289
Gain from operations before policyholder dividends and taxes	1,356	1,406
Policyholder dividends	(839)	(826)
Gain from operations before taxes and realized capital losses	517	580
Income tax expense	(141)	(82)
Income from operations before net realized capital losses	376	498
Net realized capital losses	(8)	(65)
Net income	$ 368	$ 433

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America

Statutory Basis Statements of Change in Policyholders' Surplus

(In Millions)

	For the Years Ended December 31,	
	2015	2014
Beginning of year balance	$ 5,692	$ 5,012
Adjustments to surplus:		
Net income	433	712
Change in net unrealized capital gains (losses), net of tax	61	(307)
Change in reserve on account of change in valuation basis	(40)	-
Change in asset valuation reserve	(44)	(69)
Change in surplus note	-	449
Change in net deferred taxes	(16)	39
Change in non-admitted assets	54	94
Change in pension funded status	(38)	(237)
Other changes, net	(12)	(1)
Net adjustments to unassigned surplus	398	680
End of year balance	$ 6,090	$ 5,692

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America

Statutory Basis Statements of Cash Flows

(In Millions)

	For the Years Ended December 31,	
	2016	2015
Cash flows from operating activities:		
Premiums and other income received	$ 7,756	$ 7,314
Investment income	2,110	2,062
Other income	196	272
Benefits and loss related payments	(4,243)	(4,029)
Commissions, expenses and taxes paid	(2,290)	(2,251)
Dividends paid	(822)	(782)
Other, net	22	(228)
Net cash provided by operating activities	2,729	2,358
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Bonds	15,042	10,748
Common and preferred stocks	538	340
Mortgage loans	574	469
Real estate	81	32
Other investments	457	679
Proceeds from investments sold or matured	16,692	12,268
Cost of investments acquired:		
Bonds	18,451	12,791
Common and preferred stocks	464	361
Mortgage loans	664	816
Real estate	16	40
Other investments	517	503
Cost of investments acquired	20,112	14,511
Net increase in policy loans, net of repayments	68	107
Net cash used in investing activities	(3,488)	(2,350)
Cash from financing and miscellaneous activities:		
Cash provided:		
Net deposits on deposit-type contracts and other insurance liabilities	803	5
Net cash provided by financing and miscellaneous activities	803	5
Net increase in cash, cash equivalents and short-term invesments	44	13
Cash , cash equivalents and short-term investments, beginning of year	778	765
Cash, cash equivalents and short-term investments, end of year	$ 822	$ 778

See notes to statutory basis financial statements.

NOTE 1 – ORGANIZATION

The Guardian Life Insurance Company of America ("Guardian" or the "Company") provides financial services to customers throughout the United States. The Company provides a full range of insurance, investment, securities brokerage and other financial products and services including individual life and disability insurance, group life and health insurance, annuities, pension and retirement related investments and administration, asset management and securities brokerage.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:
The accompanying statutory basis financial statements have been prepared on the basis of accounting practices prescribed or permitted by the New York State Department of Financial Services (the "Department"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). Insurance companies domiciled in New York are required to prepare statutory basis financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP"), subject to certain deviations prescribed or permitted by the Department.

The Department recognizes only statutory accounting practices prescribed or permitted by the state of New York for determining and reporting the financial condition and results of operations of an insurance company ("New York SAP"). The NAIC promulgates the NAIC SAP, which include accounting guidelines referred to as Statements of Statutory Accounting Principles ("SSAPs"). The Department adopted NAIC SAP with certain modifications, through the passage of Regulation 172, effective January 1, 2001, as amended.

A reconciliation of the Company's net income and surplus at December 31, 2016 and 2015 between NAIC SAP and practices prescribed by the State of New York is shown below:

	2016	2015
Statutory Net Income, New York basis	$ 368	$ 433
State Prescribed Practices:		
Deferred premiums asset impact (1)	7	11
Admission of unearned reinsurance premium asset (2)	(5)	(6)
Statutory Net Income, NAIC SAP basis	$ 370	$ 438

	2016	2015
Statutory Surplus, New York basis	$ 6,172	$ 6,090
State Prescribed Practices:		
Deferred premiums asset impact (1)	133	122
Admission of unearned reinsurance premium asset (2)	(55)	(49)
Statutory Surplus, NAIC SAP basis	$ 6,250	$ 6,163

1) Department Circular Letter No. 11
2) Department Regulation 172

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial statements prepared on a New York SAP basis vary from financial statements prepared in accordance with GAAP primarily because on a statutory basis: 1) costs related to acquiring business, principally commissions and certain policy issue expenses, are charged to income in the year incurred; 2) life insurance and annuity reserves are based on statutory mortality and interest requirements, without consideration of withdrawals and company experience; 3) life insurance enterprises are required to establish a formula-based asset valuation reserve (“AVR”) by a direct charge to surplus to offset potential investment losses; 4) realized gains and losses resulting from changes in interest rates on fixed income investments are deferred in the interest maintenance reserve (“IMR”) and amortized into investment income over the remaining life of the investment sold; 5) bonds are carried principally at amortized cost; 6) certain reinsurance transactions are accounted for as reinsurance for statutory purposes and as financing transactions under GAAP, and assets and liabilities are reported net of reinsurance for statutory purposes and gross of reinsurance for GAAP; 7) certain “non-admitted assets” (furniture and office equipment, leasehold improvements, capitalized internally developed non-operating system software, and prepaid pension costs) must be excluded under statutory reporting through a charge to surplus; 8) investments in common stock of the Company’s wholly-owned and majority owned subsidiaries are accounted for using the equity method, where earnings of such subsidiaries are recognized in surplus; only when dividends are distributed is income recognized; 9) gross deferred tax assets and changes in deferred tax assets (“DTAs”) and liabilities (“DTL’s”), except those relating to changes in unrealized gains and losses, are recognized as a separate component of surplus. Deferred tax assets not meeting certain criteria are non-admitted; 10) investments in real estate joint ventures that are reported as Other invested assets, where the Company has a controlling financial interest, are accounted for using the equity method for statutory purposes and consolidated under GAAP; and 11) if in the aggregate, the Company has a net negative cash balance, it is reported as a negative asset for statutory purposes and recorded as a liability under GAAP. The effect on the financial statements of the Company from the differences between New York SAP and GAAP are material and disclosed in Note 19.

Use of Estimates:

The preparation of financial statements requires management to make 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. As a provider of life insurance products, the Company’s operating results in any given period depend on estimates of policy reserves required to provide for future policyholder benefits. The development of policy reserves for insurance and investment contracts requires management to make estimates and assumptions regarding mortality, lapse, expense and investment experience. Such estimates are primarily based on historical experience and, in many cases, state insurance laws that require specific mortality, morbidity, and investment assumptions to be used by the Company and may preclude the use of lapse and expense assumptions. Actual future results could differ from these estimates. Management monitors actual experience, and where circumstances warrant, revises its assumptions and the related reserve estimates. The Company regularly invests in mortgage loans, mortgage-backed securities and other securities subject to prepayment and/or call risk. Significant changes in prevailing interest rates and/or geographic conditions may adversely affect the timing and amount of cash flows on such investments, as well as their related values. In addition, the amortization of market premium and accretion of market discount for mortgage-backed securities is based on historical experience and estimates of future payment experience underlying mortgage loans. Actual prepayment timing could differ from original estimates resulting in adjustments to asset values and amortization or accretion recorded in future periods.

Admitted Assets:

Assets are stated at "admitted asset" values, which are values required by or permitted to be reported to the Department in accordance with its rules and regulations. Certain assets designated as "non-admitted assets" (approximately $389 million and $305 million at December 31, 2016 and December 31, 2015, respectively), consisting principally of deferred tax assets, leasehold improvements, electronic data processing equipment and computer software, and prepaid pension costs are charged directly to unassigned surplus.

Investments:

See Note 3 and Note 4 regarding the accounting policy, reported statement value and estimated fair value of the Company’s investment in bonds, common and preferred stocks, mortgage loans, real estate and derivatives.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Short-Term Investments:
Cash includes amounts on deposit with banks. Cash equivalents are stated at amortized cost and consist of investments having maturities of three months or less at time of purchase. Certain short-term investments, including Money Market Funds, are stated at amortized cost and consist primarily of investments having maturities greater than three months from date of purchase, but less than one year to maturity. Fair values for such investments approximate carrying value, because of the relatively short period of time between their origination and expected maturity and collectability.

Policy Loans:
Policy loans are stated at unpaid principal balance. The carrying amount approximates fair value since loans on policies have no defined maturity date and reduce the amount payable at death or at surrender of the contract.

Other Invested Assets:
Other invested assets consist primarily of joint ventures, limited liability companies and other forms of partnerships. These investments are valued at the Company’s share of equity in the partnerships’ or joint ventures’ net assets. All distributions are recorded as income or return of capital based on information received from the partnerships. The change in equity is recorded as unrealized gains (losses) on the Company’s books and is charged directly to surplus.

Other Assets:
Other assets consist primarily of receivables from subsidiaries (see Note 11), receivables related to reinsurance ceded (see Note 9), amounts receivable relating to Administrative Services Only (“ASO”) uninsured plans, guaranty funds receivable, and electronic data processing equipment.

Investment Reserves:
In compliance with statutory requirements, the Company maintains the AVR and the IMR. The AVR is intended to stabilize policyholders' surplus against market fluctuations in the value of equities and credit related declines in the value of bonds, mortgage loans and equity investments. Changes in the AVR are recorded directly to surplus. The IMR defers net after-tax realized capital gains (losses) which result from changes in the overall level of interest rates for fixed income investments and amortizes these net capital gains (losses) into income over the remaining stated life of the investments sold. The Company uses the group method of calculating the IMR.

Insurance Revenue and Expense Recognition:
Life premiums are recognized as income over the premium-paying period of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Benefit payments to policyholders and beneficiaries include death benefits, disability benefits, matured endowments and surrender benefits and are charged to expense when incurred.

Reserves for Policy Benefits:
See Note 5 regarding the methods and assumptions used to establish the Company’s reserves for future insurance policy benefits.

Other Liabilities:
Other liabilities consist primarily of general expenses due or accrued, liabilities for employees and agents, commissions payable, unearned investment income, amounts withheld or retained by the company as agent or trustee, miscellaneous reinsurance liabilities, assessments, and tax reserves liabilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes:

The provision for federal income taxes is based on income from operations currently taxable. Realized gains and losses are reported net of the applicable federal income taxes. Deferred federal income tax assets are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with increases or decreases reflected as adjustments to surplus (See Note 8). The Company is required to establish a tax loss contingency if it is more likely than not that a tax position will not be sustained. The amount of the contingency reserve is management's best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve is equal to the entire tax benefit.

Dividends to Policyholders:

The liability for dividends to policyholders principally consists of dividends expected-to-be paid during the subsequent year and are determined by means of formulas that reflect the relative contribution of each group of policies to the results of operations. Policyholder dividends are approved annually by the Board of Directors, and a portion of the policyholder dividends approved annually are guaranteed by the Board of Directors.

Other Contract Liabilities

Other contract liabilities include liabilities for deposit type contracts such as funding agreements (see Note 5), claims in the course of settlement, and premiums received in advance.

Benefit Plans:

The Company has non-contributory defined benefit pension plans covering substantially all of the Company's employees. The benefits are based primarily on years of service and compensation. Assets of the pension plans are invested in a diversified portfolio that primarily consists of corporate bonds and common stocks. All assets are managed by the Company or its affiliates.

Reinsurance:

The Company enters into reinsurance agreements in the normal course of its insurance business to reduce overall risk (see Note 9 for reinsurance ceded and Note 10 for reinsurance assumed). The Company remains liable for reinsurance ceded if the reinsurer fails to meet its obligation on the business it has assumed. The Company evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

Net Investment Income and Capital Gains:

Net investment income includes interest and dividends received or accrued on investments. It also includes amortization of any purchase premium or discount using the interest method, adjusted retrospectively or prospectively for any change in estimated yield to maturity. Investment income due and accrued that is deemed uncollectible is charged against net investment income in the period such determination is made. Net investment income is reduced by investment management expenses, interest expense on the Company's outstanding surplus note and real estate depreciation.

Realized investment gains and losses are reported in income based upon specific identification of securities sold. Realized losses include valuation adjustments for other-than-temporary declines in investments. Unrealized investment gains and losses on financial instruments carried at fair value represent changes in the reported fair value and are recorded directly to surplus.

Assessments:

Under state insurance guaranty fund laws, insurers doing business in a state can be assessed, up to prescribed limits, for certain obligations of insolvent insurance companies to policyholders and claimants. Amounts assessed to each company are typically related to its proportion of business written in each state. The Company's policy is to accrue assessments when the entity for which the insolvency relates has met its state of domicile's statutory definition of insolvency, the amount of the loss is reasonably estimable and the related premium upon which the assessment is based is written. In most states, the definition is met with a declaration of financial insolvency by a court of competent jurisdiction. In certain states there must also be a final order of liquidation. As of December 31, 2016 and December 31, 2015, the liability balance included in other liabilities was $28 million and $2 million, respectively for assessments. Some states permit member insurers to recover assessments through full or partial premium tax offsets. The related premium tax offsets included in other assets were $17 million and $10 million as of December 31, 2016 and December 31, 2015, respectively.

NOTE 3 – INVESTMENTS

Investments are valued in accordance with methods prescribed by the Securities Valuation Office of the NAIC ("SVO"). The Company obtains the fair value of financial instruments held in its portfolio that are either carried at fair value on the face of the financial statements or disclosed in the notes to the financial statements at fair value, from a number of sources. These sources include published market quotes for active market exchange traded instruments, third party pricing vendors, investment banks which are lead market makers in certain markets, broker quotes and the use of internal valuation models that use market observable inputs when available and Company derived inputs when external inputs are not available or deemed to be inaccurate. Unrealized gains and losses on investments carried at fair value are recorded directly in unassigned surplus. The investment portfolio is reviewed for investments that may have experienced a decline in value considered to be other-than-temporary. The Company considers several factors in determining whether other-than-temporary declines exist: duration and extent to which the fair value of the security has been less than cost; financial condition of the issuer; the near term prospects for recovery of the fair value of a security; discounted estimated future cash flows; and the intent and ability of the Company to hold the security to allow for an anticipated recovery in value. Impairments that are considered other-than-temporary are included in net realized capital (losses).

The Company's investment portfolio includes securities with a 5* NAIC designation. There were two securities that has a 5* NAIC designation with an aggregated book adjusted carrying value and aggregate fair value of $14.1 million as of December 31, 2016. There was one security that has a 5* NAIC designation with a book adjusted carrying value and fair value of $8.0 million as of December 31, 2015.

Valuation methods for the various types of investments held are as follows:

Bonds - Bonds are stated principally at amortized cost with bond premiums and discounts amortized using the scientific interest method. Those bonds which are rated 6 by the NAIC are reported at the lower of amortized cost or fair value. Mortgage-backed bonds are carried at amortized cost using the interest method considering anticipated prepayments at the date of purchase. Significant changes in future anticipated cash flows from the original purchase assumptions are accounted for using the retrospective and prospective adjustment method utilizing the Public Securities Association standard prepayment rates.

Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from issuers or broker-dealers through information services or internal estimates and are consistent with current interest rates and the economic environment.

The Company changes from the retrospective method to the prospective method when an other than temporary impairment has been recorded on a structured loan-backed security.

Preferred stocks - Preferred stocks are carried at amortized cost if they have an NAIC SVO rating of 1 to 3 or the lower of book value or fair value based on the rating of 4 to 6.

Common stocks - Common stocks of unaffiliated companies are stated at fair value, which is based on quoted market price. For common stocks without quoted market prices, fair value is estimated using independent pricing services or internally developed pricing models. Investments in subsidiaries are included in common stocks and are valued at equity in the underlying net assets. Undistributed earnings or losses of subsidiaries and unrealized appreciation or depreciation on common stocks are reflected as unrealized capital gains and losses directly in surplus.

Foreign Currency Translation - All of the Company's insurance operations are conducted in the United States of America on a U.S. dollar-denominated basis. The Company does make bond, equity and other investments that are denominated in foreign currencies or issued by entities doing business in other countries. Investments denominated in a foreign currency are translated to U.S. dollars at each reporting date using then-current market foreign exchange rates. Translation gains or losses relating to fluctuations in market exchange rates are reported as a change in unrealized capital gains and losses until the related investment security is sold or matures, at which time a realized capital gain or loss is reported. Transactions denominated in a foreign currency, such as receipt of foreign-denominated interest or dividends, are translated to U.S. dollars based on the actual exchange rate at the time of the transaction.

NOTE 3 – INVESTMENTS (CONTINUED)

The amortized cost basis and estimated fair value of bonds and the cost basis and estimated fair value of preferred stock and common stocks at December 31, 2016 and December 31, 2015 is as follows:

	Amortized Cost/ Cost*	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2016		(In millions)		
U.S. Government	$ 1,602	$ 5	$ (31)	$ 1,576
All other Government	37	-	-	37
States, Territories and Possessions	390	47	(5)	432
U.S. Political Subdivisions	230	22	-	252
U.S. Special revenue	2,274	179	(19)	2,434
Industrial and Miscellaneous	30,856	1,343	(461)	31,738
Hybrid	58	4	(1)	61
Total Bonds	$ 35,447	$ 1,600	$ (517)	$ 36,530
Common stocks - unaffiliated	445	34	(41)	$ 438
Investment in subsidiaries	1,346	39	(341)	1,044
Total Common Stocks	1,791	$ 73	$ (382)	1,482
Preferred Stocks - Perpetual	40	10	-	50
Total Preferred Stocks	40	$ 10	$ -	50
Total Common and Preferred Stocks	$ 1,831	$ 83	$ (382)	$ 1,532

	Amortized Cost/ Cost*	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2015		(In millions)		
U.S. Government	$ 1,644	18	(17)	$ 1,645
All other Government	157	7	(4)	160
States, Territories and Possessions	410	52	-	462
U.S. Political Subdivisions	275	28	-	303
U.S. Special revenue	2,142	202	(4)	2,340
Industrial and Miscellaneous	27,000	1,174	(792)	27,382
Hybrid	74	4	(3)	75
Affiliated Bonds	14	-	-	14
Total Bonds	$ 31,716	$ 1,485	$ (820)	$ 32,381
Common stocks - unaffiliated	$ 518	25	(53)	$ 490
Investment in subsidiaries	1,219	9	(262)	966
Total Common Stocks	1,737	34	(315)	1,456
Preferred Stocks - Perpetual	$ 167	7	(8)	166
Total Preferred Stocks	167	$ 7	$ (8)	166
Total Common and Preferred Stocks	$ 1,904	$ 41	$ (323)	$ 1,622

* Includes unrealized FX adjustments

NOTE 3 – INVESTMENTS (CONTINUED)

The Company invests in high quality securities that are diversified by asset class, issuer and industry. At December 31, 2016 approximately 4.5% of the portfolio is invested in securities issued or backed by the United States Government or its agencies. No other single issuer accounts for more than 1.5% of the portfolio at December 31, 2016.

The amortized cost and estimated fair value of debt securities at December 31, 2016 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations.

	2016	
	Amortized Cost	Estimated Fair Value
	(In millions)	
Due in one year or less	$ 474	$ 492
Due after one year through five years	5,339	5,528
Due after five years through ten years	9,571	9,621
Due after ten years	14,169	14,810
Sinking fund bonds, mortgage backed securities and asset backed securities	5,894	6,079
Total	$ 35,447	$ 36,530

The net change in unrealized capital gains (losses) included in surplus for year ended December 31, 2016 and 2015 is summarized as follows:

	2016	2015
	(In millions)	
Changes in net unrealized capital (losses) gains attributable to:		
Bonds (NAIC 6 rated)	$ (4)	$ -
Preferred Stocks (NAIC 4, 5 and 6 rated)	6	(1)
Common stocks unaffiliated	21	(31)
Common stocks affiliated	(54)	(22)
Foreign currency translation	(28)	58
Other (mainly private equities)	(72)	84
Total change in net unrealized capital (losses) gains	(131)	88
Tax benefit (expense)	20	(27)
Total change in net unrealized (losses) gains, net of tax	$ (111)	$ 61

Proceeds from sales, maturities and paydowns of investments in bonds amounted to $15,522 million and $11,113 million for the years ended December 31, 2016 and 2015, respectively. Gross gains of $602 million and $371 million and gross losses of $202 million and $244 million were realized on sales of bonds for the years ended December 31, 2016 and 2015, respectively. These amounts are pre-tax and pre-IMR.

Proceeds from sales, maturities and paydowns of investments in common stock amounted to $560 million and $340 million for the years ended December 31, 2016 and 2015, respectively. Gross gains of $19 million and $19 million and gross losses of $13 million and $18 million were realized on sales of common stock for the years ended December 31, 2016 and 2015, respectively. These amounts are pre-tax.

NOTE 3 – INVESTMENTS (CONTINUED)

Proceeds from sales of investments in preferred stock amounted to $153 million and $59 million for the years ended December 31, 2016 and 2015, respectively. Gross gains of $4 million and $10 million and gross losses of $15 million and $9 million were realized on sales of preferred stocks in December 31, 2016 and 2015, respectively. These amounts are pre-tax and pre-IMR.

During 2016, there were no restructured loans. During 2015, the Company restructured one bank loan. The book value at the time of restructure was $14 million and a $10 million impairment was taken at the time of restructure. The carrying value of the bond was $4 million for the year ended December 31, 2015.

During 2016 and 2015, the Company had non-cash transactions related to the exchange or conversion of bonds that it held as investments in the amount of $806 million and $739 million.

During 2016 and 2015, the Company had non-cash transactions related to the exchange or merger activity related to common stock that it held as investments in the amount of $2 million and $3 million.

During 2016 and 2015, the Company had non-cash transactions related to the exchange or conversion of preferred stock that it held as investments in the amount of $0 million and $6 million.

Unrealized Losses:

The Company's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2016 and December 31, 2015 are shown below:

December 31, 2016	**Less than 12 Months**		**12 Months or More**		**Total**	
(In millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government	$ 1,126	$ (31)	$ 4	$ -	$ 1,130	$ (31)
All other Government	17	-	-	-	17	-
States, Territories and Possessions	122	(5)	4	-	126	(5)
Political Subdivisions	35	-	-	-	35	-
U.S. Special Revenue	678	(18)	8	(1)	686	(19)
Industrial and Miscellaneous	10,221	(381)	985	(80)	11,206	(461)
Hybrid	1	-	21	(1)	22	(1)
Total Bonds	$ 12,200	$ (435)	$ 1,022	$ (82)	$ 13,222	$ (517)
Common stocks - unaffiliated	150	(19)	62	(22)	212	(41)
Total temporarily impaired securities	$ 12,350	$ (454)	$ 1,084	$ (104)	$ 13,434	$ (558)

NOTE 3 – INVESTMENTS (CONTINUED)

December 31, 2015	**Less than 12 Months**		**12 Months or More**		**Total**	
(In millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government	$ 1,113	$ (17)	$ 1	$ -	$ 1,114	$ (17)
All other Government	76	(4)	-	-	76	(4)
States, Territories and Possessions	41	-	-	-	41	-
U.S. Special Revenue	203	(3)	9	(1)	212	(4)
Industrial and Miscellaneous	10,915	(652)	773	(140)	11,688	(792)
Hybrid	30	(3)	-	-	30	(3)
Total Bonds	$ 12,378	$ (679)	$ 783	$ (141)	$ 13,161	$ (820)
Preferred stocks	72	(8)	3	-	75	(8)
Common stocks - unaffiliated	211	(14)	108	(39)	319	(53)
Total temporarily impaired securities	12,661	$ (701)	$ 894	$ (180)	$ 13,555	$ (881)

Note: The unrealized losses in the above table include $6 million for NAIC 6 Rated Preferred Stocks.

The Company's investment portfolio includes individual securities that are in an unrealized loss position and have not been recognized as other-than-temporary impairments. There were six hundred and seventy two securities in an unrealized loss position for greater than 12 months with a book value of $1,188 million and a fair value of $1,084 million as of December 31, 2016. There were eight hundred and seventy securities in an unrealized loss position for greater than 12 months with a book value of $1,074 million and a fair value of $894 million as of December 31, 2015.

In reaching the conclusion that these impairments are not other-than-temporary, management considered many factors including: duration and severity of impairment, discounted cash flow analysis, investment sector stability, creditworthiness, financial condition of issuer, and intent and ability to hold to allow for recovery in value.

NOTE 3 – INVESTMENTS (CONTINUED)

Mortgage Loans:

Mortgage loans are valued at amortized cost. Valuation reserves are established for potential declines in the value of the mortgage loans. As of December 31, 2016 and December 31, 2015 there were no valuation reserves established for any of the Company's mortgage loans. Other-than-temporary impairments on loans are charged to net realized capital losses and are not adjusted for subsequent recoveries in value. There were no other-than-temporary impairments on mortgage loans for the years ended December 31, 2016 and 2015, respectively.

The Company's investments in mortgage loans on real estate consist principally of loans on commercial and cooperative residential real estate properties. The largest concentrations of commercial real estate mortgage loans are for properties located in California and Texas ($1,183 million or 34.07% and $224 million or 6.45%) at December 31, 2016. The largest concentrations of commercial real estate mortgage loans are for properties located in California and Virginia ($1,058 million or 31.22% and $228 million or 6.72%) at December 31, 2015. The Company estimates the fair value of mortgage loans on real estate to be $3,549 million and $3,538 million at December 31, 2016 and December 31, 2015, respectively. Fair value was determined based upon the present value of the scheduled future cash flows of each loan based on the average term to maturity discounted at the appropriate U.S. Treasury rate, adjusted for the current market spread for a similar quality mortgage. The minimum and maximum range of lending rates on new mortgage loans were between 3.05% and 5.00% originated during 2016. The maximum percentage of any single mortgage loan to the value of the security originated in 2016 was 64.98% at origination date.

Interest received on impaired loans that were previously modified in a troubled debt restructuring is either applied against the principal or reported as revenue according to management's judgment as to the collectability of principal. There were no mortgages with interest more than 180 days past due at December 31, 2016 or December 31, 2015, respectively.

Management monitors its mortgage loan portfolio on an ongoing basis for events or circumstances that could indicate that it will not receive all of its contractually due principal and interest payments in accordance with the loan agreements. In May and November of each year, the entire portfolio is screened based on debt service coverage, loan to value ratio, delinquency over 90 days and if there are indications that balloon payments due at maturity will not be made to determine if any other than temporary impairments might need to be recorded.

NOTE 3 – INVESTMENTS (CONTINUED)

The following table set forth the credit quality indicators as of December 31, 2016 and December 31, 2015, based upon the recorded investment gross of allowance for credit losses.

Mortgage Loans

	Debt Service Coverage Ratio - December 31, 2016						
	Greater than 2.0X	1.8X to 2.0X	1.5X to <1.8X	1.2X to <1.5X	1.0X to <1.2X	Less than 1.0X	Grand Total
Loan-to-Value Ratio							
0% - 49.99%	$ 670	$ 215	$ 131	$ 57	$ 37	$ 2	$ 1,112
50% - 59.99%	559	138	238	64	3	-	1,002
60% - 69.99%	471	18	218	245	55	5	1,012
70% - 79.99%	73	37	16	72	93	8	299
80% - 89.99%	-	22	7	-	-	-	29
90% - 100%	18	-	-	-	-	-	18
Greater than 100%	-	-	-	-	-	-	-
Total	**$ 1,791**	**$ 430**	**$ 610**	**$ 438**	**$ 188**	**$ 15**	**$ 3,472**

Mortgage Loans

	Debt Service Coverage Ratio - December 31, 2015						
	Greater than 2.0X	1.8X to 2.0X	1.5X to <1.8X	1.2X to <1.5X	1.0X to <1.2X	Less than 1.0X	Grand Total
Loan-to-Value Ratio							
0% - 49.99%	$ 549	$ 126	$ 39	$ 97	$ 16	$ 4	$ 831
50% - 59.99%	346	81	451	200	35	-	1,113
60% - 69.99%	464	-	282	293	16	5	1,060
70% - 79.99%	28	28	-	119	141	7	323
80% - 89.99%	-	-	-	-	5	13	18
90% - 100%	18	22	-	-	-	3	43
Greater than 100%	-	-	-	-	-	-	-
Total	**$ 1,405**	**$ 257**	**$ 772**	**$ 709**	**$ 213**	**$ 32**	**$ 3,388**

NOTE 3 – INVESTMENTS (CONTINUED)

Real Estate:
Real estate investments are reported in the financial statements at cost, less any valuation adjustment, encumbrances and accumulated depreciation of buildings and other improvements using a straight line method over a 40 year period for the buildings and the estimated useful life of the improvements. An investment in real estate is considered impaired when the projected undiscounted net cash flow from the investment is less than depreciated cost. When the Company determines that an investment in real estate is impaired, a valuation adjustment is made to reduce the carrying value to estimated fair value, after encumbrances, based on appraisal of the property. The valuation adjustment is included in realized capital gains (losses).

Real estate was comprised of the following for the years ended December 31, 2016 and December 31, 2015:

	2016	2015
	(In millions)	
Investment real estate	$ 361	$ 415
Properties held for sale - Company Occupied	10	3
Properties occupied by the Company	3	12
Total real estate	$ 374	$ 430

Effective January 1, 2015, per the revised guidance contained in SSAP No.40 (Revised) – Real Estate Investments ("SSAP 40R"), a single real estate property investment that is wholly-owned by a limited liability company ("LLC") and that is directly owned and wholly-owned by the reporting insurance entity is to be classified on the Statutory Basis Balance Sheets as Real estate. In order to meet this requirement the Company reclassified fifteen single property joint venture limited liability companies that it directly and wholly owns from Other invested assets to Real estate on its Statutory Basis Balance Sheets in the first quarter of 2015. The carrying amount of these joint venture limited liability companies was $270 million at the time of transfer.

The Company had accumulated depreciation totaling $121 million and $114 million at December 31, 2016 and December 31, 2015, respectively. The Company recorded depreciation expense of $19 million for 2016 and $20 million for 2015. There were four properties with carrying value of $24 million, above their combined fair value of $20 million at December 31, 2016. There were two properties with carrying value of $21 million, above their combined fair value of $17 million at December 31, 2015. There were no other-than-temporary impairments taken on real estate in 2016 or 2015. The fair values were determined by a third party and internal appraisals. As of December 31, 2016 the Company had four home office properties held for sale with carrying value of $10 million.

Restricted Assets and Special Deposits:
Total admitted restricted assets of $23 million and $12 million at December 31, 2016 and 2015, respectively were on deposits with states as required by certain insurance laws of $4 million in 2016 and 2015 and pledged as collateral for futures trading of $20 million and $8 million in 2016 and 2016, respectively. These amounts are included in "Bonds" in the Statutory Basis Balance Sheets. Total admitted restricted assets were 0.05% and 0.02% of the Company's total admitted assets at December 31, 2016 and 2015, respectively. There were no non-admitted restricted assets in 2016 and 2015.

Investment in Subsidiaries:
Investment in affiliated limited liability subsidiaries are included in Other invested assets while investment in all other subsidiaries are included in Common stocks on the Statutory Basis Balance Sheets and totaled $1,754 million and $1,590 million at December 31, 2016 and December 31, 2015, respectively.

NOTE 3 – INVESTMENTS (CONTINUED)

The Company's major subsidiaries are as follows:

Guardian Insurance and Annuity Company ("GIAC") is a stock life insurance company organized primarily for the sale of equity-based products, including variable life, variable annuities and other lines of insurance. For variable products, contracts are sold by insurance agents who are licensed by Park Avenue Securities LLC ("PAS"), wholly-owned by GIAC, and are either registered representatives of PAS or of broker-dealer firms that have entered into sales agreements with GIAC and PAS. Effective September 1, 2016, GIAC sold its Group 401(k) in-force business to Ameritas Life Insurance Corp., a Nebraska corporation ("Buyer") and entered into an indemnity reinsurance agreement with the Buyer on a 100% modified coinsurance basis for the liabilities until the Buyer can obtain all of the required regulatory and contract holder approvals to novate the GIAC Group 401(k) in-force contracts through Assumption Reinsurance.

Berkshire Life Insurance Company of America ("BLICOA") is a stock life company whose primary business is the sale and administration of disability insurance business.

Park Avenue Life Insurance Company ("PALIC") primary business is the administration of life insurance business (principally term and universal life products). Although PALIC is licensed in 48 states and the District of Columbia, it does not currently write new business.

First Commonwealth, Inc. ("FCW") provides dental care coverage and/or arranges for dental care services to be provided to its subscribers primarily on a prepaid basis. It also provides Indemnity/Preferred Provider Organization ("PPO") dental coverage, and administrative claim services. Through its subsidiary, Premier, FCW also operates as a dental health care service plan under the California Geographic Managed Care Program ("GMC") and the Los Angeles Prepaid Health Plan ("LAPHP"), which are administered by the California Department of Health Services and were created by the State legislature to ensure access, quality of care, and cost-effectiveness for beneficiaries of the Medi-Cal Program. On January 29, 2016, FCW acquired 100% interest in Avesis Incorporated at a purchase price of $262 million. The total assets acquired were $317 million which includes $268 million in goodwill and intangible assets and total liabilities acquired were $55 million.

Guardian Investor Services ("GIS") is a wholly-owned non-insurance limited liability company that provides investment advisory services and related services to the mutual funds, variable investment trusts, private investment unit trust, institutional and other clients through Park Avenue Institutional Advisers ("PAIA"), wholly-owned subsidiary of GIS. GIS also provides absence management services to organizations and dental practice management services to dental clinics. GIS holds investments in real estate operating entities and joint ventures, residual interests in collateralized loan obligation securities and investments in early stage companies.

- During 2016, GIS received $234 million of real estate operating entities and joint ventures from the Company. GIS also received a contribution of $130 million from the Company which represents the common stock of Reed Group, Ltd., a Colorado corporation that provides absence management services.

- On August 24, 2016, GIS acquired 100% interest in STX Healthcare Management Service, Inc., a dental service organization, at a purchase price of $79 million in cash. The total assets acquired were $94 million which includes $80 million in goodwill and intangible assets and total liabilities acquired were $15 million.

- On December 31, 2015, GIS acquired 100% interest in Aon Hewitt's Absence Management Business at a purchase price of $158 million in cash. The total assets acquired were $167 million which includes $142 million in goodwill and intangible assets and total liabilities acquired were $9 million.

- On December 17, 2015, GIS entered into a definitive agreement to sell its majority interest (as of December 31, 2015, GIS owns a 94.0% interest in RS) in RS to Victory Capital. As a result of the sale agreement, the Company recorded a realized loss of $151 million in 2015 related to its investment in GIS as a result of a decline in fair value considered to be other-than-temporary. In 2015, the decline in fair value is reflected in Other invested assets. The transaction closed on July 29, 2016.

NOTE 3 – INVESTMENTS (CONTINUED)

Selected financial information for the Company's significant subsidiaries is highlighted below:

	2016	2015
	(In millions)	
GIAC (Statutory basis)		
Total assets	$ 16,783	$ 15,886
Total liabilities	16,523	15,626
Net loss	$ (140)	$ (24)
BLICOA (Statutory basis)		
Total assets	$ 3,527	$ 3,381
Total liabilities	3,325	3,173
Net income	$ 18	$ 14
PALIC (Statutory basis)		
Total assets	$ 268	$ 269
Total liabilities	204	218
Net income	$ 6	$ 5
FCW (GAAP basis)		
Total assets	$ 701	$ 550
Total liabilities	161	81
Net income	$ 25	$ 21
GIS (GAAP basis)		
Total assets	$ 1,425	$ 867
Total liabilities	705	300
Net loss	$ (24)	$ (150)

NOTE 3 – INVESTMENTS (CONTINUED)

Investment in Subsidiaries

The following table provides additional information on non-insurance subsidiaries.

December 31, 2016

Description of SCA Investment (Per SSAP No 97)	% of SCA Ownership	Gross Amount	Non-admitted Amount	Admitted Asset Amount	Date of Filing to NAIC	Type of NAIC Filing (Sub-1, Sub-2, or Resubmission of Disallowed Filing)	NAIC Response Received (yes/no)	NAIC Valuation (Amount)	NAIC Disallowed Entity's Valuation Method, Resubmission Required (yes/no)	Code
		(In millions)								
Managed Dental Care of California	100%	$ 5	$ -	$ 5	6/30/2016	Sub-2	Y	$ 6	no	I
First Commonwealth	100%	508	-	508	12/30/2016	Sub-2	Y	420	no	I
Innovative Underwriters	100%	6	6	-	-	Sub-2	n/a	-	n/a	I
Guardian Investors Services, LLC	100%	710	-	710	-	n/a	n/a	-	n/a	I
Aggregate Total		**$ 1,229**	**$ 6**	**$ 1,223**				**$ 426**		

December 31, 2015

Description of SCA Investment (Per SSAP No 97)	% of SCA Ownership	Gross Amount	Non-admitted Amount	Admitted Asset Amount	Date of Filing to NAIC	Type of NAIC Filing (Sub-1, Sub-2, or Resubmission of Disallowed Filing)	NAIC Response Received (yes/no)	NAIC Valuation (Amount)	NAIC Disallowed Entity's Valuation Method, Resubmission Required (yes/no)	Code
		(In millions)								
Managed Dental Care of California	100%	$ 6	$ -	$ 6	12/11/15	Sub-2	Y	$ 5	no	I
First Commonwealth	100%	438	-	438	12/11/15	Sub-2	Y	420	no	I
Innovative Underwriters	100%	6	6	-	n/a	Sub-2	n/a	-	n/a	I
Guardian Investors Services, LLC	100%	533	-	533	n/a	n/a	n/a	-	n/a	I
Aggregate Total		**$ 983**	**$ 6**	**$ 977**				**$ 425**		

NOTE 3 – INVESTMENTS (CONTINUED)

NET INVESTMENT INCOME
Net investment income, including accrual of discounts and amortization of premiums, arose from the following sources for the years ended December 31, 2016 and December 31, 2015:

	2016	2015
	(In millions)	
Bonds	$ 1,545	$ 1,480
Preferred stocks	7	8
Unaffiliated common stocks	9	9
Affiliated common stocks	12	35
Mortgage loans	169	159
Real estate	73	74
Policy loans	247	241
Cash and short-term investments	4	3
Other (mainly private equities)	181	165
Gross investment income	2,247	2,174
Less investment expenses	(195)	(189)
Net investment income	$ 2,052	$ 1,985

NET REALIZED CAPITAL (LOSSES) GAINS
Net realized capital gains (losses) were derived from the following sources for the years ended December 31, 2016 and December 31, 2015:

	2016	2015
	(In millions)	
Bonds	$ 401	$ 9
Preferred stocks	(11)	1
Common stocks (unaffiliated & affiliated)	5	-
Mortgage loans	(2)	-
Real estate	29	2
Other invested assets	(8)	93
Derivatives and hedging (losses) gains	(46)	27
Other realized losses	-	(1)
Total net realized capital gains	368	131
Capital gains tax expense	(164)	(132)
Transfer to IMR (net of tax)	(212)	(64)
Net realized capital losses	$ (8)	$ (65)

Included in Other Invested Assets is $15.5 million net losses related to the transfer of twenty real estate joint venture LLC's to GIS in 2016.

The net realized capital loss figure above includes other-than-temporary impairment losses of $46 million and $188 million for the years ended December 31, 2016 and December 31, 2015, respectively. The $46 million related to private equities. The $188 million comprises of a $151 million impairment related to the sale of RS, $31 million related to bonds, $5 million related to private equities, and $1 million related to real estate funds.

NOTE 3 – INVESTMENTS (CONTINUED)

Derivative Financial Instruments:

The Company enters into derivative transactions in order to mitigate ("hedge") certain risks pertaining to its assets, liabilities and surplus from fluctuations in interest rates, foreign currency exchange rates and market volatility. Derivatives are either exchange traded or contracted over-the-counter. The majority of the Company's over-the-counter derivatives are bilateral contracts between the Company and a single counterparty. The Company's remaining over-the-counter derivatives are cleared and settled through central clearing counterparties.

Derivatives that are designated as hedges for accounting purposes and meet the qualifications for hedge accounting are reported on a basis consistent with the asset or liability being hedged (i.e. at amortized cost). Derivatives that are used to mitigate risk but are not designated as hedges for accounting purposes or do not meet the qualifications for hedge accounting treatment are reported at fair value.

To qualify for hedge accounting the hedge relationship must be designated and formally documented at inception. This documentation details the risk management objective and strategy for the hedge, the derivative used in the hedge, the asset or liability being hedged, and the methodology for assessing hedge effectiveness. The hedge must also be "highly effective" with an assessment of its effectiveness performed both at inception and on an ongoing basis over the life of the hedge.

Derivative transactions expose the Company to the risk that the counterparty may not be able to fulfill its obligations under the terms set forth in the contract. The Company manages this counterparty risk by entering into transactions with counterparties that maintain a minimum credit rating, by performing ongoing review of a counterparties' credit standing, by adhering to established limits for credit exposure to any single counterparty and is requiring collateral posting subject to thresholds and minimum transfer amounts in accordance with counterparty agreements to support credit risk associated with counterparty exposures which further reduces the company's exposure to default by the counterparty. The Company is required to establish a margin account for all of its futures contracts. All of the futures contracts that the Company has entered into are exchange traded. Margin payments are required for futures contract and contract gains or losses are settled daily in cash, therefore the futures contracts are carried at zero value on the Company's balance sheets. The contract amount of futures contracts represents the extent of the Company's involvement, but not future cash requirements, as open positions are typically closed out prior to the delivery date of the contract. The Company does not offset the statement values for derivatives executed with the same counterparty, even if a master netting arrangement is in place. The Company also does not offset the right to claim collateral against the obligation to return such collateral.

The Company has no embedded credit derivatives that expose it to the possibility of being required to make future payments.

Hedging – Designated As Hedging Instruments

The Company designates and accounts for its foreign currency swaps as cash flow hedges and certain equity index futures, treasury futures and S&P equity option as fair value hedges.

Foreign currency swaps are used to mitigate the foreign exchange risk for investments for specifically identified private placement bonds denominated in foreign currencies over a period of up to 15 years. Foreign currency swaps obligate the Company and a counterparty to exchange the foreign currency denominated interest and principal payments receivable on foreign denominated bonds for U.S. dollar payments based on currency exchange rates specified at the inception of the transaction. Foreign exchange gains or losses on these contracts are reported as a change in unrealized gains or losses until the maturity or sale of the hedged foreign currency bond at which time a realized capital gain or loss is recognized.

Equity index futures are used to mitigate the change in value of the liability the Company has to participants in its deferred compensation plans that allocate their plan account balances to equity funds offered under the plan. Equity index futures obligate the Company to pay or to receive an amount based on a specified equity market index as of a future date applied to the notional amount of the contract. The change in the fair value of the futures contracts are recorded as income or expense which offsets the impact on gain from operation of the change in value of its deferred compensation liability. If the hedge is deemed to be ineffective for any period of time, the change in the fair value of the futures contracts for that time period is recorded in surplus as an unrealized gain or loss.

NOTE 3 – INVESTMENTS (CONTINUED)

Treasury futures are used to mitigate the portion of the change in fair value related to a change in interest rates on specifically identified assets acquired by the Company and held in its general account to support the Funding Agreements ("FA") and the specifically identified portion of a liability incurred by the Company pertaining to FA that are issued by the Company to back Medium Term Notes ("MTN") issued by a special purpose entity.

The Company enters into short positions (sells) treasury futures contracts prior to the issuance of the FA-MTN in order to lock-in the interest rate component of the return of the designated assets at their date of acquisition. When the FA-MTN is issued the Company enters into long position (purchases) treasury futures contracts in order to mitigate the change in the fair value of the designated net liability due to the effects of interest rate changes. The change in the fair value of the futures contracts are recorded in current period earnings as income or expense which offsets the operating gain or loss incurred by the Company on the change in value of its FA liability.

The Company also entered into short positions (sells) treasury futures contracts in order to lock in the interest rate as of the date the hedge was entered into for a surplus note that was issued in January 2017.

Treasury futures obligate the Company to take or receive delivery of certain Treasury Bonds at a specified price at a future date.

S&P equity options are used by the Company as a risk management strategy to reduce the projected dividend liability exposure on its Index Participation Feature ("IPF") which is a rider on certain whole life contracts. The Company uses a combination of short positions (sell) and long positions (purchases) of over-the-counter European call options on the S&P 500 index with expiration of one year to mitigate the dividend liability exposure based on the future return on S&P 500 index for the annual period of the monthly segment being hedged between the guaranteed floor rate and the cap rate on the participating balances. The change in the fair value of the options contracts are recorded in current period earnings as income or expense which offsets the operating gain or loss incurred by the Company on the change in the amount of the dividend liability.

Hedging – Not Designated As Hedging Instruments

The Company enters into other derivative transactions that mitigate economic risks but are not designated as a hedge for accounting purposes or do not qualify for hedge accounting treatment. These derivative instruments are reported at fair value on the balance sheet as either other invested assets or other liabilities. Changes in the fair value of these instruments are reported as a change in unrealized capital gains or losses until the maturity or termination of the contract, at which time a realized capital gain or loss is recorded.

Treasury futures are used to mitigate the key rate duration mismatch between the designated segment of the general account asset portfolio and the custom composite benchmarks for that segment designed to incorporate certain interest rate characteristics of the liabilities that those assets support. Treasury futures obligate the Company to take or receive delivery of certain Treasury Bonds at a specified price at a future date.

Foreign currency futures are used to mitigate the foreign exchange risk of investments in foreign denominated bonds securities. Foreign currency futures are exchange traded and settled daily. Foreign currency futures obligate the Company to exchange a specified amount of foreign currency at a specified rate on a future date.

Equity index futures are used to mitigate market fluctuations of the Company's portfolio of unaffiliated common stock and other mark to market assets and to minimize the volatility associated with certain liabilities. Equity index futures obligate the Company to pay or receive from a counterparty a cash amount based on a specified equity market index at a predefine price as of a future date applied to the notional amount of the contracts.

NOTE 3 – INVESTMENTS (CONTINUED)

Foreign currency forwards are used to mitigate the foreign exchange risk for investments in foreign denominated bonds or foreign denominated equity investments. Foreign currency forwards obligate the Company and the counterparty to exchange U.S. dollars and another currency at a specified future date and at a specified price.

Credit default swaps index ("CDX") are used to reduce the credit risk exposure on a specified portfolio of corporate bonds. The Company purchases CDX contracts in which it receives payments if there is a credit event on one or more of the specified securities contained in the index. These payments would be used to offset any credit losses recorded on portfolio of bonds being hedged.

Replications

The Company purchased treasury futures as part of a replication transaction used to manage interest rate exposure. Statutory accounting guidance requires a cash instrument (high quality bond) with the same par value as the notional amount of the derivative and at least the same duration as the treasury futures to be held by the Company in order to cover the change in value of the treasury futures. The combining of the treasury futures and the cash instrument creates the replication (synthetic bond). If the replicated asset and cash instrument are carried at amortized cost so is the derivative. Otherwise, the derivative is carried at fair value.

NOTE 3 – INVESTMENTS (CONTINUED)

The effects of the Company's use of derivative instruments on the Balance Sheets and Statements of Operations:

December 31, 2016	Notional Amount	Statement Value: Assets	Statement Value: Liabilities	Change in Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income
	(in millions)					
Derivatives designated as hedging instruments:						
Foreign currency swaps	$ 422	$ 34	$ -	$ 24	$ -	$ -
Equity index futures	-	-	-	-	-	-
Treasury futures	-	-	-	-	-	-
S&P equity options	1	-	-	-	-	-
Derivatives not designated as hedging instruments:						
Treasury futures	-	-	-	(1)	(41)	-
Foreign currency futures	-	-	-	-	-	-
Equity index futures	3	-	-	-	-	-
Foreign currency forwards	-	-	-	-	-	-
Credit default swap index	950	-	15	-	(4)	-
Total derivatives	$ 1,376	$ 34	$ 15	$ 23	$ (45)	$ -

December 31, 2015	Notional Amount	Statement Value: Assets	Statement Value: Liabilities	Change in Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income
	(in millions)					
Derivatives designated as hedging instruments:						
Foreign currency swaps	$ 146	$ 9	$ -	$ 7	$ -	$ -
Equity index futures	-	-	-	-	-	-
Derivatives not designated as hedging instruments:						
Equity index futures	-	-	-	3	(4)	-
Currency forwards	-	-	-	(10)	32	-
Credit default swap	50	-	5	-	(1)	-
Total derivatives	$ 196	$ 9	$ 5	$ -	$ 27	$ -

Repurchase Agreements:

The Company periodically enters into repurchase agreements whereby securities will be resold at a specified date and price. There were no repurchase agreements as of December 31, 2016 and December 2015.

NOTE 3 – INVESTMENTS (CONTINUED)

Reverse Repurchase Agreements:
The Company periodically enters into reverse repurchase arrangements whereby certain securities are loaned, primarily with major brokerage firms. The Company's policy requires a minimum of 95% of the fair value of the loaned securities as collateral, calculated on a daily basis, in the form of either cash or securities. Collateral assets received and related liabilities due counterparties are included in the Statutory Basis Balance Sheets as "Other Liabilities". There were no open reverse repurchase agreements on December 31, 2016 or December 31, 2015.

Securities Lending
There were no securities on loan at December 31, 2016 or December 31, 2015.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Statutory guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's view of market assumptions based on internally developed data in the absence of observable market information. The guidance requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs when determining the fair value of an asset or liability. The statement classifies all assets and liabilities carried or disclosed at fair value in one of the following three categories:

Level 1 – inputs are quoted market prices available in active markets for identical assets or liabilities on the reporting date. Assets included in this category include common stock unaffiliated and derivative instruments actively traded on an exchange, and any actively traded registered mutual funds held directly by the general account.

Level 2 – inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations whose inputs are observable or whose significant value drivers are observable. These types of instruments include fixed maturity instruments, common stock unaffiliated that is not actively traded preferred stocks and private placement securities.

Level 3 – inputs are unobservable where there is little or no market activity for the asset or liability and the Company makes estimates and assumptions based on internally derived information. Instruments held in this category include foreign equity (common stock unaffiliated) and certain private placement securities.

The estimated fair values presented below have been determined using available information and valuation methodologies. The estimated fair value for financial instruments held by the Company was determined by management after considering the following sources of information: published market quotes for active exchange traded instruments, third party pricing vendors, quotes from investment banks that are lead market makers in certain markets, independent broker quotations, or the use of internal valuation models that use market observable inputs when available and Company derived inputs when external inputs are not available or deemed to be inaccurate. Considerable judgment is applied in interpreting data to develop the estimates of fair value. Accordingly, such amounts are management's estimate of the value that would be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies from period to period based on available information and market conditions could have a material effect on the estimated fair values.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Bonds, preferred and common stocks:
Estimated fair values for bonds, other than private placement securities, preferred stock and common stock are valued based on quoted prices from active markets when available (Level 1).

When the Company cannot obtain a quoted market price directly it relies on values provided by a third party pricing vendor. This is the pricing source for the majority of the Company's marketable securities. Prices received from a third party vendor are generally considered to be Level 2.

Pricing vendors utilize pricing models developed for individual asset classes which incorporate available market data. These market inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data which include market research publications. The pricing vendor may obtain broker quotes for securities when sufficient information is not available to fully evaluate a security. For broker-quoted only securities, quotes from market makers or broker-dealers are obtained from sources recognized to be market participants.

Portfolio managers review the values assigned by the pricing vendor for reasonableness. In doing so, they compare the prices received from the pricing vendor to prices of similar securities, price ranges in that asset class or industry or prices from internally generated position reports. If there is a discrepancy with the price received from the vendor, the portfolio manager may communicate this difference to the pricing vendor and present the vendor with additional market data regarding that security in order to insure the pricing vendor has sufficient information needed to accurately price the security. The pricing vendor will then independently validate and evaluate that data and determine if a price change is warranted.

In the rare instance when a portfolio manager finds a difference in his or her assessment of fair value and the vendor price, after performing the preceding procedures, the portfolio manager may request replacement of the vendor price by a supportable value that is believed to be more representative of the security price. Any replacement of the vendor price is subject to an internal approval process.

The fair values of private placement bonds are determined by using an internal pricing model or for a small amount of securities, assigned individual broker prices. There were sixty two private placement bonds that were individually priced. These assigned individual prices are usually obtained from an external broker ("hand priced") and are considered to be Level 3.

The significant inputs used for the internal pricing model consist of (i) a broker supplied price matrix, (ii) treasury rates and (iii) credit ratings from certain nationally recognized securities rating organizations ("NRSRO") ("external ratings") or a credit rating assigned internally by the Company's Private Placement Investment Management Group ("internal ratings").

Private placement bonds with an applicable external credit rating of BB or above, for which the corresponding matrix price is used, are classified as Level 2. A private placement bond with an applicable external credit rating of below BB is classified as Level 3 due to the limited amount of market data available for these securities.

Bonds are carried at amortized cost unless they are rated 6 by the NAIC SVO in which case they are reported at the lower of amortized cost or fair value. There were no bonds rated 6 by the NAIC SVO and carried at fair value on December 31, 2016 and December 31, 2015. Impaired bonds carried at fair value on December 31, 2016 and December 31, 2015 were $2 million and $12 million, respectively.

Preferred stock is carried at amortized cost if they have a NAIC SVO rating of 1, 2 or 3 and at lower or cost or fair value if the rating assigned is 4, 5 or 6. Preferred stocks rated 4, 5, 6 by the NAIC SVO and carried at fair value on December 31, 2016 and December 31, 2015 were $0 million and $14 million, respectively.

Unaffiliated common stocks are reported at fair value.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives:
Derivative instruments are valued through the use of quoted market prices for exchange-traded derivatives (Level 1), third party pricing model and a third party pricing service for over-the-counter ("OTC") traded derivatives (Level 2) and by using internally developed estimates and assumptions when no quoted market price or third party vendor price is available (Level 3).

The third party pricing model used to determine fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that are assumed to be consistent with what market participants would use when pricing the instruments. The significant inputs to the pricing models for most over-the-counter derivatives are inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Significant observable inputs include: interest rates, foreign currency exchange rates, interest rate curves, credit curves and volatility.

The methodology used by the third party pricing service for derivative investments is the same as that described above under the bonds, preferred and common stocks section.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables summarize the Company's financial instruments carried at fair value by their fair value hierarchy levels for the period ending December 31, 2016 and December 31, 2015:

	December 31, 2016				
	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
Assets	(In millions)				
Impaired Bonds	$ -	$ 2	$ -	$ 2	$ 2
Common Stock	-	438	-	438	438
Total Assets	$ -	$ 440	$ -	$ 440	$ 440
Liabilities					
Derivative instruments	$ -	$ 15	$ -	$ 15	$ 15
Total Liabilities	$ -	$ 15	$ -	$ 15	$ 15

	December 31, 2015				
	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
Assets	(In millions)				
Impaired Bonds	$ -	$ 4	$ 8	$ 12	$ 12
NAIC 4,5,6 Preferred Stock	-	14	-	$ 14	$ 14
Common Stock	183	307	-	490	490
Derivative Instruments	-	9	-	9	9
Total Assets	$ 183	$ 334	$ 8	$ 525	525
Liabilities					
Derivative instruments	$ -	$ 5	$ -	$ 5	$ 5
Total Liabilities	$ -	$ 5	$ -	$ 5	$ 5

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table summarizes changes to the Company's financial instrument carried at fair value and classified as level 3 in the fair value hierarchy for the year ended December 31, 2016.

Level 3 Roll Forward	As of December 31, 2016		
(In Millions)	NAIC 6 Bonds	Impaired Bonds	Total
Fair Value , beginning of period	$ -	$ 8	$ 8
Total gains or (losses) (realized or unrealized):			-
Included in net income	-	-	-
Included in surplus	-	-	-
Purchases, sales, issuances, and settlements:			-
Purchases	-	-	-
Sales	-	(8)	(8)
Issuances	-	-	-
Settlements	-	-	-
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Fair value, end of period	$ -	$ -	$ -

Transfers into and out of Level 3 are recognized at the end of the reporting period. During 2016, the Company transferred no securities into and out of Level 3. The transfers in and out of level 3 were determined by the observable/unobservable inputs used in pricing the securities.

Level 3 Roll Forward	As of December 31, 2015		
(In Millions)	NAIC 6 Bonds	Impaired Bonds	Total
Fair Value , beginning of period	$ -	$ -	$ 0
Total gains or (losses) (realized or unrealized):			-
Included in net income	-	-	-
Included in surplus	-	-	-
Purchases, sales, issuances, and settlements:			-
Purchases	-	-	-
Sales	-	-	-
Issuances	-	-	-
Settlements	-	-	-
Transfers into Level 3	-	8	8
Transfers out of Level 3	-	-	-
Fair value, end of period	$ -	$ 8	$ 8

Transfers into and out of Level 3 are recognized at the end of the reporting period. During 2015 the Company transferred one security into Level 3 and none out of Level 3. The transfers in and out of level 3 were determined by the observable/unobservable inputs used in pricing the securities.

NOTE 5 – RESERVES FOR POLICY BENEFITS

Reserves for policy benefits represent the estimated net present value of future policy benefits, less future policy premiums, established using actuarial methods based on mortality and morbidity experience tables and valuation interest rates prescribed by the Department. Actual future experience will generally differ from assumptions used to determine these reserves.

Reserves for future policy benefits on life insurance issued in 1988 and later are calculated principally on the New Jersey Reserve Method or the Commissioners Reserve Valuation Method using the 1980 Commissioners' Standard Ordinary ("CSO") and the 2001 CSO mortality tables. Reserves on life policies issued before 1988 are calculated principally on the Net Level Premium Reserve Method using the American Experience, 1941, 1958 and 1980 CSO mortality tables. Annuity contract reserves are principally calculated using the 1971, 1983, and 2000 Individual Annuity, 2015 Individual Annuity, and 1983 Group Annuity mortality tables. Assumed interest rates principally range from 2.5% to 5.5 % for direct business.

The reserves for Group Life Waiver and LTD reported claims are determined on a seriatim basis. Life waiver of premium reserves are determined primarily using the 1970 Inter-company Group Life Disability Table for claims incurred on or before December 31, 2008 and the 2005 Group Term Life Waiver Reserve Valuation Table for claims incurred on or after January 1, 2009. The interest rate is 4.0% for claims incurred on or before December 31, 2012 and 3.5% for claims incurred on or after January 1, 2013. Long-term disability reserves are determined using the 1987 Commissioners' Group Disability Table and Table 95a and interest rates ranging from 3.0% to 5.0%, depending on year of incurral. Short Term Disability (STD), Dental, and Medical claims incurred but not yet reported ("IBNR") reserves are estimated based on the Company's historical experience. Dental and Medical reserves include reasonable allowances for potential adverse deviation.

The Company maintains a liability for the expenses of direct claims IBNR. The basis of this liability is estimated by management based upon actual Company experience of the cost of claims settlement by product and amounted to $21 million and $19 million at December 31, 2016 and December 31, 2015, respectively.

The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium paid beyond the date of death. The larger of legally computed reserves and cash surrender values on a policy-by-policy basis are held as liabilities. Plans, except for second-to-die plans, charge additional premiums for substandard lives based upon actual issue age. Second-to-die plans develop substandard reserves using the rated up age. Mean reserves are based on appropriate multiples of standard rates of mortality. As of December 31, 2016, the Company had $14 billion of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of New York. The reserves to cover the above insurance totaled $33 million. The Tabular Interest, the Tabular Less Actual Reserve Released and the Tabular Cost have been determined by formula. For the determination of Tabular Interest on funds not involving life for each valuation rate of interest, the tabular interest is calculated as the product of such valuation rate of interest times the average of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

At December 31, 2016 and December 31, 2015 the withdrawal characteristics of the Company's annuity reserves and deposit liabilities were as follows:

	As of December 31, 2016				
	(1) General Account	(2) Separate Account with Guarantees	(3) Separate Account Non Guaranteed	(4) Total	(4) % of Total
A. Subject to discretionary withdrawal:					
(1) With market value adjustment	$ 10	$ -	$ -	$ 10	1.5%
(2) At book value less current surrender charge of 5% or more	63	-	-	63	9.5%
(3) At fair value	-	-	-	-	-
(4) Total with adjustment or at fair value (Total of 1 through 3)	$ 73	$ -	$ -	$ 73	11.0%
(5) At book value without adjustment (with minimal or no charge or adjustment)	$ 548	$ -	$ -	$ 548	82.5%
B. Not subject to discretionary withdrawal	$ 43	$ -	$ -	$ 43	6.5%
C. Total (gross: direct + assumed)	$ 664	$ -	$ -	$ 664	100.0%
D. Reinsurance ceded	-	-	-	-	-
E. Total (net)* (C) - (D)	$ 664	$ -	$ -	$ 664	100.0%

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities

	As of December 31, 2015				
	(1) General Account	(2) Separate Account with Guarantees	(3) Separate Account Non Guaranteed	(4) Total	(4) % of Total
A. Subject to discretionary withdrawal:					
(1) With market value adjustment	$ 10	$ -	$ -	$ 10	1.5%
(2) At book value less current surrender charge of 5% or more	68	-	-	68	10.0%
(3) At fair value	-	-	-	-	-
(4) Total with adjustment or at fair value (Total of 1 through 3)	$ 78	$ -	$ -	$ 78	11.5%
(5) At book value without adjustment (with minimal or no charge or adjustment)	$ 551	$ -	$ -	$ 551	81.4%
B. Not subject to discretionary withdrawal	$ 48	$ -	$ -	$ 48	7.1%
C. Total (gross: direct + assumed)	$ 677	$ -	$ -	$ 677	100.0%
D. Reinsurance ceded	-	-	-	-	-
E. Total (net)* (C) - (D)	$ 677	$ -	$ -	$ 677	100.0%

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

Note Programs

Funding agreements are investment contracts whose reserve liabilities are equal to the account value and are established by contract deposits, increased by interest credited and decreased by contract coupon payments and maturities. Contract holders do not have the right to terminate the contract prior to the contractually stated maturity date. Credited interest rates vary by contract and can be fixed or floating.

Under the note programs, the Company creates special purpose entities ("SPEs"), which are investment vehicles or trusts, for the purpose of issuing medium-term notes to investors. Proceeds from the sale of the medium-term notes issued by these SPEs are used to purchase funding agreements from the Company. The medium term notes are secured by the funding agreements with the note issuer granting a security interest in the funding agreement to the indenture trustee for the notes. The payment terms of any particular series of notes are matched by the payment terms of the funding agreement securing the series. The Company has a $3.0 billion Global Medium-Term Note Program of which $800 million of notes have been issued with $800 million remaining outstanding. The $800 million is included in "Policyholder dividends payable and other contract liabilities"

NOTE 6 – PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

Gross deferred and uncollected life insurance premiums represent premiums due to be received from policy owners through the next policy anniversary date. Net deferred and uncollected life insurance premiums represent only the portion of gross premiums related to mortality charges and interest. Deferred and uncollected life insurance premiums at December 31, 2016 and December 31, 2015 were as follows:

	2016 (In millions)		2015 (In millions)	
Type	**Gross**	**Net**	**Gross**	**Net**
Ordinary new business	$ 67	$ 67	$ 66	$ 66
Ordinary renewal	656	569	636	557
Group life	168	341	162	328
Totals	$ 891	$ 977	$ 864	$ 951

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS

Defined Benefit Plans:
The Company sponsors non-contributory defined benefit pension plans covering all eligible employees. These include tax-qualified plans, as well as nonqualified plans that provide benefits to certain participants in excess of ERISA limits for qualified plans. The Company's policy is to fully fund the obligations of qualified plans in accordance with ERISA requirements.

In addition to pension benefits, the Company provides certain health care, dental and life insurance benefits ("postretirement benefits") for retired employees. Substantially all of the employees and representatives may become eligible for these benefits if they reach retirement age while working for the Company.

In accordance with NAIC SAP, the costs associated with these required benefits are expensed over the period that the participant provides services to the Company, including recognition of assets and liabilities based on the funded status of the related plans. Pension assets are then non-admitted and thereby excluded from surplus.

Effective January 1, 2013, the Company adopted Statement of Statutory Accounting Principle No. 92, Accounting for Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14 ("SSAP 92") and Statement of Statutory Accounting Principle No. 102, Accounting for Pensions, A Replacement of SSAP No. 89 ("SSAP 102"). These new statutory accounting standards require that estimates of the projected benefit obligations and accumulated benefit obligations include future benefit obligations due to non-vested participants. They also require that the Company's surplus as reported in the statements of financial position fully reflect any net liability related to the plans' projected benefit obligations, reduced by the fair value of any plan assets, including unrecognized net experience losses and prior service costs. Based on the funded status of the plans at December 31, 2012, the new standards reduced surplus by approximately $260 million. The new standard permitted the Company an election to recognized this surplus reduction over a period of up to ten years, which the Company elected.

Plan Amendments
On September 8, 2016, the Company announced a plan amendment to freeze The Guardian Retirement Plan for Field Clerical Employees effective December 31, 2016. The plan amendment affects only the Field Clerical defined benefit pension plan. The announcement of the plan freeze resulted in a plan curtailment. As a result of this amendment, all plan participants ceased accruing additional benefits under the plan effective December 31, 2016. As of December 31, 2016, all active plan participants who completed one year of service (were hired no later than January 1, 2016) were fully vested in their accrued benefit. On September 26, 2016, the Company filed a determination letter with the Internal Revenue Service requesting approval to terminate the plan.

On September 8, 2016, the Company announced that all postretirement benefits offered to Field Clerical employees, Full Time Agents and General Agents ended on December 31, 2016. Field Clerical employees, Full Time Agents and General Agents eligible for postretirement benefits received a Special Transition Benefit in December 2016. The Special Transition Benefit was a one-time, lump sum cash payment in lieu of life insurance coverage and the contribution Guardian provides to retirees to help pay for retiree medical and dental coverage. The Company recorded a curtailment gain to recognize a reduction in the accrued postretirement benefit obligation for removing Field Clerical employees, Full Time Agents and General Agents who were not eligible for postretirement benefits as of December 31, 2016.

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

The table below discloses the remaining unrecognized transition impact:

Surplus Impact at Transition		
Transition Liability	$	260
Amount Recognized on January 1, 2013		(59)
Accelerated Transition Liability recognized due to funded status gains – December 31, 2013		(120)
Remaining Transition Liability - December 31, 2013		81
Transition amount recognized during 2014		(19)
Transition amount recognized during 2015		(33)
Transition amount recognized during 2016		(13)
Remaining Transition Liability - December 31, 2016	$	16

The table below discloses the anticipated recognition of the remaining transition impact:

Minimum Transition Liability:	**Anticipated Amortization**	**Remaining Transition Liability**
2017	13	$ 3
2018	3	-

Components of Net Periodic Benefit Expense
The components of net periodic pension and postretirement benefits expense including the amount of unrecognized items amortized into expense for the years ended December 31 are as follows:

	Pension Benefits		**Postretirement Benefits**	
	2016	**2015**	**2016**	**2015**
	(In millions)			
Service cost	$ 71	$ 70	$ 6	$ 6
Interest cost	95	89	11	10
Expected return on plan assets	(132)	(142)	(10)	(10)
Amortization of transition amount	1	1	-	-
Amortization of prior service costs	-	3	(8)	(3)
Amortization of actuarial net loss	46	42	17	5
Curtailment	-	-	(6)	-
Settlement	-	3	2	-
Other	-	(2)	-	-
Net periodic expense	$ 81	$ 64	$ 12	$ 8

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Changes in the projected benefit obligations and plan assets during the years ended December 31, 2016 and December 31, 2015 were as follows (in millions):

	Pension Benefits		Postretirement Benefits	
Change in benefit obligation	**2016**	**2015**	**2016**	**2015**
Benefit obligation, at beginning of period	$ 2,038	$ 2,108	$ 240	$ 250
Service cost	71	70	6	6
Interest cost	95	89	11	10
Actuarial loss (gain)	229	(95)	9	(15)
Plan amendments	-	-	-	-
Curtailments	(9)	-	(9)	-
Settlements	-	(59)	(18)	-
Benefits paid	(72)	(73)	(13)	(11)
Other	-	(2)	-	-
Benefit obligation, at end of period	$ 2,352	$ 2,038	$ 226	$ 240

	Pension Benefits		Postretirement Benefits	
Change in fair value of plan assets	**2016**	**2015**	**2016**	**2015**
Plan assets, at beginning of period	$ 1,672	$ 1,805	$ 134	$ 136
Actual return on plan assets	151	(12)	13	(1)
Employer contributions	15	11	-	-
Settlements	-	(59)	-	-
Benefits paid	(72)	(73)	(13)	(1)
Plan assets, at end of period	$ 1,766	$ 1,672	$ 134	$ 134

	Pension Benefits		Postretirement Benefits	
Funded status	**2016**	**2015**	**2016**	**2015**
Funded status at end of period	$ (586)	$ (366)	$ (92)	$ (106)
Unrecognized transition liability	2	2	-	-
Unrecognized prior service costs	1	1	2	(3)
Unrecognized actuarial net loss	796	642	58	71
Net amount recognized	$ 213	$ 279	$ (32)	$ (38)

	Pension Benefits		Postretirement Benefits	
Recognized as of December 31	**2016**	**2015**	**2016**	**2015**
Prepaid benefit cost	$ -	$ 8	$ 9	$ -
Less assets non admitted	-	(8)	(9)	-
Accrued liability	(586)	(374)	(85)	(77)
Net amount recognized	$ (586)	$ (374)	$ (85)	$ (77)

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Unrecognized actuarial net gains or losses represent cumulative amounts by which plan experience for return on plan assets or changes in benefit obligations has been more or less favorable than assumed. These net differences are recognized in surplus, and in future years recognized as components of expense**.**

The amounts below are estimated to be amortized from surplus into net periodic benfit cost in 2017 as follows:

	Pension Benefits	Other Benefits
	(In millions)	
Net transition obligation	$ 1	$ -
Net prior service cost	-	(2)
Net loss	58	3
	$ 59	$ 1

Assumptions

Weighted average assumptions used in calculating the benefit obligations were as follows:

	Pension Benefits		Post Retirement Benefits	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Discount rate	4.35%	4.75%	4.30%	4.70%
Rate of compensation increase	3.00%	3.00%	n/a	n/a

Weighted average assumptions used in calculating the net periodic benefit cost were as follows:

	Pension Benefits For the Years Ended		Post Retirement Benefits For the Years Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Discount rate	4.75%	4.35%	4.70%	4.20%
Rate of compensation increase	3.00%	3.00%	3.00%	3.00%
Expected return on plan assets:				
Assets in trust account	8.00%	8.20%	8.00%	8.20%
Assets held under insurance contract/other	4.35%	4.75%	4.35%	4.75%

Assumed health care cost trend rates were as follows:

	As of December 31, 2016	As of December 31, 2015
Medical & Prescription Pre - Age 65	6.30%, grading to 4.5% over 10 years	6.50%, grading to 4.5% over 10 years

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

The trend rates above reflect the Company's current claim experience and management's expectation that future rates of growth will decline. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. At December 31, 2016, a one-percentage-point increase assumed health care cost trend rates would have increased the total service/interest cost components and accumulated postretirement benefit obligation for postretirement benefits by $0.1 million and $1.5 million, respectively. A one percentage-point decrease in assumed healthcare cost trend rates would have decreased the total service/interest cost components and accumulated postretirement benefit obligation for postretirement benefits by $0.1 million and $1.4 million, respectively. At December 31, 2015, a one-percentage-point increase assumed health care cost trend rates would have increased the total service/interest cost components and accumulated postretirement benefit obligation for postretirement benefits by $0.1 million and $1.6 million, respectively. A one percentage-point decrease in assumed healthcare cost trend rates would have decreased the total service/interest cost components and accumulated postretirement benefit obligation for postretirement benefits by $0.1 million and $1.5 million, respectively.

The accumulated benefit obligations ("ABO") for the funded and unfunded pension plans were $1,754 million and $335 million, respectively, at December 31, 2016 and $1,538 million and $280 million, respectively, at December 31, 2015. The APBO for the postretirement plans was $226 million at December 31, 2016 and $240 million at December 31, 2015.

For the pension plans with ABO in excess of plan assets, the projected benefit obligations, accumulated benefit obligations, and fair value of plan assets were $1,033 million, $917 million, and $583 million respectively at December 31, 2016 and $314 million, $280 million, and $0 million respectively at December 31, 2015.

The pension plans hold immediate participation guarantee group annuity ("IPG") contracts purchased from the Company. These contracts are expected to provide future benefits to plan participants specifically covered by these contracts of $18 million at December 31, 2016 and $20 million at December 31, 2015.

With respect to the Company's pension plans, the actuarially calculated funding amount ranges from the minimum amount the Company would be required to contribute to the maximum amount that would be deductible for tax purposes. Contribution amounts in excess of the minimum amounts are deemed voluntary. Amounts in excess of the maximum amount would be subject to an excise tax and may not be deductible under the Internal Revenue Code. The Company made no contribution in 2016 to its pension plans and does not expect to make a contribution to its pension plans in 2017.

In 2015, the Company updated its mortality assumption to reflect the RP-2014 base mortality table released by the Society of Actuaries in October 2014. The impact of changing base mortality tables from RP-2000 to RP-2014 resulted in an aggregate increase in the benefit obligation of approximately $20 million at December 31, 2015.

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Benefit Payments

The following table disclosed the expected benefit payments for the Company's pension and postretirement plans. The expected benefit payments for 2017 include the payments associated with the decision to terminate the Field Clerical defined benefit pension plan.

	Pension Benefits	Other Benefits
Estimated Future Payments	**(In millions)**	
2017	$ 189	$ 12
2018	72	12
2019	75	12
2020	80	13
2021	86	13
2022 - 2026	573	74

Plan Assets

The Company's pension and postretirement plans' asset allocation by major asset class at December 31, 2016 and December 31, 2015, and the target allocation for 2017, are as follows:

	Target Allocation	Percentage of Plan Assets at	
Asset Category	**2017**	**As of December 31, 2016**	**As of December 31, 2015**
U.S. Stocks	10%-50%	36%	41%
International Stocks	5%-15%	7%	7%
Non-convertible Bonds	45%-75%	57%	46%
Convertible Bonds	0%-10%	0%	6%
		100%	100%

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

The investment strategy with respect to the Company's pension plan assets is to preserve capital and to seek investment returns with a goal of fully funding the plan.

The expected rate of return was 8.0% for the year ending December 31, 2016 and 8.2% for the year ending December 31, 2015. These rates of return are an aggregation of expected returns within each asset category. The return with respect to each asset class considers both historical returns and the future expectations for such returns.

Target allocations of assets are determined with the objective of maximizing returns and minimizing volatility of net assets through adequate asset diversification and partial liability immunization. Adjustments are made to target allocations based on the Company's assessment of the impact of economic factors and market conditions.

The following table summarizes the Master Trust's financial instruments carried at fair value hierarchy levels. The fair values were estimated using the same methodology described in Note 4.

	As of December 31, 2016 (In millions)			
Description	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair Value**
Common stocks	$ -	$ 643	$ -	$ 643
Fixed maturities				
U.S. Government	2	-	-	2
All other Government	-	7	-	7
States, Territories	-	3	-	3
Political Subdivisions	-	1	-	1
Special revenue	-	6	-	6
Industrial and Miscellaneous	-	1,025	-	1,025
Total Fixed maturities	2	1,042	-	1,044
Total	$ 2	$ 1,685	$ -	$ 1,687

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

	As of December 31, 2015 (In millions)			
Description	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair Value**
Common stocks	$ -	$ 736	$ -	$ 736
Fixed maturities				
U.S. Government	28	-	-	28
All other Government	-	8	-	8
States, Territories	-	4	-	4
Political Subdivisions	-	1	-	1
Special revenue	-	6	-	6
Industrial and Miscellaneous	-	857	-	857
Hybrid	-	-	-	-
Total Fixed maturities	28	876	-	904
Preferred stocks	-	17	-	17
Total	$ 28	$ 1,629	$ -	$ 1,657

There were no financial instruments carried at fair value and classified as Level 3 for the years ending December 31, 2016 and 2015.

<u>Defined Contribution Plans</u>

The Company sponsors defined contribution plans. Home office employees are covered by investment and profit sharing plan pension plans 401(k)/401(a). Employees can invest up to 3% of their salary matched by an equal amount from the Company. They are also allowed an additional 10% (if not highly paid) of non-matched contributions. In addition, the Company provides a profit sharing allocation in proportion to salary. Field representatives are covered by a 401(k)/401(a) investment plan in which they can invest up to 3% of their salary matched by an equal amount from the Company. They are also allowed an additional 12% (if not highly paid) of non-matched contributions. The assets for the home office employees and field representatives' plans are held in a trust. Full time agents and general agents are covered by non-contributory plans. The Company contributed $24 million to these plans in 2016 and $25 million in 2015. The Company funds these plans and reflects the funded amounts as a liability.

NOTE 8 – INCOME TAXES

Consolidated Federal Income Tax Return

The Company's federal income tax return is consolidated with the following entities:

- Guardian Insurance & Annuity Company, Inc. and its subsidiaries,
- Park Avenue Life Insurance Company,
- Sentinel American Life Insurance Company,
- Family Service Life Insurance Company,
- Managed Dental Care of California,
- Managed Dental Guard of Texas,
- Managed Dental Guard of New Jersey,
- Innovative Underwriters Inc.,
- Berkshire Life Insurance Company of America
- First Commonwealth, Inc. and its subsidiaries
- Reed Group Ltd,
- GIS Canada Holdings Corp,
- Guardian Abbey LLC,
- STX Healthcare Management Services, Inc.,
- Vital Smiles, Inc.

The Company files a consolidated federal income tax return as parent, with its subsidiaries. The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

The Internal Revenue Code limits the amount of non-life insurance losses that may offset life insurance company taxable income. The consolidated income tax liability is allocated among the members of the group pursuant to a tax allocation agreement. In accordance with the tax allocation agreement, each qualifying member of the group computes its tax provision and liability on a separate return basis, but may, where applicable, recognize benefits of net operating losses and capital losses utilized in the consolidated group. Subsidiary tax liabilities/benefits are settled subsequent to the filing of the federal income tax return.

The Company does not anticipate any significant changes to its tax contingencies within the next 12 months.

NOTE 8 – INCOME TAXES (CONTINUED)

The components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2016		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 1,895	$ 45	$ 1,940
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	1,895	45	1,940
Deferred Tax Assets Nonadmitted	274	-	274
Subtotal Net Admitted Deferred Tax Asset	1,621	45	1,666
Deferred Tax Liabilities	817	122	939
Net Admitted Deferred Tax Asset	$ 804	$ (77)	$ 727

	December 31, 2015		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 1,785	$ 38	$ 1,823
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	1,785	38	1,823
Deferred Tax Assets Nonadmitted	182	-	182
Subtotal Net Admitted Deferred Tax Asset	1,603	38	1,641
Deferred Tax Liabilities	808	126	934
Net Admitted Deferred Tax Asset	$ 795	$ (88)	$ 707

	Change		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 110	$ 7	$ 117
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	110	7	117
Deferred Tax Assets Nonadmitted	92	-	92
Subtotal Net Admitted Deferred Tax Asset	18	7	25
Deferred Tax Liabilities	9	(4)	5
Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)	$ 9	$ 11	$ 20

Deferred income taxes are generally recognized, based on enacted tax rates, when assets and liabilities have different values for financial statement and tax purposes. A valuation allowance is recorded if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's management has concluded that the deferred income tax assets are more likely than not to be realized. Therefore, no valuation allowance has been provided.

Admission calculation components SSAP No. 101 (Paragraph 11)

The Company follows the guidance in Statement of Statutory Accounting Principles No. 101 - Income Taxes, A Replacement of SSAP No. 10R and SSAP No.10 ("SSAP 101"). SSAP 101 included a similar calculation for limitation of gross deferred tax assets as SSAP 10R for insurers that maintain a minimum of 300% of their authorized control level RBC computed without net deferred tax assets. The Company exceeded the 300% minimum RBC requirement at December 31, 2016 and 2015.

NOTE 8 – INCOME TAXES (CONTINUED)

	December 31, 2016		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	$ 683	$ 44	$ 727
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	-	-	-
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	N/A	N/A	-
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and b. above) offset by gross deferred tax liabilities.	938	1	939
Deferred tax assets admitted as the result of application of SSAP No. 101.Total (a. + b. + c.)	$ 1,621	$ 45	$ 1,666

	December 31, 2015		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	$ 654	$ 37	$ 691
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	16	-	16
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	16	-	16
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	N/A	N/A	807
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and b. above) offset by gross deferred tax liabilities.	933	1	934
Deferred tax assets admitted as the result of application of SSAP No. 101.Total (a. + b. + c.)	$ 1,603	$ 38	$ 1,641

	Change		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	$ 29	$ 7	$ 36
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	(16)	-	(16)
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	(16)	-	(16)
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	N/A	N/A	(807)
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a.	5	-	5
Deferred tax assets admitted as the result of application of SSAP No. 101.Total (a. + b. + c.)	$ 18	$ 7	$ 25

	2016	2015
Ratio percentage used to determine recovery period and threshold limitation amount	996%	1027%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	$ 6,743	$ 6,652

NOTE 8 – INCOME TAXES (CONTINUED)

Impact of Tax Planning Strategies

	December 31, 2016	
	Ordinary	Capital
1. Adjusted Gross DTAs amount	1,895	45
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.0%	2.3%
3. Net Admitted Adjusted Gross DTAs amount	1,621	45
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.0%	6.0%

	December 31, 2015	
	Ordinary	Capital
1. Adjusted Gross DTAs amount	1,785	38
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.3%	2.0%
3. Net Admitted Adjusted Gross DTAs amount	1,478	163
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.7%	5.2%

	Change	
	Ordinary	Capital
1. Adjusted Gross DTAs amount	110	7
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax	-0.3%	0.3%
3. Net Admitted Adjusted Gross DTAs amount from	143	(118)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the	-0.7%	0.8%

Does the Company's tax-planning strategies include the use of reinsurance? Yes ____ No X

All DTL were recognized as of December 31, 2016 and December 31, 2015

Current income taxes incurred consisted of the following major components:

Description (In millions)	December 31, 2016	December 31, 2015	Change
Federal income tax expense on operating income	$ 169	$ 183	$ (14)
Prior year overaccrual	(28)	(51)	23
Contingent tax	-	(50)	50
Current Federal operations income tax expense	$ 141	$ 82	$ 59
Federal income tax expense on capital gains	$ 136	$ 109	$ 27
Prior year underaccrual	28	23	5
Current Federal capital gain income tax expense	$ 164	$ 132	$ 32
Federal and foreign income taxes incurred	$ 305	$ 214	$ 91

NOTE 8 – INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2016	2015	Change
DTAs Resulting from Book/Income Tax Differences In:		(In millions)	
Ordinary:			
Reserves	$ 617	$ 601	$ 16
Policy acquisition costs	411	393	18
Dividend provision	298	293	5
Liabilities for employees and agents	152	145	7
Non admitted assets	335	281	54
Contract liabilities and unpaid claims	1	1	-
Leasehold improvement	12	12	-
Other	69	59	10
Gross ordinary DTA - (admitted and nonadmitted)	$ 1,895	$ 1,785	$ 110
Statutory valuation allowance adjustment - ordinary	-	-	-
Total ordinary DTA - (nonadmitted)	274	182	92
Admitted ordinary DTA	1,621	1,603	18
Capital:			
Impaired securities	39	30	9
Unrealized capital losses	-	-	-
Other	6	8	(2)
Gross capital DTA - (admitted and nonadmitted)	45	38	7
Statutory valuation allowance adjustment - capital	-	-	-
Total capital DTA - (nonadmitted)	-	-	-
Admitted capital DTA	45	38	7
Total admitted DTA	$ 1,666	$ 1,641	$ 25
DTLs Resulting from Book/Income Tax Differences In:			
Ordinary:			
Deferred and uncollected premiums	$ 370	$ 357	$ 13
Guaranteed dividend	202	199	3
Other invested assets	86	90	(4)
Pension	64	85	(21)
Reserves 10 Year spread	27	16	11
Other	68	61	7
Ordinary DTL	$ 817	$ 808	$ 9
Capital:			
Unrealized capital gains	26	41	(15)
Deferred gain	92	84	8
Other	4	1	3
Capital DTL	122	126	(4)
Total DTL	$ 939	$ 934	$ 5
Net admitted DTA/(DTL)	$ 727	$ 707	$ 20

The Change in net deferred income taxes is comprised of the following:

	2016	2015	Change
Adjusted gross deferred tax assets	$ 1,940	$ 1,823	$ 117
Total Deferred Tax Liabilities	939	934	5
Net deferred tax assets (liabilities)	$ 1,001	$ 889	$ 112
Tax effect of net unrealized gains (losses)			(20)
Change in net deferred income tax			$ 92

NOTE 8 – INCOME TAXES (CONTINUED)

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant book to tax adjustments causing this difference were the following:

	December 31, 2016	Effective Tax Rate
	(In millions)	
Net gain from operations after dividends to policyholders and before Federal income tax @ 35%	$ 181	
Net realized capital gains (losses) @ 35%	54	
Provision calculated at statutory rate	235	35.00%
Tax effect of:		
Interest maintenance reserve	32	4.76%
Pension Adjustment	(56)	(8.33%)
Affordable Care Act Fees	12	1.79%
Other	(10)	(1.37%)
Total statutory income taxes	$ 213	31.85%
Federal income taxes incurred	305	45.39%
Change in net deferred income taxes	(92)	(13.54%)
Total statutory income taxes	$ 213	31.85%

<u>Operating Loss and Tax Credit Carryforwards</u>

As of December 31, 2016, the Company does not have any net ordinary loss carryforwards, capital loss carryforwards or tax credit carryforwards.

The following are income taxes incurred in prior years that are available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
		(In millions)	
2016	$ 168	$ 136	$ 304
2015	155	$ 137	$ 292
2014	91	$ 103	194
Total	$ 414	$ 376	$ 790

As of December 31, 2016, the Company does not have any deposits admitted pursuant to the Internal Revenue Code Section 6603.

NOTE 8 – INCOME TAXES (CONTINUED)

Contingent Tax Liabilities

As of December 31, 2016, the Company had no unrecognized tax benefits and related interest expense, if recognized, all of which would affect the Company's annual effective tax rate. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the year ending December 31, 2016, and year ending December 31, 2015, the Company recognized approximately $0 and ($50) million in interest and penalties. The Company has no accrued interest and penalties at December 31, 2016, and December 31, 2015, respectively.

The amount recognized in 2015 is primarily related to the timing of the deduction for the policyholder dividends liabilities. During 2015, a court case ruling, in the taxpayer's favor, was issued for another mutual insurance company in which the facts were similar to the Company's tax position. Management concluded that it is more-likely-than-not that the Company would sustain its tax position on this issue if challenged by the Internal Revenue Service. As a result, the Company released the contingent tax liabilities.

The Company files U.S. federal income tax returns along with various state and local income tax returns. The Company's federal income tax returns are routinely examined by the Internal Revenue service ("IRS") and provisions are made in the financial statements in anticipation of the results of these audits. In 2015, the IRS has completed its examinations for tax years 2009 and 2010. There were no material effects on the Company's consolidated financial position and results of operations as a result of these examinations. Tax years 2011 through 2015 are subject to examination by the IRS. The Company believes that it has established adequate tax liabilities for uncertain tax positions for all open years.

NOTE 9 – REINSURANCE CEDED

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding business to reinsurers under various modified coinsurance agreements, coinsurance agreements, and combinations thereof, and yearly renewable term agreements. These agreements provide for reinsurance of selected individual life and disability policies and group life and group health contracts. Under the terms of the modified coinsurance agreements, reserves related to the reinsured business and the corresponding assets are held by the Company. The Company retains the primary obligation to the policyholder for reinsured policies. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, the Company evaluates the financial condition of its reinsurers in order to minimize its exposure to losses from reinsurer insolvencies.

The effects of these ceding agreements on the components of gain from operations in the accompanying statutory basis statements of operations are as follows:

	2016	2015
	(In millions)	
Premiums, annuity considerations and fund deposits	$ (460)	$ (457)
Commissions and expense allowances (other income)	119	111
Total revenues	(341)	(346)
Benefit payments to policyholders and beneficiaries	(359)	(337)
Net reductions to policy benefit reserves	(86)	(144)
Commissions and operating expenses	5	3
Total expenses	(440)	(478)
Net gain on operations from reinsurance ceded	$ 99	$ 132

NOTE 10 – REINSURANCE ASSUMED

The Company enters into various modified coinsurance agreements, coinsurance agreements, and combinations thereof and yearly renewable term agreements that provide reinsurance on life insurance, annuities, credit life, disability insurance, and credit accident and health business. Under the terms of the various reinsurance treaties, the Company assumed (net of retrocession) approximately $3.4 billion face amount of life insurance at December 31, 2016 and $3.6 billion at December 31, 2015. Under the terms of modified coinsurance agreements, reserves related to the reinsured business and the corresponding assets are held by the ceding company.

The Company entered into a coinsurance agreement with BLICOA an affiliated insurance company effective January 1, 2013. Under the agreement, the Company assumed 80% of the net individual disability insurance (IDI) originally ceded to BLICOA from the Company via the July 1, 2001 coinsurance treaty as well as 80% of the IDI and multi-life (ML) business written by BLICOA since the 2001 treaty. The reinsurance is done on a funds withheld basis with supporting invested assets remaining in BLICOA. Under the terms of the coinsurance agreement the Company assumed $2,031 million in ceded reserves from BLICOA, while BLICOA retained the corresponding assets, on January 1, 2013.

Also, as part of the terms of the agreement, the Company can request that BLICOA pay an amount equal to the Annual Funds Withheld Increase to the Company. In January 2016, as part of the terms of its reinsurance agreement with BLICOA, the Company requested that BLICOA pay a partial amount of the Annual Funds Withheld Increase it recorded in 2015. BLICOA paid the Company the agreed upon settlement amount of $65 million in January 2016. The settlement consisted of $33 million of bonds and $32 million of cash. In December 2015, GLICOA requested and BLICOA settled an amount equal to the 2014 increase in the funds withheld of $160 million. The December 2015 settlement of $160 million consisted of $87 million of bonds, $1 million in accrued interest and $72 million of cash.

The Company entered into one Individual Life Yearly Renewable Term reinsurance agreement with an affiliated insurance company GIAC, effective January 1, 2011. The agreement covers GIAC’s current form Secondary Guarantee Universal Life and Survivorship Universal Life plans having policy effective dates of January 1, 2011 and later. Reinsurance under the new agreement is assumed on an automatic 90% first dollar quota share basis.

NOTE 10 – REINSURANCE ASSUMED (CONTINUED)

The following tables outline the effects of these assumption agreements on the accompanying Statutory Basis Statements of Operations.

Reinsurance Assumed from Affiliates

	2016	2015
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 639	$ 619
Reserve adjustments on reinsurance (other income)	23	29
Total revenues	662	648
Benefit payments to policyholders and beneficiaries	275	266
Net additions to policy benefit reserves	126	200
Commissions and operating expenses	210	201
Total expenses	611	667
Net gain/(loss) on operations from reinsurance assumed	$ 51	$ (19)

Reinsurance Assumed from Non-Affiliates

	2016	2015
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 2	$ 3
Total revenues	2	3
Benefit payments to policyholders and beneficiaries	(2)	31
Net reductions to policy benefit reserves	(1)	(32)
Commissions and operating expenses	7	(14)
Total expenses	4	(15)
Net (loss)/gain on operations from reinsurance assumed	$ (2)	$ 18

Total Reinsurance Assumed

	2016	2015
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 641	$ 622
Reserve adjustments on reinsurance (other income)	23	29
Total revenues	664	651
Benefit payments to policyholders and beneficiaries	273	297
Net additions to policy benefit reserves	125	168
Commissions and operating expenses	217	187
Total expenses	615	652
Net gain/(loss) on operations from reinsurance assumed	$ 49	$ (1)

NOTE 11 – RELATED PARTY TRANSACTIONS

The Company maintained investments in affiliated mutual funds amounting to $219 million at December 31, 2015.

During 2016 and 2015, the Company sold $27 million and $170 million of bank loans that it held in its general account to a downstream affiliate, Park Avenue Institutional Advisers CLO LTD 2016-1 (“PAIA CLO 2016-1”). The Company recorded a $1 million loss on the sale of the bank loans in both 2016 and 2015. PAIA CLO 2016-1 is a special purpose vehicle (“SPV”) that was established in the Cayman Islands whose purpose is to be the “Issuer” of one or more classes of notes that will be secured by a portfolio of investments held by the Issuer and rated by at least one rating agency (the "Rated Notes"), and one or more classes of notes that are unrated and subordinate in right of payment to the Rated Notes (the "Subordinated Notes"). PAIA CLO 2016-1 issued $363 million in notes in August 2016.

In 2016 and 2015, the Company made the following capital contributions to its real estate joint ventures and affiliates which are an addition to Other invested assets in the Statutory Basis Balance Sheets:

	2016	2015
	(In millions)	
Guardian CapCo, LLC	$ 3	$ 3
Guardian LCP Hospitality Finance, LLC	-	1
Truamerica Multifamily, LLC	-	6
Truamerica Properties, LLC	7	9
Truamerica Properties II, LLC	1	21
Lowes Capital Partners 2A, LLC	3	6
Lowes Capital Partners 2B, LLC	2	2
Guardian Desail Holdings, LLC	-	12
Guardian Mercury Holdings, LLC	-	9
Hanover Hoffman Estates, LLC (1)	-	19
Hanover Swanee, LLC (1)	-	1
Guardian Abbey, LLC	1	2
Guardian Shores, LLC	16	-
Total	$ 33	$ 91

(1) Capital contributions were made by transferring mortgage loan investments.

In 2016 and 2015, the Company made the following capital contributions to its subsidiaries:

	2016	2015
	(In millions)	
GIAC	$ 100	$ 50
GIS	365	155
FCW	204	-
Total	$ 669	$ 205

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

The capital contribution to GIS is recorded as an addition to Other invested assets in the Statutory Basis Balance Sheets, while the capital contributions to GIAC and FCW are recorded as an addition to Common and preferred stocks in the Statutory Basis Balance Sheets.

Of the $365 million contribution to GIS in 2016, $235 million was made by transferring real estate joint venture LLCs and $130 million was made by transferring Reed Group, Ltd., a previously wholly owned subsidiary of FCW.

In 2016 and 2015, the Company received returns of capital from its real estate affiliates as follows, which are a reduction to Other invested assets in the Statutory Basis Balance Sheets:

	2016	2015
	(In millions)	
Guardian CapCo, LLC	$ -	$ 7
Guardian LCP Hospitality I, LLC	1	1
Guardian Campus Holdings, LLC	-	1
Guardian Westwood Holdings, LLC	10	1
Guardian LCP Hospitality Finance, LLC	3	3
Guardian Commercial I,LLC	-	7
Total	$ 14	$ 20

In 2016 and 2015, the Company received net returns of capital of $56 million and $77 million respectively from its real estate joint ventures. These distributions are a reduction to Other invested assets in the Statutory Basis Balance Sheets.

In 2016 and 2015, the Company also received returns of capital from its subsidiaries as follows which are a reduction to Common and preferred stocks in the Statutory Basis Balance Sheets:

	2016	2015
	(In millions)	
BLICOA	$ 20	$ 65
FCW	158	9
GIS	178	-
Total	$ 356	$ 74

Of the $158 million return of capital from FCW in 2016, $130 million was a transfer of Reed Group Ltd., a wholly owned subsidiary of FCW.

In 2016 and 2015, the Company received the following dividends from its affiliates and subsidiaries which are recorded as Net investment income in the Statutory Basis Statements of Operations:

	2016	2015
	(In millions)	
BLICOA	$ 6	$ 6
Managed Dental Care of California (“MDC”)	5	3
Managed Dental Guard of Texas, Inc. (TX)	1	1
Guardian CapCo, LLC	-	3
Guardian LCP Hosp Finance, LLC	-	1
Guardian Commercial I,LLC	-	4
Park Avenue Life Insurance Company	-	25
	$ 12	$ 43

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

The Company has expense sharing agreements with its subsidiaries. During 2016 and 2015, the Company had net billings of $296 million and $301 million, respectively, under the expense sharing agreements. Amounts billed to subsidiaries are included in Commissions and operating expenses in the Statutory Basis Statements of Operations. The unpaid net receivable balance due from subsidiaries relevant to these agreements was $29 million and $31 million on December 31, 2016 and December 31, 2015, respectively, and are included in Other assets and Other liabilities in the Statutory Basis Balance Sheets.

The Company (Lender) has a revolving line of credit agreement with GIAC (Borrower). Effective May 1, 2015, the revolving line of credit between the Company and GIAC increased from $225 million to $300 million, which was further increased to $350 million effective December 3, 2015. The terms of the credit agreement state that future drawing, if any, (not at the time overdue) shall bear interest at a rate per annum equal to (a) the Prime Rate plus 1.00% if a Prime Rate Loan or (b) the Eurodollar Rate plus 1.00% if a Eurodollar Rate Loan. In the event any drawing on the line of credit becomes due, whether by acceleration or otherwise, it shall bear interest at a rate per annum equal to the Prime Rate plus 2.00%. Additionally, a commitment fee equal to 0.125% per annum of the amount of this line of credit shall be paid by Borrower to Lender, such amount to be paid in quarterly installments on the last day of each March, June, September and December or on the termination of this line of credit. The line of credit agreement shall have an initial term of 364 days beginning with the date first stated above, and shall automatically renew for successive periods of 364 days, unless the Lender shall notify the Borrower of its intention not to renew the line of credit agreement not less than sixty (60) days prior to the expiration of the then existing term. GIAC is in compliance with certain financial covenants imposed by the line of credit agreement. As of December 31, 2016, and 2015 the amounts of drawings on the line of credit amounted to $148 million and $105 million, respectively, and are included in Cash, cash equivalents and short term investments in the Statutory Basis Balance Sheets. Interest income and commitment income of $2.4 million and $2.2 million for the twelve months ended December 31, 2016 and 2015, respectively, are included in Net investment income in the Statutory Basis Statements of Operations.

Effective April 30, 2015, the Company (Lender) entered into a new revolving line of credit agreement with RS (Borrower) for $15 million. The terms of the credit agreement state that future drawing, if any, (not at the time overdue) shall bear interest at a rate per annum equal to the Eurodollar rate plus 1.00%. In the event any drawing on the line of credit becomes due, whether by acceleration or otherwise, it shall bear interest at a rate per annum equal to the Prime Rate plus 2.00%. Additionally, a commitment fee equal to .15% per annum of the amount of this line of credit shall be paid by Borrower to Lender, such amount to be paid in quarterly installments on the last day of each March, June, September and December and on the termination of this line of credit. The line of credit agreement had a term of twelve months beginning with the date first stated above and ending on April 30, 2016. The maturity date of the line was subsequently extended to July 29, 2016. As of December 31, 2015, the amount of drawings on the line of credit amounted to $15 million and is included in Cash, cash equivalents and short term investments in the Statutory Basis Balance Sheets. Interest income and commitment income of $0 million and $0 million for the twelve months ended December 31, 2016 and December 31, 2015 respectively are included in Net investment income in the Statutory Basis Statements of Operations. This revolving line of credit terminated upon the sale of RS on July 29, 2016.

The Company provides financial guarantees on behalf of some of its subsidiaries and affiliates as listed below. Per the statutory accounting guidance SSAP 5R, a liability has not been recorded on the Company's Statutory Basis Balance Sheets for any of these guarantees.

In 1996, the Company provided MDC, a subsidiary, a written letter of financial support for $5 million. The letter was necessary for regulatory purposes in order to guarantee additional capital infusion to its California dental subsidiary as needed. The Company funded $1.5 million to MDC prior to 2012. This amount was recorded as an additional investment in MDC. At this time, MDC is not expected to further draw on the remaining $3.5 million as the subsidiary has $5 million more capital than is required by California.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

As of December 31, 2015, the Company committed to make capital contributions to the following real estate joint venture subsidiaries for the purpose of investing in future properties:

		2015
		(In millions)
Guardian CapCo, LLC	$	11
Guardian LCP Commercial I, LLC		30
Guardian LCP Hospitality Finance, LLC		2
Truamerica Properties, LLC		7
Truamerica Properties II, LLC		10
Guardian LEI Co Investment		-
Guardian LCP2A, LLC		6
Berkshire Portfolio		4
Guardian Mercury - Gemini Holdings, LLC		5
Guardian SLC Redwood Holdings, LLC		4
Total	$	79

As of December 31, 2016, the Company had no commitments to make capital contributions to its' subsidiaries.

Settlement of Intercompany Transactions:

In accordance with NAIC SAP, all transactions between related parties are required to have a written agreement that provides for a timely settlement of amounts owed, including a specific due date. Amounts over ninety days due are to be non-admitted along with any uncollected receivable from a related party that is not part of a written agreement. The Company has determined that written agreements are in place for all intercompany transactions and that these written agreements contain specific due dates. As of December 31, 2016, there was no intercompany receivable that was more than 90 days past due.

NOTE 12 – LIABILITY FOR UNPAID CLAIMS AND CLAIM RESERVES

Activity in the liability for unpaid accident and health claims and claim reserves is summarized as follows and is included in Reserves for policy benefits on the Statutory Basis Balance Sheets:

	2016	2015
	(In millions)	
Balance of unpaid claims and claim reserves, net of reinsurance recoverable, at January 1	$ 3,574	$ 3,300
Incurred related to:		
Current year	2,283	2,127
Prior years	(90)	(75)
Affiliated reinsurance	106	161
Total incurred	2,299	2,213
Paid related to:		
Current year	1,526	1,438
Prior years	332	289
Affiliated reinsurance	227	212
Total paid	2,085	1,939
Balance of unpaid claims and claim reserves, net of reinsurance recoverable, at December 31	$ 3,788	$ 3,574

The affiliated reinsurance for the years ended December 31, 2016 and December 31, 2015 is primarily due to an intercompany reinsurance agreement between the Company and BLICOA effective January 1, 2013.

Loss / Claim Adjustment Expenses:
The balance in the liability for unpaid accident and health claim adjustment expenses was $79 million and $80 million as of December 31, 2016 and December 31, 2015, respectively. The Company incurred $49 million and paid $49 million of claims adjustment expenses in 2016 of which $14 million of the paid amount was attributable to insured or covered events of prior years. The Company did not increase or decrease the provision for insured events of prior years. Estimated anticipated salvage and subrogation related to the liability for unpaid claims / losses is not material and therefore does not reduce the liability.

NOTE 13 – ASO PLANS

The net gain from operations from ASO uninsured plans and the uninsured portion of partially insured plans was as follows during the years ended December 31, 2016 and December 31, 2015:

	2016		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
		(In millions)	
Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 4.4	$ -	$ 4.4
Total net other income or expenses (including interest paid to or received from plans)	1.5	-	1.5
Net gain from operations	2.9	-	2.9
Total claim payment volume	488	-	488

	2015		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
		(In millions)	
Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 2.7	$ -	$ 2.7
Total net other income or expenses (including interest paid to or received from plans)	0.9	-	0.9
Net gain from operations	1.8	-	1.8
Total claim payment volume	461	-	461

NOTE 14 – LEASES

New York Home Office Building:
In June 1998, the Company executed a 21-year lease for its New York home office facility. A portion of the property is subleased to tenants under lease terms expiring through 2019. The lease is classified as operating. Rental expense for the property was $21 million for the year ended December 31, 2016 and $21 million for the year ended December 31, 2015. Sublease income was $9 million for the year ended December 31, 2016 and $9 million for the year ended December 31, 2015.

On January 9, 2017, the Company exercised its purchase option on the building. If the terms contained in the purchase option agreement are met the Company will be required to pay the $147 million purchase price to the seller on September 30, 2019.

The following is a schedule by year of the minimum rental payments due under the lease:

		(In millions)
Year ending December 31,		
2017	$	21
2018		21
2019		16
Total	$	58

The minimum aggregate sublease income is as follows:

Year ending December 31,		
2017	$	9
2018		9
2019		7
Total	$	25

NOTE 14 – LEASES (CONTINUED)

Other Leases:
Substantially all remaining leases of the Company are operating leases principally for the rental of real estate. Rental expense for these properties was $20 million for year ended December 31, 2016 and $16 million for the year ended December 31, 2015.

On January 26, 2015 the Company signed a long-term lease agreement with GLICA Bethlehem, LLC. Under the terms of the lease agreement GLICA Bethlehem, LLC built an office building in Bethlehem, PA according to specifications provided by the Company. Beginning in June 2016 the Company began using the building for business support operations. The twenty year lease obligates the Company to pay approximately $5 million in annual base rent plus operating expenses and taxes.

The following is a schedule by year of the minimum rental payments due under the lease:

		(In millions)
Year ending December 31,		
2017	$	22
2018		19
2019		17
2020		16
Total	$	74

The minimum aggregate sublease income is as follows:

		(In millions)
Year ending December 31,		
2017	$	7
2018		6
2019		6
2020		6
Total	$	25

The Company guarantees the leases for some of its agents. The fair value of the guarantees as of December 31, 2016 is estimated to be $1 million. The remaining lease obligations that are guaranteed as of December 31, 2016 is $19.4 million.

NOTE 15 – COMMITMENTS

Commitments to fund real estate, private equities, mortgage loans, and private placements in the normal course of business totaled $1,416 million and $1,160 million as of December 31, 2016 and December 31, 2015, respectively.

NOTE 16 – LITIGATION

The Company is engaged in various legal actions, in the ordinary course of business, arising out of its insurance, broker-dealer and investment operations. In the opinion of management, any losses together with the ultimate liability resulting from such actions would not have a material adverse effect on the financial position of the Company.

NOTE 17 – LINES OF CREDIT

The Company has $75 million in unsecured credit available. The interest rate on these lines is calculated on a base rate such as the bank's Prime rate plus a spread which varies from 0 - 125bps depending on the bank, or LIBOR plus a spread which varies from 75 - 125bps depending on the bank. The Company did not use the lines of credit during 2016 or 2015 and had $0 outstanding liability at December 31, 2016 or December 31, 2015.

NOTE 18 – POLICYHOLDERS' SURPLUS

There were no special contingency reserves included in policyholder's surplus at December 31, 2016 or December 31, 2015. The Company holds other reserves totaling $4 million at December 31, 2016 and 2015, as required by New York State law for aviation business and Arkansas permanent surplus requirements. Surplus at December 31, 2016 and December 31, 2015 is as follows:

	2016	2015
	(In millions)	
Accumulated earnings	$ 7,676	$ 7,470
Unrealized loss - common stock	(309)	(281)
Asset valuation reserve	(810)	(798)
Nonadmitted asset values	(389)	(305)
Total unassigned surplus	6,168	6,086
State required segregated surplus	4	4
Surplus	$ 6,172	$ 6,090

NOTE 19 – FINANCIAL INFORMATION

The following reconciles the New York SAP net income and surplus of Guardian as reported to regulatory authorities to consolidated GAAP income and GAAP equity:

	2016	2015
	(In millions)	
Statutory net income	$ 368	$ 433
Adjustments to GAAP basis:		
Realized capital gains	257	294
Capitalization of deferred policy acquisition costs	61	(11)
Future policy benefits	(1,080)	(970)
Elimination of IMR amortization	(122)	(103)
Establishment of deferred federal income taxes	(1)	127
Service fees	1,086	735
Policyholder dividends	5	27
Elimination of interest on affiliate reinsurance	(140)	(141)
Other	49	(41)
Consolidated GAAP income	$ 483	$ 350

NOTE 19 – FINANCIAL INFORMATION (CONTINUED)

	2016	2015
	(In millions)	
Statutory surplus	$ 6,172	$ 6,090
Adjustments to GAAP basis:		
Capitalization of deferred policy acquisition costs	3,817	3,854
Deferred software costs	37	48
Future policy benefits	(7,342)	(6,967)
Elimination of IMR	464	373
Elimination of AVR	810	798
Establishment of additional deferred federal income taxes	(1,240)	(1,126)
Policyholder dividends	401	396
Notes payable	(1,210)	(845)
Unrealized gains on investments and GAAP adjustments of affiliates	8,714	7,286
Consolidated GAAP equity	$ 10,623	$ 9,907

NOTE 20 – SURPLUS NOTE

On October 6, 2009, the Company issued Surplus Notes ("Existing Notes") with a principal balance of $400 million, bearing interest at 7.375%, and a maturity date of September 30, 2039. Proceeds from the issuance of the Existing Notes were $392.4 million, net of discounts and fees. The Existing Notes were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and will be administered by The Bank of New York Mellon as fiscal agent. Interest on these Existing Notes is scheduled to be paid semiannually on March 31 and September 30 of each year. The Existing Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company. Under New York Insurance Law, the Existing Notes are not part of the legal liabilities of the Company. The Existing Notes do not repay principal prior to maturity. Each payment of interest or principal may be made only with the prior approval of the Superintendent and only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance Law. Provided that approval is granted by the Superintendent, the Existing Notes may be redeemed at the option of the Company at any time (in whole or in part) at the "make-whole" redemption price equal to the greater of the principal amount of the Existing Notes to be redeemed, or the sum of the present value of the remaining scheduled interest and principal payments, excluding accrued interest as of the date on which the Existing Notes are to be redeemed, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 50 basis points. The Company paid $30 million in interest for the years ended December 31, 2016 and 2015, respectively.

On June 19, 2014 the Company issued Surplus Notes ("Notes") with a principal balance of $450 million, bearing interest at 4.875%, and a maturity date of June 19, 2064. Proceeds from the issuance of the Notes were $444.6 million, net of discounts and fees. The Notes were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and will be administered by The Bank of New York Mellon as fiscal agent. Interest on these Notes is scheduled to be paid semiannually on June 19 and December 19 of each year. The Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company. Under New York Insurance Law, the Notes are not part of the legal liabilities of the Company. The Notes do not repay principal prior to maturity. Each payment of interest or principal may be made only with the prior approval of the Superintendent and only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance Law. Provided that approval is granted by the Superintendent, the Notes may be redeemed at the option of the Company at any time (in whole or in part) at the "make-whole" redemption price equal to the greater of the principal amount of the Notes to be redeemed, or the sum of the present value of the remaining scheduled interest and principal payments, excluding accrued interest as of the date on which the Notes are to be redeemed, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 25 basis points. The Company paid $22 in interest for the years ended December 31, 2016 and 2015, respectively.

NOTE 21 – UNCLAIMED PROPERTY

The Company holds reserves for potential liability totaling $12 million at December 31, 2016 and December 31, 2015, respectively. The Company has recorded paid claims of $0 million in 2016 and $4 million in 2015.

NOTE 22 – AFFORDABLE CARE ACT FEE

The health insurance industry assessment mandated by the Patient Protection and Affordable Care Act of 2010 was levied on health insurers beginning in 2014 based on a ratio of an insurer's net health insurance premiums written for the previous calendar year compared to the total premiums written by U.S. health insurance industry for that year. The Company recorded a liability for the amount of its expected fee as of January 1, 2016 of $35 million and as of January 1, 2015 of $35 million. It paid the actual fee amount of $35 million and $36 million to the U.S. Treasury in September 2016 and 2015, respectively. The 2016 fee amount was based on $1,995 million of dental and vision premiums written in 2015.

The Consolidated Appropriations Act, 2016 imposes a moratorium on the health insurance industry assessment mandated by the Affordable Care Act for the 2017 calendar year. Therefore there are no health insurance provider fees due in 2017 and no liability will be recorded.

NOTE 23 – SUBSEQUENT EVENTS

The Company considers events occurring after the balance sheet date but prior to February 21, 2017, the issuance of the financial statements to be subsequent events requiring disclosure.

On January 24, 2017, the Company issued a Surplus Note with a principal balance of $350 million, bearing interest at 4.850%, and a maturity date of January 24, 2077. Proceeds from the issuance was $343.6 million, net of discounts and fees.

As mentioned in Note 14, on January 9, 2017, the Company exercised the purchase option on its New York home office.

On January 3, 2017 the Company (Lender) extended a $300 million revolving line of credit to GIS (Borrower). The line of credit agreement has an initial term of 364 days and shall automatically renew for successive periods of 364 days, unless the Lender shall notify the Borrower of its intention not to renew the line of credit agreement sixty (60) days prior to the expiration of the then existing term. As of the statement date GIS has drawn down the amount of $13.1 million on the line of credit.

Guardian Life Insurance Company of America
Annual Statement for the Year Ended December 31, 2016
Schedule 1 - Selected Financial Data

The following is a summary of certain financial data included in other exhibits and schedules subjected to audit procedures by independent auditors and utilized by actuaries in the determination of reserves.

			2016 Annual Statement References
Investment Income Earned			Exhibit of Net Investment Income
Government Bonds	$	29,910,730	
Bonds Exempt From US Tax			
Other Bonds (unaffiliated)		1,514,704,457	
Bonds of Affiliates			
Preferred Stocks (unaffiliated)		7,083,355	
Preferred Stocks of Affiliates			
Common Stocks (unaffiliated)		9,259,323	
Common Stocks of Affiliates		6,186,400	
Mortgages Loans		169,350,488	
Real Estate		72,911,008	
Contract Loans		247,169,937	
Cash/Short-term Investments		4,221,267	
Other Invested Assets		538,984	
Derivative Instruments		178,537,420	
Aggregate Write-Ins for Investment Income		7,219,637	
Gross Investment Income	$	2,247,093,006	
Real Estate Owned - Book Value less Encumbrances	$	374,200,532	Schedule A - Part 1
Mortgage Loans - Book Value:			
Farm Mortgages	$	-	Schedule B - Part 1
Residential Mortgages		-	
Commercial Mortgages		3,471,561,688	
Total Mortgage Loans	$	3,471,561,688	
Mortgage Loans by Standing - Book Value:			
Good Standing		3,471,561,688	Schedule B, Part 1
Good Standing with Restructured Terms		-	Schedule B, Part 1
Interest overdue more than 90 days, not in foreclosure		-	Schedule B, Part 1
Foreclosure in Process		-	Schedule B, Part 1
Other Long Term Assets - Statement Value		1,793,047,289	Schedule BA, Part 1
Bonds and Stocks of Parents, Subsidiaries and Affiliates - Book Value			Schedule D - Summary by Country
Bonds		35,447,350,772	
Preferred Stocks		40,486,681	
Common Stocks		1,481,662,099	

Schedule 1 - Selected Financial Data - Continued

		2016 Annual Statement References
Bonds and Short Term Investments by Class & Maturity		Schedule D, Part 1A Sec 1
Bonds by Maturity - Statement Value		
Due within one year or less	$ 1,547,519,127	
Over 1 year through 5 years	6,456,149,175	
Over 5 years through 10 years	11,724,160,033	
Over 10 years through 20 years	4,324,132,310	
Over 20 years	12,210,820,152	
Total by Maturity	$ 36,262,780,797	
Bonds by Class - Statement Value		
Class 1	$ 18,937,590,834	
Class 2	15,015,620,352	
Class 3	1,202,324,319	
Class 4	1,003,211,321	
Class 5	101,849,041	
Class 6	2,184,902	
Total by Class	$ 36,262,780,769	
Total Bonds Publicly Traded	23,857,912,656	
Total Bonds Privately Placed	12,404,868,113	
Preferred Stocks - Statement Value	40,486,681	Schedule D, Part 2, Sec. 1
Common Stocks - Market Value	1,481,662,099	Schedule D, Part 2, Sec. 2
Short Term Investments - Book Value	25,663,330	Schedule DA, Part 1
Options, Caps Floors, Collars, Swaps and Forwards	18,595,558	Schedule DB, Part A,
Futures Contracts	19,574,571	Schedule DB, Part B,
Cash on Deposit	6,412,801	Schedule E, Part 1
Life Insurance In Force		Exhibit of Life Insurance
Industrial	-	
Ordinary	354,638,800	
Credit Life	-	
Group Life	236,177,629	
Amount of Accidental Death Insurance In Force Under		
Ordinary Policies	2,031,115	Exhibit of Life Insurance
Life Insurance Policies with Disability Provisions In Force		Exhibit of Life Insurance
Industrial	-	
Ordinary	189,376,271	
Credit Life	-	
Group Life	235,958,431	
Supplementary Contracts In Force		Exhibit of Number of Policies,
Ordinary - Not Involving Life Contingencies	-	Contracts,Certificates,Income Payable,
Amount on Deposit	224,797,960	Account Values In Force for Supplementary
Income Payable	16,992	Contracts, Annuities, A&H and Other Policies
Ordinary - Involving Life Contingencies		
Income Payable	376	

Schedule 1 - Selected Financial Data - Continued

		2016 Annual Statement References
Group - Not Involving Life Contingencies		
Amount on Deposit	49,072,055	
Income Payable	-	
Group - Involving Life Contingencies		
Amount on Deposit	-	
Income Payable	-	
Annuities - Ordinary		Exhibit of Number of Policies,
Immediate - Amount of Income Payable	633,044	Contracts,Certificates,Income Payable,
Deferred - Fully Paid Account Balance	59,666,865	Account Values In Force for Supplementary
Deferred - Not Fully Paid - Account Balance	153,110,944	Contracts, Annuities, A&H and Other Policies
Annuities - Group		
Amount of Income Payable	1,717,130	Exhibit of Number of Policies,
Fully Paid Account Balance	5,208,395	Contracts,Certificates,Income Payable,
Not Fully Paid - Account Balance	-	Account Values In Force for Supplementary
		Contracts, Annuities, A&H and Other Policies
Accident and Health Insurance - Premiums In Force		
Ordinary	-	
Group	2,981,328,401	
Credit	-	
Other	477,013,497	
Deposit Funds and Dividend Accumulations		Exhibit of Number of Policies,
Deposit Funds - Account Balance	24,743,997	Contracts,Certificates,Income Payable,
Dividend Accumulations - Account Balance	102,188,160	Account Values In Force for Supplementary
		Contracts, Annuities, A&H and Other Policies
Claim Payments 2016		Schedule O, Part 1
Group Accident and Health Year - Ended December 31, 2015		Section A
2016	1,520,870	
2015	194,511	
2014	37,364	
2013	19,747	
2012	13,899	
Prior	94,785	
Other Accident & Health		Section B
2016	26,037	
2015	28,819	
2014	22,369	
2013	18,533	
2012	17,628	
Prior	123,403	
Credit Accident & Health	-	Section C
2016	-	
2015	-	
2014	-	
2013	-	
2012	-	
Prior	-	

Schedule 1 - Selected Financial Data - Continued

		2016 Annual Statement References
Other Coverages that use developmental methods to calculate Claims Reserves:		Section D
2016	-	
2015	-	
2014	-	
2013	-	
2012	-	
Prior	-	
Other Coverages that use developmental methods to calculate Claims Reserves:		Section E
2016	-	
2015	-	
2014	-	
2013	-	
2012	-	
Prior	-	
Other Coverages that use developmental methods to calculate Claims Reserves:		Section F
2016	-	
2015	-	
2014		
2013	-	
2012	-	
Prior	-	
Other Coverages that use developmental methods to calculate Claims Reserves:		Section G
2016	-	
2015	-	
2014	-	
2013	-	
2012	-	
Prior	-	

The Guardian Life Insurance Company of America
Investments of Reporting Entities
December 31, 2016

Section 2 Investment Risk Interrogatories

Answer the following interrogatories by stating the applicable U.S dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of the annual statement.
$51,883,712,173

2. Ten largest exposures to a single issuer/borrower/investment.

	Issuer	Description of Exposure		Amount	Percentage of Total Admitted Assets
2.01	GUARDIAN INVESTOR SERVICES	OTHER INVESTED ASSETS	$	709,697,254	1.4%
2.02	FIRST COMMON WEALTH INSURANCE COMPANY	STOCK	$	508,269,458	1.0%
2.03	GUARDIAN INS & ANNUITY CO NY, NY	STOCK	$	260,382,803	0.5%
2.04	VERIZON COMMUNICATIONS	BONDS/STOCK	$	216,311,227	0.4%
2.05	AT&T INC	BONDS/STOCK	$	207,609,565	0.4%
2.06	BERKSHIRE LIFE INSURANCE CO OF AMERICA	STOCK	$	201,638,797	0.4%
2.07	BANK OF AMERICA CORP.	BONDS/STOCK	$	195,573,107	0.4%
2.08	AMGEN INC	BONDS/STOCK	$	167,916,850	0.3%
2.09	ENTERPRISE PRODUCTS OPER	BONDS	$	158,963,565	0.3%
2.10	HISTORIC TW INC	BONDS/STOCK	$	149,568,093	0.3%

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating:

	Bonds		Amount	% of Total Admitted Assets	Preferred Stocks		Amount	% of Total Admitted Assets
3.01	NAIC-1	$	18,941,574,959	36.5%	P/RP-1	$	-	0.0%
3.02	NAIC-2	$	15,010,620,352	28.9%	P/RP-2	$	14,500,589	0.0%
3.03	NAIC-3	$	1,207,324,319	2.3%	P/RP-3	$		0.0%
3.04	NAIC-4	$	999,227,196	1.9%	P/RP-4	$		0.0%
3.05	NAIC-5	$	101,849,041	0.2%	P/RP-5	$		0.0%
3.06	NAIC-6	$	2,184,902	0.0%	P/RP-6	$	25,986,092	0.1%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assts?
Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$	6,436,425,567	12.4%
4.03	Foreign-currency-denominated investments	$	364,652,344	0.7%
4.04	Insurance liabilities denominated in that same foreign currency	$	-	0.0%

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

		1	2
5.01 Countries rated NAIC-1	$	5,968,077,422	11.5%
5.02 Countries rated NAIC-2	$	420,923,774	0.8%
5.03 Countries rated NAIC-3 or below	$	47,000,000	0.1%

6. Largest foreign investment exposures to a single country, categorized by NAIC sovereign rating:

		1	2
Countries rated NAIC-1			
6.01 Country: Great Britain	$	1,780,046,213	3.4%
6.02 Country: Australia	$	1,158,219,044	2.2%
Countries rated NAIC-2:			
6.03 Country: Mexico	$	246,246,095	0.5%
6.04 Country: Spain	$	55,724,928	0.1%
Countries rated NAIC-3 or below			
6.05 Country: Bahamas	$	22,000,000	0.0%
6.06 Country: Costa Rica	$	17,000,000	0.0%

7. Aggregate unhedged foreign currency exposure: $ - 0.0%

8. Aggregate unhedged foreign currency exposure categorized by the country's NAIC sovereign rating:

		1	2
8.01 Countries rated NAIC-1	$		0.0%
8.02 Countries rated NAIC-2	$		0.0%
8.03 Countries rated NAIC-3 or below	$	-	0.0%

9. Largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

		1	2
Countries rated NAIC-1:			
9.01 Country:	$		0.0%
9.02 Country:	$		0.0%
Countries rated NAIC-2:			
9.03 Country:	$		0.0%
9.04 Country:	$		0.0%
Countries rated NAIC-3 or below			
9.05 Country:	$	-	0.0%
9.06 Country:	$	-	0.0%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	Issuer	NAIC	3	4
10.01	GE CAPITAL INTL FUNDING	1	$ 58,634,352	0.1%
10.02	SIEMENS FINANCIERINGSMAT	1	$ 54,710,026	0.1%
10.03	BHP BILLITON FIN USA LTD	1	$ 54,272,691	0.1%
10.04	COOPERATIEVE RABOBANK UA	1	$ 52,509,171	0.1%
10.05	HS1 LIMITED	1	$ 50,000,000	0.1%
10.06	CRED SUIS GP FUN LTD	2	$ 46,043,687	0.1%
10.07	RIO TINTO FIN USA LTD	1	$ 40,123,990	0.1%
10.08	ACTAVIS FUNDING SCS	1	$ 39,234,485	0.1%
10.09	VALE OVERSEAS LIMITED	1	$ 38,969,502	0.1%
10.10	STATOIL ASA	1	$ 38,364,045	0.1%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure.

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11

11.02	Total admitted assets held in Canadian investments	$ -	0.0%
11.03	Canadian-currency-denominated investments	$ -	0.0%
11.04	Canadian-denominated insurance liabilities	$ -	0.0%
11.05	Unhedged Canadian currency exposure	$ -	0.0%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions		
	Largest three investments with contractual sales restrictions:		
		$ -	0.0%
12.03		$ -	0.0%
12.04		$ -	0.0%
12.05		$ -	0.0%

13. Amounts and percentages of admitted assets held in the largest ten equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?
Yes [ ] No [X]

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	1 Name of Issuer		2	3
13.02	GUARDIAN INVESTOR SERVICES	$	709,697,254	1.4%
13.03	FIRST COMMON WEALTH INSURANCE COMPANY	$	508,269,458	1.0%
13.04	GUARDIAN INS & ANNUITY CO NY, NY	$	260,382,803	0.5%
13.05	BERKSHIRE LIFE INSURANCE CO OF AMERICA	$	201,638,797	0.4%
13.06	VICTORY MUTUAL FUNDS	$	123,818,705	0.2%
13.07	ISHARES IBOXX HIGH YIELD COR ETF	$	107,904,638	0.2%
13.08	ISHARES IBOXX INVESTMENT GRADE	$	70,846,009	0.1%
13.09	PARK AVENUE LIFE INSURANCE COMPANY	$	63,530,025	0.1%
13.10	ISHARES RUSSELL MIDCAP INDEX FUND	$	37,523,576	0.1%
13.11	ISHARES RUSSELL 2000	$	31,635,540	0.1%

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01. Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 14.01 is yes, responses are not required for the remainder of Interrogatory 14.

	1		2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities Largest three investments held in nonaffiliated, privately placed equities:	$	-	0.0%
14.03		$	-	0.0%
14.04		$	-	0.0%
14.05		$	-	0.0%

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

	1		2	3
15.02		$		0.0%
15.03		$		0.0%
15.04		$		0.0%
15.05		$		0.0%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets?
Yes [ ] No [X]

If response to 16.01 is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	Type (Residential, Commercial, Agriculature)		2	3
16.02	COMMERCIAL	$	110,576,984	0.2%
16.03	COMMERCIAL	$	104,363,319	0.2%
16.04	COMMERCIAL	$	100,251,899	0.2%
16.05	COMMERCIAL	$	99,207,924	0.2%
16.06	COMMERCIAL	$	92,140,000	0.1%
16.07	COMMERCIAL	$	87,394,035	0.1%
16.08	COMMERCIAL	$	78,000,000	0.1%
16.09	COMMERCIAL	$	70,000,000	0.1%
16.10	COMMERCIAL	$	56,000,000	0.1%
16.11	COMMERCIAL	$	51,012,563	0.1%

Amount and percentages of the reporting entity's total admitted assets held in the following categories of mortgage loans:

			Loans	
16.12	Construction Loans	$	93,317,998	0.3%
16.13	Mortgage loans over 90 days past due	$	-	0.0%
16.14	Mortgage loans in the process of foreclosure	$	-	0.0%
16.15	Mortgage loans foreclosed	$	-	0.0%
16.16	Restructured mortgage loans	$	-	0.0%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as

		Residential			Commercial			Agriculature		
	Loan-to-Value		1	2		3	4		5	6
17.01	above 95%	$	-	0.0%	$	18,085,021	0.0%	$	-	0.0%
17.02	91% to 95%	$	-	0.0%	$	21,935,592	0.1%	$	-	0.0%
17.03	81% to 90%	$	-	0.0%	$	40,777,700	0.0%	$	-	0.0%
17.04	71% to 80%	$	-	0.0%	$	56,794,129	0.1%	$	-	0.0%
17.05	below 70%	$	-	0.0%	$	3,333,969,262	6.8%	$	-	0.0%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 18.01. is yes, responses are not required for the remainder of Interrogatory 18

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1		2	3
18.02		$		0.0%
18.03		$		0.0%
18.04		$		0.0%
18.05		$		0.0%
18.06		$		0.0%

19. Report aggregate amounts and percentages of the reporting entity’s total admitted assets held in investments held in mezzanine real estate loans: 0 0.00%

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity’s total admitted assets?
Yes [X] No [ ]

If response to 19.01 above is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loadns:		
	Largest three investments held in mezzanine real $	$ -	0.0%
19.03		$ -	0.0%
19.04		$ -	0.0%
19.05		$ -	0.0%

20. Amounts and percentages of the reporting entity’s total admitted assets subject to the following types of agreements:

		At Year-end		At End of Each Quarter		
				1st Qtr	2nd Quarter	3rd Quarter
		1	2	3	4	5
20.01	Securities lending (do not include assets held as collateral for such transactions)	$ -	0.0%	$ -	$ -	$ -
20.02	Repurchase agreements	$ -	0.0%	$ 15,100,000	$ -	$ -
20.03	Reverse repurchase agreements	$ -	0.0%	$ 1,596,000	$	$ -
20.04	Dollar repurchase agreements	$ -	0.0%	$ 153,892,946	$ 49,707,262	$ 105,496,313
20.05	Dollar reverse repurchase agreements	$ -	0.0%	$ -	$ -	$ -

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floor:

	Owned		Written	
	1	2	3	4
21.01 Hedge	$ 30,499	0.0%	$ -	0.0%
21.02 Income generation	$ -	0.0%	$ -	0.0%
21.03 Other	$ -	0.0%	$ -	0.0%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-end		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$ 17,336,046	0.0%	$ 4,337,278	$ 7,581,090	$ 3,652,446
22.02 Income generation	$ -	0.0%	$ -	$ -	$ -
22.03 Replications	$ -	0.0%	$ -	$ -	$ -
22.04 Other	$	0.0%	$ -	$ -	$ -

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for future contracts:

	At Year-end		At End of Each Quarter		
			1st Quarter	2nd Quarter	3rd Quarter
	1	2	3	4	5
23.01 Hedging	$ 20,067,500	0.0%	$ 8,962,800	$ 47,289,150	$ 46,457,050
23.02 Income generation	$ -	0.0%	$ -	$ -	$ -
23.03 Replications	$ -	0.0%	$ -	$ -	$ -
23.04 Other	$ -	0.0%	$ -	$ -	$ -

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA
As of December 31, 2016

Appendix A-001
Section 3. Summary Investment Schedule

Investment Categories	Gross Investment Holdings*		Admitted Assets as Reported in the Annual Statement			
	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1. Bonds:						
1.1 US Treasury Securities	$ 1,597,534,014	3.405%	$ 1,597,534,014		$ 1,597,534,014	3.405%
1.2 US Government agency and corporate obligations (excluding mortgage-backed securities):						
1.21 Issued by US Government Agencies	3,678,572	0.008%	3,678,572		3,678,572	0.008%
1.22 Issued by US Government-sponsored agencies	-	0.00%	-		-	0.000%
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	36,856,331	0.079%	36,856,331		36,856,331	0.079%
1.4 Securities issued by states, territories and possessions and political subdivisions in the US:						
1.41 States, territories and possessions general obligations	390,426,205	0.832%	390,426,205		390,426,205	0.832%
1.42 Political subdivisions of states, territories and possessions political subdivisions		0.00%				
general obligations	229,725,568	0.490%	229,725,568		229,725,568	0.490%
1.43 Revenue and assessment obligations	1,619,718,445	3.452%	1,619,718,445		1,619,718,445	3.452%
1.44 Industrial development and similar obligations	6,089,325	0.013%	6,089,325		6,089,325	0.013%
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA		0.00%			-	0.00%
1.512 Issued or guaranteed by FNMA and FHLMC		0.00%			-	0.00%
1.513 All other	-	0.000%	-		-	0.000%
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000%			-	0.000%
1.522 Issued by non-U.S. Government issuers and collaterized by mortgage-					-	
backed securities issued or guaranteed by agencies shown in Line 1.521	16,757,832	0.036%	16,757,832		16,757,832	0.036%
1.523 All other	1,456,799,939	3.105%	1,456,799,939		1,456,799,939	3.105%
2. Other debt and other fixed income securities (excluding short term):					-	
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	23,082,259,525	49.193%	23,082,259,525		23,082,259,525	49.197%
2.2 Unaffiliated non-U.S. securities (including Canada)	7,007,505,012	14.935%	7,007,505,012		7,007,505,012	14.936%
2.3 Affiliated securities	1,043,744,923	2.224%	1,043,744,923		1,043,744,923	2.225%
3. Equity interests:						
3.1 Investments in mutual funds	143,257,585	0.305%	143,257,585		143,257,585	0.305%
3.2 Preferred stocks:						
3.21 Affiliated	-	0.000%	-		-	0.00%
3.22 Unaffiliated	40,486,681	0.086%	40,486,681		40,486,681	0.086%
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated	-	0.000%	-		-	0.000%
3.32 Unaffiliated	294,659,581	0.628%	294,659,581		294,659,581	0.628%
3.4 Other equity securities:					-	
3.41 Affiliated	-	0.00%	-		-	0.00%
3.42 Unaffiliated		0.000%			-	0.000%
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated	-	0.000%	-		-	0.000%
3.52 Unaffiliated	-	0.000%	-		-	0.000%
4. Mortgage loans:						
4.1 Construction and land development	93,317,998	0.199%	93,317,998		93,317,998	0.199%
4.2 Agricultural	-	0.000%	-		-	0.000%
4.3 Single family residential properties	-	0.000%	-		-	0.00%
4.4 Multifamily residential properties	-	0.000%	-		-	0.000%
4.5 Commercial loans	3,378,243,690	7.200%	3,378,243,690		3,378,243,690	7.200%
4.6 Mezzanine real estate loans	-	0.00%	-		-	0.00%
5. Real Estate Investments:						
5.1 Property occupied by company	2,965,563	0.006%	2,965,563		2,965,563	0.006%
5.2 Property held for production of income (includes $0 of property acquired					-	
in satisfaction of debt)	360,971,455	0.769%	360,971,455		360,971,455	0.769%
5.3 Property held for sale ($0 including property acquired in the satisfaction of debt)	10,263,514	0.022%	10,263,514		10,263,514	0.022%
6. Contract loans	3,405,117,738	7.257%	3,405,117,738		3,405,117,738	7.258%
7. Deriatives	41,050,789	0.087%	41,050,789		41,050,789	0.087%
8. Receivables for securities	26,819,916	0.057%	26,819,916		26,819,916	0.057%
9. Securities Lending (Line 10, Asset Page reinvested collateral)	-	0.000%	-		-	
10. Cash and short-term investments	821,842,798	1.752%	821,842,798		821,842,798	1.752%
11. Other invested assets	1,811,428,489	3.861%	1,808,240,510		1,808,240,510	3.854%
12. Total Invested Assets	$ 46,921,521,488	100.00%	$ 46,918,333,509		$ 46,918,333,509	100.00%

* Gross Investment Holdings as valued in compliance with NAIC Accounting Practices & Procedures Manual

The Guardian Life Insurance Company of America

Audited Statutory Basis
Financial Statements and Supplemental Schedules
December 31, 2015 and 2014

The Guardian Life Insurance Company of America

Statutory Basis Balance Sheets

(In Millions)

	As of December 31, 2015	As of December 31, 2014
Admitted Assets		
Bonds	$ 31,716	$ 29,653
Common and preferred stocks	1,623	1,649
Mortgage loans	3,388	3,046
Real estate	430	149
Policy loans	3,337	3,231
Other invested assets	1,906	2,139
Receivable for securities	2	1
Cash, cash equivalents and short-term investments	778	765
Total invested assets	43,180	40,633
Due and accrued investment income	367	367
Premiums deferred and uncollected	1,021	969
Current federal and foreign income tax recoverable and interest thereon	101	55
Net deferred tax asset	707	711
Reinsurance recoverable from affiliate	2,370	2,356
Other assets	375	205
Total admitted assets	$ 48,121	$ 45,296
Liabilities		
Reserves for policy benefits	$ 37,031	$ 34,856
Policyholder dividends payable and other contract liabilities	2,189	2,054
Interest maintenance reserve	373	412
Asset valuation reserve	798	754
Other liabilities	1,640	1,528
Total liabilities	42,031	39,604
Policyholders' surplus	5,245	4,847
Surplus notes	845	845
Total liabilities and policyholders' surplus	$ 48,121	$ 45,296

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America

Statutory Basis Statements of Operations

(In Millions)

	For the Years Ended December 31, 2015	2014
Revenues		
Premiums, annuity considerations and fund deposits	$ 7,334	$ 6,999
Net investment income	1,985	2,146
Other income	376	397
Total revenues	9,695	9,542
Benefits and Expenses		
Benefit payments to policyholders and beneficiaries	4,104	3,858
Net increase to policy benefit reserves	2,137	2,172
Commissions and operating expenses	2,048	1,997
Total benefits and expenses	8,289	8,027
Gain from operations before policyholder dividends and taxes	1,406	1,515
Policyholder dividends	(826)	(778)
Gain from operations before taxes and realized capital gains	580	737
Income tax expense	(82)	(102)
Income from operations before net realized capital gains	498	635
Net realized capital (losses) gains	(65)	77
Net income	$ 433	$ 712

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America

Statutory Basis Statements of Change in Policyholders' Surplus

(In Millions)

	For the Years Ended December 31,	
	2015	2014
Beginning of year balance	$ 5,692	$ 5,012
Adjustments to surplus:		
Net income	433	712
Change in net unrealized capital gains (losses), net of tax	61	(307)
Change in reserve on account of change in valuation basis	(40)	-
Change in asset valuation reserve	(44)	(69)
Change in surplus note	-	449
Change in net deferred taxes	(16)	39
Change in non-admitted assets	54	94
Change in pension funded status	(38)	(237)
Other changes, net	(12)	(1)
Net adjustments to unassigned surplus	398	680
End of year balance	$ 6,090	$ 5,692

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America

Statutory Basis Statements of Cash Flows

(In Millions)

	For the Years Ended December 31, 2015	2014
Cash flows from operating activities:		
Premiums and other income received	$ 7,314	$ 7,001
Investment income	2,062	2,183
Other income	272	122
Benefits and loss related payments	(4,029)	(3,874)
Commissions, expenses and taxes paid	(2,251)	(2,095)
Dividends paid	(782)	(775)
Other, net	(228)	(69)
Net cash provided by operating activities	2,358	2,493
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Bonds	10,748	10,908
Common and preferred stocks	340	281
Mortgage loans	469	484
Real estate	32	-
Other investments	679	289
Proceeds from investments sold or matured	12,268	11,962
Cost of investments acquired:		
Bonds	12,791	13,027
Common and preferred stocks	361	588
Mortgage loans	816	695
Real estate	40	9
Other investments	503	335
Cost of investments acquired	14,511	14,654
Net increase in policy loans, net of repayments	107	128
Net cash used in investing activities	(2,350)	(2,820)
Cash from financing:		
Cash provided:		
Surplus note	-	449
Net deposits on deposit-type contracts and other insurance liabilities	5	12
Net cash provided by financing and miscellaneous sources	5	461
Net increase in cash and short-term invesments	13	134
Cash , cash equivalents and short-term investments, beginning of year	765	631
Cash, cash equivalents and short-term investments, end of year	$ 778	$ 765

See notes to statutory basis financial statements.

NOTE 1 – ORGANIZATION

The Guardian Life Insurance Company of America ("Guardian" or the "Company") provides financial services to customers throughout the United States. The Company provides a full range of insurance, investment, securities brokerage and other financial products and services including individual life and disability insurance, group life and health insurance, annuities, mutual funds, pension and retirement related investments and administration, asset management and securities brokerage.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

The accompanying statutory basis financial statements have been prepared on the basis of accounting practices prescribed or permitted by the New York State Department of Financial Services (the "Department"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). Insurance companies domiciled in New York are required to prepare statutory basis financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP"), subject to certain deviations prescribed or permitted by the Department.

The Department recognizes only statutory accounting practices prescribed or permitted by the state of New York for determining and reporting the financial condition and results of operations of an insurance company ("New York SAP"). The NAIC promulgates the NAIC SAP, which include accounting guidelines referred to as Statements of Statutory Accounting Principles ("SSAPs"). The Department adopted NAIC SAP with certain modifications, through the passage of Regulation 172, effective January 1, 2001, as amended.

A reconciliation of the Company's net income and surplus at December 31, 2015 and 2014 between NAIC SAP and practices prescribed by the State of New York is shown below:

	2015	2014
Statutory Net Income, New York basis	$ 433	$ 712
State Prescribed Practices:		
Deferred premiums asset impact (1)	11	6
Admission of unearned reinsurance premium asset (2)	(6)	(9)
Statutory Net Income, NAIC SAP basis	$ 438	$ 709

	2015	2014
Statutory Surplus, New York basis	$ 6,090	$ 5,692
State Prescribed Practices:		
Deferred premiums asset impact (1)	122	108
Admission of unearned reinsurance premium asset (2)	(49)	(42)
Statutory Surplus, NAIC SAP basis	$ 6,163	$ 5,758

1) Department Circular Letter No. 11
2) Department Regulation 172

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial statements prepared on a New York SAP basis vary from financial statements prepared in accordance with GAAP primarily because on a statutory basis: 1) costs related to acquiring business, principally commissions and certain policy issue expenses, are charged to income in the year incurred; 2) life insurance and annuity reserves are based on statutory mortality and interest requirements, without consideration of withdrawals and company experience; 3) life insurance enterprises are required to establish a formula-based asset valuation reserve ("AVR") by a direct charge to surplus to offset potential investment losses; 4) realized gains and losses resulting from changes in interest rates on fixed income investments are deferred in the interest maintenance reserve ("IMR") and amortized into investment income over the remaining life of the investment sold; 5) bonds are carried principally at amortized cost; 6) certain reinsurance transactions are accounted for as reinsurance for statutory purposes and as financing transactions under GAAP, and assets and liabilities are reported net of reinsurance for statutory purposes and gross of reinsurance for GAAP; 7) certain "non-admitted assets" (furniture and office equipment, leasehold improvements, capitalized internally developed non-operating system software, and prepaid pension costs) must be excluded under statutory reporting through a charge to surplus; 8) investments in common stock of the Company's wholly-owned and majority owned subsidiaries are accounted for using the equity method, where earnings of such subsidiaries are recognized in surplus; only when dividends are distributed is income recognized; 9) gross deferred tax assets and changes in deferred tax assets ("DTAs") and liabilities ("DTL's"), except those relating to changes in unrealized gains and losses, are recognized as a separate component of surplus. Deferred tax assets not meeting certain criteria are non-admitted; 10) investments in real estate joint ventures that are reported as Other invested assets, where the Company has a controlling financial interest, are accounted for using the equity method for statutory purposes and consolidated under GAAP; and 11) if in the aggregate, the Company has a net negative cash balance, it is reported as a negative asset for statutory purposes and recorded as a liability under GAAP. The effect on the financial statements of the Company from the differences between New York SAP and GAAP are material and disclosed in Note 19.

Use of Estimates:
The preparation of financial statements requires management to make 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. As a provider of life insurance products, the Company's operating results in any given period depend on estimates of policy reserves required to provide for future policyholder benefits. The development of policy reserves for insurance and investment contracts requires management to make estimates and assumptions regarding mortality, lapse, expense and investment experience. Such estimates are primarily based on historical experience and, in many cases, state insurance laws that require specific mortality, morbidity, and investment assumptions to be used by the Company and may preclude the use of lapse and expense assumptions. Actual future results could differ from these estimates. Management monitors actual experience, and where circumstances warrant, revises its assumptions and the related reserve estimates. The Company regularly invests in mortgage loans, mortgage-backed securities and other securities subject to prepayment and/or call risk. Significant changes in prevailing interest rates and/or geographic conditions may adversely affect the timing and amount of cash flows on such investments, as well as their related values. In addition, the amortization of market premium and accretion of market discount for mortgage-backed securities is based on historical experience and estimates of future payment experience underlying mortgage loans. Actual prepayment timing could differ from original estimates resulting in adjustments to asset values and amortization or accretion recorded in future periods.

Admitted Assets:
Assets are stated at "admitted asset" values, which are values required by or permitted to be reported to the Department in accordance with its rules and regulations. Certain assets designated as "non-admitted assets" (approximately $305 million and $360 million at December 31, 2015 and December 31, 2014, respectively), consisting principally of deferred tax assets, leasehold improvements, electronic data processing equipment and computer software, and prepaid pension costs are charged directly to unassigned surplus.

Investments:
See Note 3 and Note 4 regarding the accounting policy, reported statement value and estimated fair value of the Company's investment in bonds, common and preferred stocks, mortgage loans, real estate and derivatives.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Short-Term Investments:
Cash includes amounts on deposit with banks. Cash equivalents are stated at amortized cost and consist of investments having maturities of three months or less at time of purchase. Certain short-term investments, including Money Market Funds, are stated at amortized cost and consist primarily of investments having maturities greater than three months from date of purchase, but less than one year to maturity. Fair values for such investments approximate carrying value, because of the relatively short period of time between their origination and expected maturity and collectability.

Policy Loans:
Policy loans are stated at unpaid principal balance. The carrying amount approximates fair value since loans on policies have no defined maturity date and reduce the amount payable at death or at surrender of the contract.

Other Invested Assets:
Other invested assets consist primarily of joint ventures, limited liability companies and other forms of partnerships. These investments are valued at the Company's share of equity in the partnerships' or joint ventures' net assets. All distributions are recorded as income or return of capital based on information received from the partnerships. The change in equity is recorded as unrealized gains (losses) on the Company's books and is charged directly to surplus.

Other Assets:
Other assets consist primarily of receivables from subsidiaries (see Note 11), receivables related to reinsurance ceded (see Note 9), amounts receivable relating to Administrative Services Only ("ASO") uninsured plans, guaranty funds receivable, and electronic data processing equipment.

Investment Reserves:
In compliance with statutory requirements, the Company maintains the AVR and the IMR. The AVR is intended to stabilize policyholders' surplus against market fluctuations in the value of equities and credit related declines in the value of bonds, mortgage loans and equity investments. Changes in the AVR are recorded directly to surplus. The IMR defers net after-tax realized capital gains (losses) which result from changes in the overall level of interest rates for fixed income investments and amortizes these net capital gains (losses) into income over the remaining stated life of the investments sold. The Company uses the group method of calculating the IMR.

Insurance Revenue and Expense Recognition:
Life premiums are recognized as income over the premium-paying period of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Benefit payments to policyholders and beneficiaries include death benefits, disability benefits, matured endowments and surrender benefits and are charged to expense when incurred.

Reserves for Policy Benefits:
See Note 5 regarding the methods and assumptions used to establish the Company's reserves for future insurance policy benefits.

Other Liabilities:
Other liabilities consist primarily of general expenses due or accrued, liabilities for employees and agents, commissions payable, unearned investment income, amounts withheld or retained by the company as agent or trustee, miscellaneous reinsurance liabilities, assessments, and tax reserves liabilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes:

The provision for federal income taxes is based on income from operations currently taxable. Realized gains and losses are reported net of the applicable federal income taxes. Deferred federal income tax assets are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with increases or decreases reflected as adjustments to surplus (See Note 8). The Company is required to establish a tax loss contingency if it is more likely than not that a tax position will not be sustained. The amount of the contingency reserve is management's best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve is equal to the entire tax benefit.

Dividends to Policyholders:

The liability for dividends to policyholders principally consists of dividends expected-to-be paid during the subsequent year and are determined by means of formulas that reflect the relative contribution of each group of policies to the results of operations. Policyholder dividends are approved annually by the Board of Directors, and a portion of the policyholder dividends approved annually are guaranteed by the Board of Directors.

Benefit Plans:

The Company has non-contributory defined benefit pension plans covering substantially all employees and agents. The benefits are based primarily on years of service and compensation. Assets of the pension plans are invested in a diversified portfolio that primarily consists of corporate bonds and common stocks. All assets are managed by the Company or its affiliates.

Reinsurance:

The Company enters into reinsurance agreements in the normal course of its insurance business to reduce overall risk (see Note 9 for reinsurance ceded and Note 10 for reinsurance assumed). The Company remains liable for reinsurance ceded if the reinsurer fails to meet its obligation on the business it has assumed. The Company evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

Net Investment Income and Capital Gains:

Net investment income includes interest and dividends received or accrued on investments. It also includes amortization of any purchase premium or discount using the interest method, adjusted retrospectively or prospectively for any change in estimated yield to maturity. Investment income due and accrued that is deemed uncollectible is charged against net investment income in the period such determination is made. Net investment income is reduced by investment management expenses, interest expense on the Company's outstanding surplus note and real estate depreciation.

Realized investment gains and losses are reported in income based upon specific identification of securities sold. Realized losses include valuation adjustments for other-than-temporary declines in investments. Unrealized investment gains and losses on financial instruments carried at fair value represent changes in the reported fair value and are recorded directly to surplus.

Assessments:

Under state insurance guaranty fund laws, insurers doing business in a state can be assessed, up to prescribed limits, for certain obligations of insolvent insurance companies to policyholders and claimants. Amounts assessed to each company are typically related to its proportion of business written in each state. The Company's policy is to accrue assessments when the entity for which the insolvency relates has met its state of domicile's statutory definition of insolvency, the amount of the loss is reasonably estimable and the related premium upon which the assessment is based is written. In most states, the definition is met with a declaration of financial insolvency by a court of competent jurisdiction. In certain states there must also be a final order of liquidation. As of December 31, 2015 and December 31, 2014, the liability balance included in Other liabilities was $2 million and $5 million, respectively for assessments. Some states permit member insurers to recover assessments through full or partial premium tax offsets. The related premium tax offsets included in Other assets were $10 million and $16 million as of December 31, 2015 and December 31, 2014, respectively.

NOTE 3 – INVESTMENTS

Bonds, Common Stocks and Preferred Stocks:
Investments are valued in accordance with methods prescribed by the Securities Valuation Office of the NAIC ("SVO"). The Company obtains the fair value of financial instruments held in its portfolio that are either carried at fair value on the face of the financial statements or disclosed in the notes to the financial statements at fair value, from a number of sources. These sources include published market quotes for active market exchange traded instruments, third party pricing vendors, investment banks which are lead market makers in certain markets, broker quotes and the use of internal valuation models that use market observable inputs when available and Company derived inputs when external inputs are not available or deemed to be inaccurate. Unrealized gains and losses on investments carried at fair value are recorded directly in unassigned surplus. The investment portfolio is reviewed for investments that may have experienced a decline in value considered to be other-than-temporary. The Company considers several factors in determining whether other-than-temporary declines exist: duration and extent to which the fair value of the security has been less than cost; financial condition of the issuer; the near term prospects for recovery of the fair value of a security; discounted estimated future cash flows; and the intent and ability of the Company to hold the security to allow for an anticipated recovery in value. Impairments that are considered other-than-temporary are included in net realized capital gains. Valuation methods for the various types of investments held are as follows:

Bonds - Bonds are stated principally at amortized cost with bond premiums and discounts amortized using the scientific interest method. Those bonds which are rated 6 by the NAIC are reported at the lower of amortized cost or fair value. Mortgage-backed bonds are carried at amortized cost using the interest method considering anticipated prepayments at the date of purchase. Significant changes in future anticipated cash flows from the original purchase assumptions are accounted for using the retrospective and prospective adjustment method utilizing the Public Securities Association standard prepayment rates.

Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from issuers or broker-dealers through information services or internal estimates and are consistent with current interest rates and the economic environment.

The Company changes from the retrospective method to the prospective method when an other than temporary impairment has been recorded on a structured loan-backed security.

Preferred stocks - Preferred stocks are carried at amortized cost if they have an NAIC SVO rating of 1 to 3 or the lower of book value or fair value based on the rating of 4 to 6.

Common stocks - Common stocks of unaffiliated companies are stated at fair value, which is based on quoted market price. For common stocks without quoted market prices, fair value is estimated using independent pricing services or internally developed pricing models. Investments in subsidiaries are included in common stocks and are valued at equity in the underlying net assets. Undistributed earnings or losses of subsidiaries and unrealized appreciation or depreciation on common stocks are reflected as unrealized capital gains and losses directly in surplus.

Foreign Currency Translation - All of the Company's insurance operations are conducted in the United States of America on a U.S. dollar-denominated basis. The Company does make bond, equity and other investments that are denominated in foreign currencies or issued by entities doing business in other countries. Investments denominated in a foreign currency are translated to U.S. dollars at each reporting date using then-current market foreign exchange rates. Translation gains or losses relating to fluctuations in market exchange rates are reported as a change in unrealized capital gains and losses until the related investment security is sold or matures, at which time a realized capital gain or loss is reported. Transactions denominated in a foreign currency, such as receipt of foreign-denominated interest or dividends, are translated to U.S. dollars based on the actual exchange rate at the time of the transaction.

NOTE 3 – INVESTMENTS (CONTINUED)

The amortized cost basis and estimated fair value of bonds and the cost basis and estimated fair value of preferred stock and common stocks at December 31, 2015 and December 31, 2014 is as follows:

	Amortized Cost/ Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2015		(In millions)		
U.S. Government	$ 1,644	18	(17)	$ 1,645
All other Government	157	7	(4)	160
States, Territories and Possessions	410	52	-	462
Political Subdivisions	275	28	-	303
Special revenue	2,142	202	(4)	2,340
Industrial and Miscellaneous	27,000	1,174	(792)	27,382
Hybrid	74	4	(3)	75
Affiliated Bonds	14	-	-	14
Total Bonds	$ 31,716	$ 1,485	$ (820)	$ 32,381
Common stocks - unaffiliated	$ 518	25	(53)	$ 490
Investment in subsidiaries	1,219	9	(262)	966
Total Common Stocks	1,737	$ 34	$ (315)	1,456
Preferred Stocks - Perpetual	$ 167	7	(8)	166
Total Preferred Stocks	167	$ 7	$ (8)	166
Total Common and Preferred Stocks	$ 1,904	$ 41	$ (323)	$ 1,622

	Amortized Cost/ Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2014		(In millions)		
U.S. Government	$ 1,315	49	-	$ 1,364
All other Government	526	33	(4)	555
States, Territories and Possessions	424	69	-	493
Political Subdivisions	277	37	-	314
Special revenue	2,028	294	(30)	2,292
Industrial and Miscellaneous	24,976	2,246	(179)	27,043
Hybrid	107	11	-	118
Total Bonds	$ 29,653	$ 2,739	$ (213)	$ 32,179
Common stocks - unaffiliated	$ 521	39	(36)	$ 524
Investment in subsidiaries	1,243	4	(241)	1,006
Total Common Stocks	1,764	43	(277)	1,530
Preferred Stocks - Perpetual	$ 119	15	(5)	129
Total Preferred Stocks	119	$ 15	$ (5)	129
Total Common and Preferred Stocks	$ 1,883	$ 58	$ (282)	$ 1,659

NOTE 3 – INVESTMENTS (CONTINUED)

The Company invests in high quality securities that are diversified by asset class, issuer and industry. At December 31, 2015 approximately 5.2% of the portfolio is invested in securities issued or backed by the United States Government or its agencies. No other single issuer accounts for more than 1.3% of the portfolio at December 31, 2015.

The amortized cost and estimated fair value of debt securities at December 31, 2015 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations.

	2015	
	Amortized Cost	Estimated Fair Value
	(In millions)	
Due in one year or less	$ 314	$ 347
Due after one year through five years	4,206	4,422
Due after five years through ten years	10,013	9,978
Due after ten years	12,344	12,594
Sinking fund bonds, mortgage backed securities and asset backed securities	4,839	5,040
Total	$ 31,716	$ 32,381

The net change in unrealized holding losses included in surplus for year ended December 31, 2015 and 2014 is summarized as follows:

	2015	2014
	(In millions)	
Changes in net unrealized capital gains (losses) attributable to:		
Bonds (NAIC 6 rated)	$ -	$ (2)
Preferred Stocks (NAIC 4, 5 and 6 rated)	(1)	(5)
Common stocks unaffiliated	(31)	4
Common stocks affiliated	(22)	(275)
Foreign currency translation	58	(69)
Other (mainly private equities)	84	54
Total change in net unrealized capital gains (losses)	88	(293)
Tax expense	(27)	(14)
Total change in net unrealized gains (losses), net of tax	$ 61	$ (307)

Proceeds from sales of investments in bonds amounted to $9,248 million and $9,708 million for the years ended December 31, 2015 and 2014, respectively. Gross gains of $359 million and $375 million and gross losses of $236 million and $123 million were realized on sales of bonds for the years ended December 31, 2015 and 2014, respectively. These amounts are pre-tax and pre-IMR.

Proceeds from sales of investments in common stock amounted to $212 million and $215 million for the years ended December 31, 2015 and 2014, respectively. Gross gains of $18 million and $12 million and gross losses of $18 million and $24 million were realized on sales of common stock for the years ended December 31, 2015 and 2014, respectively. These amounts are pre-tax.

NOTE 3 – INVESTMENTS (CONTINUED)

Proceeds from sales of investments in preferred stock amounted to $59 million and $39 million for the years ended December 31, 2015 and 2014, respectively. Gross gains of $10 million and $0.2 million and gross losses of $9 million and $1 million were realized on sales of preferred stocks in December 31, 2015 and 2014, respectively. These amounts are pre-tax and pre-IMR.

During 2015, the Company restructured one bank loan. The book value at the time of restructured was $14 million and a $10 million impairment was taken at the time of restructure. The carrying value of the bond was $4 million for the year ended December 31, 2015. During 2014, the Company restructured one private placement bond. The book value at the time of restructured was $25 million and a $1.8 million impairment was taken at the time of restructure. This private placement bond was subsequently sold during 2014 and generated a realized loss of $8 million.

During 2015 and 2014 the Company had non-cash transactions related to the exchange or conversion of bonds that it held as investments in the amount of $739 million and $344 million.

During 2015 and 2014 the Company had non-cash transactions related to the exchange or merger activity related to common stock that it held as investments in the amount of $3 million and $10 million.

During 2015 and 2014 the Company had non-cash transactions related to the exchange or conversion of preferred stock that it held as investments in the amount of $6 million and $22 million.

Unrealized Losses:

The Company's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2015 and December 31, 2014 are shown below:

December 31, 2015	**Less than 12 Months**		**12 Months or More**		**Total**	
(In millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government	$ 1,113	$ (17)	$ 1	$ -	$ 1,114	$ (17)
All other Government	76	(4)	-	-	76	(4)
States, Territories and Possessions	41	-	-	-	41	-
Special Revenue	203	(3)	9	(1)	212	(4)
Industrial and Miscellaneous	10,915	(652)	773	(140)	11,688	(792)
Hybrid	30	(3)	-	-	30	(3)
Total Bonds	$ 12,378	$ (679)	$ 783	$ (141)	$ 13,161	$ (820)
Preferred stocks	72	(8)	3	-	75	(8)
Common stocks - unaffiliated	211	(14)	108	(39)	319	(53)
Total temporarily impaired securities	$ 12,661	$ (701)	$ 894	$ (180)	$ 13,555	$ (881)

Note: The unrealized losses in the above table include $6 million for NAIC 6 Rated Preferred Stocks.

NOTE 3 – INVESTMENTS (CONTINUED)

December 31, 2014	**Less than 12 Months**		**12 Months or More**		**Total**	
(In millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government	$ 126	$ -	$ 5	$ -	$ 131	$ -
All other Government	43	(3)	6	(1)	49	(4)
States, Territories and Possessions	6	-	6	-	12	-
Political Subdivisions	12	-	-	-	12	-
Special Revenue	35	(18)	171	(12)	206	(30)
Industrial and Miscellaneous	3,242	(146)	915	(33)	4,157	(179)
Hybrid	4	-	-	-	4	-
Total Bonds	$ 3,468	$ (167)	$ 1,103	$ (46)	$ 4,571	$ (213)
Preferred stocks	-	-	16	(5)	16	(5)
Common stocks - unaffiliated	30	(5)	166	(31)	196	(36)
Total temporarily impaired securities	3,498	$ (172)	$ 1,285	$ (82)	$ 4,783	$ (254)

Note: The unrealized losses in the above table include $4.9 million for NAIC 6 Rated Preferred Stocks.

The Company’s investment portfolio includes individual securities that are in an unrealized loss position and have not been recognized as other-than-temporary impairments. There were eight hundred and seventy securities in an unrealized loss position for greater than 12 months with a book value of $1,074 million and a fair value of $894 million as of December 31, 2015. There were three hundred and sixty securities in an unrealized loss position for greater than 12 months with a book value of $1,367 million and a fair value of $1,285 million as of December 31, 2014.

In reaching the conclusion that these impairments are not other-than-temporary, management considered many factors including: duration and severity of impairment, discounted cash flow analysis, investment sector stability, creditworthiness, financial condition of issuer, and intent and ability to hold to allow for recovery in value.

NOTE 3 – INVESTMENTS (CONTINUED)

Mortgage Loans:
Mortgage loans are valued at amortized cost. Valuation reserves are established for potential declines in the value of the mortgage loans. As of December 31, 2015 and December 31, 2014 there were no valuation reserves established for any of the Company's mortgage loans. Other-than-temporary impairments on loans are charged to net realized capital losses and are not adjusted for subsequent recoveries in value. There were no Other-than-temporary impairments on mortgage loans were $0 million for the years ended December 31, 2015 and 2014, respectively.

The Company's investments in mortgage loans on real estate consist principally of loans on commercial and cooperative residential real estate properties. The largest concentrations of commercial real estate mortgage loans are for properties located in California and Virginia ($1,058 million or 31.22% and $228 million or 6.72%) at December 31, 2015. The largest concentrations of commercial real estate mortgage loans are for properties located in California and Virginia ($918 million or 30.14% and $237 million or 7.78%) at December 31, 2014. The Company estimates the fair value of mortgage loans on real estate to be $3,538 million and $3,268 million at December 31, 2015 and December 31, 2014, respectively. Fair value was determined based upon the present value of the scheduled future cash flows of each loan based on the average term to maturity discounted at the appropriate U.S. Treasury rate, adjusted for the current market spread for a similar quality mortgage. The minimum and maximum range of lending rates on new mortgage loans were between 3.290% and 4.260% originated during 2015. The maximum percentage of any single mortgage loan to the value of the security originated in 2015 was 65.69% at origination date.

Interest received on impaired loans that were previously modified in a troubled debt restructuring is either applied against the principal or reported as revenue according to management's judgment as to the collectability of principal. There were no mortgages with interest more than 180 days past due at December 31, 2015 or December 31, 2014, respectively.

Management monitors its mortgage loan portfolio on an ongoing basis for events or circumstances that could indicate that it will not receive all of its contractually due principal and interest payments in accordance with the loan agreements. In May and November of each year, the entire portfolio is screened based on debt service coverage, loan to value ratio, delinquency over 90 days and if there are indications that balloon payments due at maturity will not be made to determine if any other than temporary impairments might need to be recorded.

During 2015 and 2014, there were no mortgage loans impaired.

NOTE 3 – INVESTMENTS (CONTINUED)

The following table set forth the credit quality indicators as of December 31, 2015 and December 31, 2014, based upon the recorded investment gross of allowance for credit losses.

Mortgage Loans

	Debt Service Coverage Ratio - December 31, 2015						
	Greater than 2.0X	1.8X to 2.0X	1.5X to <1.8X	1.2X to <1.5X	1.0X to <1.2X	Less than 1.0X	Grand Total
Loan-to-Value Ratio							
0% - 49.99%	$ 549	$ 126	$ 39	$ 97	$ 16	$ 4	$ 831
50% - 59.99%	346	81	451	200	35	-	1,113
60% - 69.99%	464	-	282	293	16	5	1,060
70% - 79.99%	28	28	-	119	141	7	323
80% - 89.99%	-	-	-	-	5	13	18
90% - 100%	18	22	-	-	-	3	43
Greater than 100%	-	-	-	-	-	-	-
Total	**$ 1,405**	**$ 257**	**$ 772**	**$ 709**	**$ 213**	**$ 32**	**$ 3,388**

Mortgage Loans

	Debt Service Coverage Ratio - December 31, 2014						
	Greater than 2.0X	1.8X to 2.0X	1.5X to <1.8X	1.2X to <1.5X	1.0X to <1.2X	Less than 1.0X	Grand Total
Loan-to-Value Ratio							
0% - 49.99%	$ 478	$ 160	$ 88	$ 107	$ 21	$ 5	$ 859
50% - 59.99%	268	119	296	151	43	-	877
60% - 69.99%	160	2	82	284	36	-	564
70% - 79.99%	64	-	54	323	60	10	511
80% - 89.99%	-	-	9	-	172	19	200
90% - 100%	18	-	-	2	-	15	35
Greater than 100%	-	-	-	-	-	-	-
Total	**$ 988**	**$ 281**	**$ 529**	**$ 867**	**$ 332**	**$ 49**	**$ 3,046**

NOTE 3 – INVESTMENTS (CONTINUED)

Real Estate:

Real estate investments are reported in the financial statements at cost, less any valuation adjustment, encumbrances and accumulated depreciation of buildings and other improvements using a straight line method over a 40 year period for the buildings and the estimated useful life of the improvements. An investment in real estate is considered impaired when the projected undiscounted net cash flow from the investment is less than depreciated cost. When the Company determines that an investment in real estate is impaired, a valuation adjustment is made to reduce the carrying value to estimated fair value, after encumbrances, based on appraisal of the property. The valuation adjustment is included in realized gains (losses).

Real estate was comprised of the following for the years ended December 31, 2015 and December 31, 2014:

		2015		2014
		(In millions)		
Investment real estate	$	415	$	130
Properties held for sale		3		-
Total investment properties		418		130
Properties occupied by the Company		12		19
Total real estate	$	430	$	149

Effective January 1, 2015, per the revised guidance contained in SSAP No.40 (Revised) – Real Estate Investments ("SSAP 40R"), a single real estate property investment that is wholly-owned by a limited liability company ("LLC") and that is directly owned and wholly-owned by the reporting insurance entity is to be classified on the Statutory Basis Balance Sheets as Real estate. In order to meet this requirement the Company reclassified fifteen single property joint venture limited liability companies that it directly and wholly owns from Other invested assets to Real estate on its Statutory Basis Balance Sheets in the first quarter of 2015. The carrying amount of these joint venture limited liability companies was $270 million at the time of transfer.

The Company had accumulated depreciation totaling $114 million and $61 million at December 31, 2015 and December 31, 2014, respectively. The Company recorded depreciation expense of $20 million for 2015 and $5 million for 2014. There were two properties with carrying value of $21 million, above their combined fair value of $17 million at December 31, 2015. There were two properties with carrying value of $21 million, above their combined fair value of $18 million at December 31, 2014. There were no other-than-temporary impairments taken on real estate in 2015 or 2014. The fair values were determined by a third party and internal appraisals. As of December 31, 2015 the Company had one property held for sale with carrying value of $3 million.

Special Deposits:

Assets of $9 million at December 31, 2015 and 2014, respectively were on deposit with governmental authorities or trustees as required by certain insurance laws and are included within invested assets in the accompany Statutory Basis Balance Sheets.

Investment in Subsidiaries:

Investment in affiliated limited liability subsidiaries are included in Other invested assets while investment in all other subsidiaries are included in Common stocks on the Statutory Basis Balance Sheets and totaled $1,590 million and $1,680 million at December 31, 2015 and December 31, 2014, respectively.

NOTE 3 – INVESTMENTS (CONTINUED)

The Company's major subsidiaries are as follows:

Guardian Insurance and Annuity Company ("GIAC") is a stock life insurance company organized primarily for the sale of equity-based products, including variable life, variable annuities and other lines of insurance. For variable products, contracts are sold by insurance agents who are licensed by Park Avenue Securities LLC ("PAS"), wholly-owned by GIAC, and are either registered representatives of PAS or of broker-dealer firms that have entered into sales agreements with GIAC and PAS.

Berkshire Life Insurance Company of America ("BLICOA") is a stock life company whose primary business is the sale and administration of disability insurance business.

Park Avenue Life Insurance Company ("PALIC") was purchased by the Company during 1996. PALIC's primary business is the administration of life insurance business (principally term and universal life products). Although PALIC is licensed in 48 states and the District of Columbia, it does not currently write new business.

First Commonwealth, Inc. ("FCW") is a provider of managed dental benefits in the upper Midwest, including the metropolitan areas of Chicago, Milwaukee, St. Louis and Detroit. FCW provides dental care coverage and/or arranges for dental care services to be provided to its subscribers primarily on a prepaid basis. FCW also provides indemnity/Preferred Provider Organization ("PPO") dental coverage, administrative claim services, and absence management services. In 2014, FCW became a provider of managed dental benefits in California, Utah and Nevada. On July 31, 2014, FCW acquired 100% interest in Premier Access Insurance Company and its affiliates at a purchase price of $254 million in cash. The total net assets were $270 million including goodwill and intangible assets of $232 million.

Guardian Investor Services ("GIS") provides investment advisory services and related services to the RS Investment Trust (mutual funds), RS Variable Products Trust (variable investment trusts), private investment unit trust, institutional and other clients.

- On December 31, 2015, GIS acquired 100% interest in Aon Hewitt's Absence Management Business at a purchase price of $158 million in cash. The total assets acquired were $167 million which includes $142 million in goodwill and intangible assets and total liabilities acquired were $9 million.

- On August 31, 2006, GIS acquired a 65% interest in RS Investments Management Co. LLC ("RS"), a privately-held San Francisco investment management firm specializing in growth and value mutual funds and institutional accounts. On December 17, 2015, GIS entered into a definitive agreement to sell its majority interest (as of December 31, 2015, GIS owns a 94.0% interest in RS) in RS to Victory Capital. As a result of the sale agreement GIS recorded a realized loss of $151 million related to an impairment in RS as a result of a decline in fair value considered to be other-than-temporary. This decline in fair value is reflected in Other invested assets. The transaction, which is subject to customary closing conditions and regulatory approvals, is expected to close at the end of the second quarter of 2016.

- The sales price is subject to further adjustment based on the management fee calculation at closing. The management fee calculation is impacted by deposits or redemptions through the closing date therefore the ultimate loss is dependent on investor behavior through the closing date.

- Park Avenue Institutional Advisers ("PAIA"), a wholly-owned subsidiary of GIS, provides investment advisory services and related services to the RS Investment Trust (mutual funds), RS Variable Products Trust (variable investment trusts), private investment unit trust, institutional and other clients.

The Company sold its interest in eMoney Advisor Holdings, LLC ("eMoney Holdings") on March 6, 2015, realizing a gain of $150 million.

NOTE 3 – INVESTMENTS (CONTINUED)

Selected financial information for the Company's significant subsidiaries is highlighted below:

	2015	2014
	(In millions)	
GIAC (Statutory basis)		
Total assets	$ 15,886	$ 15,658
Total liabilities	15,626	15,431
Net loss	$ (24)	$ -
BLICOA (Statutory basis)		
Total assets	$ 3,381	$ 3,377
Total liabilities	3,173	3,108
Net income	$ 14	$ 17
PALIC (Statutory basis)		
Total assets	$ 269	$ 305
Total liabilities	218	230
Net income	$ 5	$ 2
FCW (GAAP basis)		
Total assets	$ 550	$ 529
Total liabilities	81	73
Net income	$ 21	$ 10
GIS (GAAP basis)		
Total assets	$ 867	$ 676
Total liabilities	300	84
Net (loss) income	$ (150)	$ 21

Investment in Subsidiaries

The following table provides additional information on non-insurance subsidiaries.

Description of SCA Investment (excluding US Insurance SCA)	Gross Amount	Nonadmitted Amount	Admitted Asset Amount	Date of Filing to NAIC	Type of NAIC Filing (Sub-1, Sub-2, or Resubmission of Disallowed Filing)	NAIC Response Received (yes/no)	NAIC Valuation (Amount)	NAIC Disallowed Entity's Valuation Method, Resubmission Required (yes/no)
				(In millions)				
Managed Dental Care of California	$ 6	$ -	$ 6	12/11/15	Sub-2	Y	$ 5	no
First Commonwealth	438	-	438	12/11/15	Sub-2	Y	420	no
Innovative Underwriters	6	6	-	n/a	Sub-2	n/a	-	n/a
Guardian Investors Services, LLC	533	-	533	n/a	n/a	n/a	-	n/a
Aggregate Total	$ 983	$ 6	$ 977				$ 425	

NOTE 3 – INVESTMENTS (CONTINUED)

NET INVESTMENT INCOME

Net investment income, including accrual of discounts and amortization of premiums, arose from the following sources for the years ended December 31, 2015 and December 31, 2014:

	2015	2014
	(In millions)	
Bonds	$ 1,480	$ 1,406
Preferred stocks	8	7
Unaffiliated common stocks	9	16
Affiliated common stocks	35	308
Mortgage loans	159	165
Real estate	74	25
Policy loans	241	232
Cash and short-term investments	3	1
Other (mainly private equities)	165	117
Gross investment income	2,174	2,277
Less investment expenses	(189)	(131)
Net investment income	$ 1,985	$ 2,146 *

*See Note 11 – Related Party Transactions

NET REALIZED CAPITAL GAINS (LOSSES)

Net realized capital gains (losses) were derived from the following sources for the years ended December 31, 2015 and December 31, 2014:

	2015	2014
	(In millions)	
Bonds	$ 9	$ 268
Preferred stocks	1	(1)
Common stocks (unaffiliated & affiliated)	-	(13)
Mortgage loans	-	(2)
Real estate	2	-
Other invested assets	93	62
Derivatives and hedging gains (losses)	27	(5)
Other realized gains (losses)	(1)	4
Total net realized capital gains	131	313
Capital gains tax expense	(132)	(99)
Transfer to IMR (net of tax)	(64)	(137)
Net realized capital (losses) gains	$ (65)	$ 77

The net realized capital gains figure above includes other-than-temporary impairment losses of $188 million and $2 million for the years ended December 31, 2015 and December 31, 2014, respectively. The $188 million comprises of a $151 million impairment related to the pending sale of RS, $31 million related to bonds, $5 million related to private equities, and $1 million related to real estate funds.

NOTE 3 – INVESTMENTS (CONTINUED)

Derivative Financial Instruments:

The Company enters into derivative transactions in order to mitigate ("hedge") certain risks pertaining to its assets, liabilities and surplus from fluctuations in interest rates, foreign currency exchange rates and market volatility. Derivatives are either exchange traded or contracted over-the-counter. The majority of the Company's over-the-counter derivatives are bilateral contracts between the Company and a single counterparty. The Company's remaining over-the-counter derivatives are cleared and settled through central clearing counterparties.

Derivatives that are designated as hedges for accounting purposes and meet the qualifications for hedge accounting are reported on a basis consistent with the asset or liability being hedged (i.e. at amortized cost). Derivatives that are used to mitigate risk but are not designated as hedges for accounting purposes or do not meet the qualifications for hedge accounting treatment are reported at fair value.

To qualify for hedge accounting the hedge relationship must be designated and formally documented at inception. This documentation details the risk management objective and strategy for the hedge, the derivative used in the hedge, the asset or liability being hedged, and the methodology for assessing hedge effectiveness. The hedge must also be "highly effective" with an assessment of its effectiveness performed both at inception and on an ongoing basis over the life of the hedge.

Derivative transactions expose the Company to the risk that the counterparty may not be able to fulfill its obligations under the terms set forth in the contract. The Company manages this counterparty risk by entering into transactions with counterparties that maintain a minimum credit rating, by performing ongoing review of a counterparties' credit standing, by adhering to established limits for credit exposure to any single counterparty and is requiring collateral posting subject to thresholds and minimum transfer amounts in accordance with counterparty agreements to support credit risk associated with counterparty exposures which further reduces the company's exposure to default by the counterparty. The Company is required to establish a margin account for all of its futures contracts. Any contract gains or losses due to the change in the value of futures are settled in cash on a daily basis. The Company does not offset the statement values for derivatives executed with the same counterparty, even if a master netting arrangement is in place. The Company also does not offset the right to claim collateral against the obligation to return such collateral.

The Company has no embedded credit derivatives that expose it to the possibility of being required to make future payments.

Hedging – Designated As Hedging Instruments

In 2014 the Company began to designate certain derivative transactions as accounting hedges. The Company designates and accounts for its foreign currency swaps as cash flow hedges and certain equity futures contracts related to the liability of its deferred compensation plan as fair value hedges.

Foreign currency swaps are used to mitigate the foreign exchange risk for investments for specifically identified private placement bonds denominated in foreign currencies over a period of up to 15 years. Foreign currency swaps obligated the Company and a counterparty to exchange the foreign currency denominated interest and principal payments receivable on foreign denominated bonds for U.S. dollar payments based on currency exchange rates specified at the inception of the transaction. Foreign exchange gains or losses on these contracts are reported as a change in unrealized gains or losses until the maturity or sale of the hedged foreign currency bond at which time a realized capital gain or loss is recognized.

Equity index futures are used to mitigate the change in value of the liability the Company has to participants in its deferred compensation plans that allocate their plan account balances to equity funds offered under the plan. Equity index futures obligate the Company to pay or to receive an amount based on a specified equity market index as of a future date applied to the notional amount of the contract. The change in the fair value of the futures contracts are recorded as income or expense which offsets the impact on gain from operation of the change in value of its deferred compensation liability. If the hedge is deemed to be ineffective for any period of time, the change in the fair value of the futures contracts for that time period is recorded in surplus as an unrealized gain or loss.

NOTE 3 – INVESTMENTS (CONTINUED)

Hedging – Not Designated As Hedging Instruments

The Company enters into other derivative transactions that mitigate economic risks but are not designated as a hedge for accounting purposes or do not qualify for hedge accounting treatment. These derivative instruments are reported at fair value in the balance sheet as either other invested assets or other liabilities. Changes in the fair value of these instruments are reported as a change in unrealized capital gains or losses until the maturity or termination of the contract, at which time a realized capital gain or loss is recorded.

Treasury futures are used to mitigate interest rate risk pertaining to guaranteed minimum benefit liability associated with one of the Company’s products. Treasury futures obligate the Company to take or receive delivery of certain Treasury Bonds at a specified price at a future date.

Foreign currency futures are used to mitigate the foreign exchange risk of investments in foreign denominated bonds securities. Foreign currency futures are exchange traded and settled daily. Foreign currency futures obligate the Company to exchange a specified amount of foreign currency at a specified rate on a future date.

Equity index futures are used to mitigate market fluctuations of the Company’s portfolio of unaffiliated common stock and other mark to market assets and to minimize the volatility associated with certain liabilities. Equity index futures obligate the Company to pay or receive from a counterparty a cash amount based on a specified equity market index at a predefine price as of a future date applied to the notional amount of the contracts.

All of the futures contracts that the Company has entered into are exchange traded. Margin payments are required for futures contract and contract gains or losses are settled daily in cash, therefore the futures contracts are carried at zero value on the Company’s balance sheets. The contract amount of futures contracts represents the extent of the Company’s involvement, but not future cash requirements, as open positions are typically closed out prior to the delivery date of the contract.

Foreign currency forwards are used to mitigate the foreign exchange risk for investments in foreign denominated bonds or foreign denominated equity investments. Foreign currency forwards obligate the Company and the counterparty to exchange U.S. dollars and another currency at a specified future date and at a specified price.

Replications

The Company enters into credit default swap (“CDS”) derivative transactions in which it sells credit default protection on a bond in return for a premium paid by the counterparty. Statutory accounting guidance requires a cash instrument (high quality bond) with the same par value as the notional amount of the derivative and at least the same duration as the CDS to be held by the Company in order to cover the cost of default payments on the CDS should they occur. The combining of the CDS and the cash instrument creates the replication (synthetic bond). The Company enters into a replication transaction in order to gain exposure to a specific bond that it cannot obtain in the current market. If the replicated asset and cash instrument are carried at amortized cost so is the derivative. Otherwise, the derivative is carried at fair value.

NOTE 3 – INVESTMENTS (CONTINUED)

The effects of the Company's use of derivative instruments on the Balance Sheets and Statements of Operations:

December 31, 2015	Notional Amount	Statement Value Assets	Statement Value Liabilities	Change in Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income	Gain/(loss) from Operations
			(in millions)				
Derivatives designated as hedging instruments:							
Foreign currency swaps	$ 146	$ 9	$ -	$ 7	$ -	$ -	$ -
Equity index futures	-	-	-	-	-	-	(3)
Derivatives not designated as hedging instruments:							
Equity index futures	-	-	-	3	(4)	-	-
Currency forwards	-	-	-	(10)	32	-	-
Credit default swap	50	-	5	-	(1)	-	-
Total derivatives	$ 196	$ 9	$ 5	$ -	$ 27	$ -	$ (3)

December 31, 2014	Notional Amount	Statement Value Assets	Statement Value Liabilities	Change in Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income	Gain/(loss) from Operations
			(in millions)				
Derivatives designated as hedging instruments:							
Foreign currency swaps	$ 45	$ 2	$ -	$ 2	$ -	$ -	$ -
Equity index futures	-	-	-	-	-	-	12
Derivatives not designated as hedging instruments:							
Equity index futures	-	-	-	(5)	(3)	-	-
Currency forwards	459	10	-	12	1	-	-
Foreign currency swaps	-		-	3	(3)	-	-
Total derivatives	$ 504	$ 12	$ -	$ 12	$ (5)	$ -	$ 12

Repurchase Agreements:

The Company periodically enters into repurchase agreements whereby securities will be resold at a specified date and price. There are no repurchase agreements as of December 31, 2015. There is one repurchase agreement as of December 31, 2014. Assets of $5 million are included in the Statutory Basis Balance Sheets as Cash and cash equivalents as of December 31, 2014, were subject to repurchase. The Company’s policy requires a minimum of 102% of the fair value of the borrowed securities as collateral calculated on a daily basis, in the form of either cash or securities. The collateral at December 31, 2014 consists of one US Treasury Note with a par value of $5 million, a fair value (with accrued interest) of $5 million, a coupon of 0.1% maturing on January 2, 2015.

NOTE 3 – INVESTMENTS (CONTINUED)

Reverse Repurchase Agreements:

The Company periodically enters into reverse repurchase arrangements whereby certain securities are loaned, primarily with major brokerage firms. The Company's policy requires a minimum of 95% of the fair value of the loaned securities as collateral, calculated on a daily basis, in the form of either cash or securities. Collateral assets received and related liabilities due counterparties are included in the Statutory Basis Balance Sheets as "Other Liabilities". There were no open reverse repurchase agreements on December 31, 2015 or December 31, 2014.

Securities Lending

There were no securities on loan at December 31, 2015 or December 31, 2014.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Statutory guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's view of market assumptions based on internally developed data in the absence of observable market information. The guidance requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs when determining the fair value of an asset or liability. The statement classifies all assets and liabilities carried or disclosed at fair value in one of the following three categories:

Level 1 – inputs are quoted market prices available in active markets for identical assets or liabilities on the reporting date. Assets included in this category include common stock unaffiliated and derivative instruments actively traded on an exchange, and any actively traded registered mutual funds held directly by the general account.

Level 2 – inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations whose inputs are observable or whose significant value drivers are observable. These types of instruments include fixed maturity instruments, common stock unaffiliated that is not actively traded preferred stocks and private placement securities.

Level 3 – inputs are unobservable where there is little or no market activity for the asset or liability and the Company makes estimates and assumptions based on internally derived information. Instruments held in this category include foreign equity (common stock unaffiliated) and certain private placement securities.

The estimated fair values presented below have been determined using available information and valuation methodologies. The estimated fair value for financial instruments held by the Company was determined by management after considering the following sources of information: published market quotes for active exchange traded instruments, third party pricing vendors, quotes from investment banks that are lead market makers in certain markets, independent broker quotations, or the use of internal valuation models that use market observable inputs when available and Company derived inputs when external inputs are not available or deemed to be inaccurate. Considerable judgment is applied in interpreting data to develop the estimates of fair value. Accordingly, such amounts are management's estimate of the value that would be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies from period to period based on available information and market conditions could have a material effect on the estimated fair values.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Bonds, preferred and common stocks:
Estimated fair values for bonds, other than private placement securities, preferred stock and common stock are valued based on quoted prices from active markets when available (Level 1).

When the Company cannot obtain a quoted market price directly it relies on values provided by a third party pricing vendor. This is the pricing source for the majority of the Company's marketable securities. Prices received from a third party vendor are generally considered to be Level 2.

Pricing vendors utilize pricing models developed for individual asset classes which incorporate available market data. These market inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data which include market research publications. The pricing vendor may obtain broker quotes for securities when sufficient information is not available to fully evaluate a security. For broker-quoted only securities, quotes from market makers or broker-dealers are obtained from sources recognized to be market participants.

Portfolio managers review the values assigned by the pricing vendor for reasonableness. In doing so, they compare the prices received from the pricing vendor to prices of similar securities, price ranges in that asset class or industry or prices from internally generated position reports. If there is a discrepancy with the price received from the vendor, the portfolio manager may communicate this difference to the pricing vendor and present the vendor with additional market data regarding that security in order to insure the pricing vendor has sufficient information needed to accurately price the security. The pricing vendor will then independently validate and evaluate that data and determine if a price change is warranted.

In the rare instance when a portfolio manager finds a difference in his or her assessment of fair value and the vendor price, after performing the preceding procedures, the portfolio manager may request replacement of the vendor price by a supportable value that is believed to be more representative of the security price. Any replacement of the vendor price is subject to an internal approval process.

The fair values of private placement bonds are determined by using an internal pricing model or for a small amount of securities, assigned individual prices. These assigned individual prices are usually obtained from an external broker ("hand priced") and are considered to be Level 3.

The significant inputs used for the internal pricing model consist of (i) broker supplied price matrices, (ii) treasury rates and (iii) credit ratings from either a nationally recognized securities rating organization ("NRSRO") such as Standard & Poor or Moody's ("external ratings") or a credit rating assigned internally by the Company's Private Placement Investment Management Group ("internal ratings").

Private placement bonds with an external credit rating, or composite external credit rating, of BB or above, for which the corresponding matrix price is used, are classified as Level 2. If the external credit rating or composite external credit rating is below a BB the private placement bond is classified as Level 3.

Bonds are carried at amortized cost unless they are rated 6 by the NAIC SVO in which case they are reported at the lower of amortized cost or fair value. There were no bonds rated 6 by the NAIC SVO and carried at fair value on December 31, 2015 and December 31, 2014. Impaired bonds carried at fair value on December 31, 2015 and December 31, 2014 were $12 million and $0 million, respectively.

Preferred stock is carried at amortized cost if they have a NAIC SVO rating of 1, 2 or 3 and at lower or cost or fair value if the rating assigned is 4, 5 or 6. Preferred stocks rated 4, 5, 6 by the NAIC SVO and carried at fair value on December 31, 2015 and December 31, 2014 were $14 million and $4 million, respectively.

Unaffiliated common stocks are reported at fair value.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives:

Derivative instruments are valued through the use of quoted market prices for exchange-traded derivatives (Level 1), third party pricing model and a third party pricing service for over-the-counter ("OTC") traded derivatives (Level 2) and by using internally developed estimates and assumptions when no quoted market price or third party vendor price is available (Level 3).

The third party pricing model used to determine fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that are assumed to be consistent with what market participants would use when pricing the instruments. The significant inputs to the pricing models for most over-the-counter derivatives are inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Significant observable inputs include: interest rates, foreign currency exchange rates, interest rate curves, credit curves and volatility.

The methodology used by the third party pricing service for derivative investments is the same as that described above under the bonds, preferred and common stocks section.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables summarize the Company's financial instruments carried at fair value by their fair value hierarchy levels for the period ending December 31, 2015 and December 31, 2014:

	December 31, 2015				
	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
Assets	(In millions)				
Impaired Bonds	$ -	$ 4	$ 8	$ 12	$ 12
NAIC 4,5,6 Preferred Stock	-	14	-	14	14
Common Stock	183	307	-	490	490
Derivative Instruments	-	9	-	9	9
Total Assets	$ 183	$ 334	$ 8	$ 525	$ 525
Liabilities					
Derivative instruments	$ -	$ 5	$ -	$ 5	$ 5
Total Liabilities	$ -	$ 5	$ -	$ 5	$ 5

	December 31, 2014				
	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
Assets	(In millions)				
NAIC 4,5,6 Preferred Stock	$ -	$ 4	$ -	$ 4	$ 4
Common Stock	222	302	-	524	524
Derivative Instruments	-	10	-	10	10
Total Assets	$ 222	$ 316	$ -	$ 538	538
Liabilities					
Derivative instruments	$ -	$ -	$ -	$ -	$ -
Total Liabilities	$ -	$ -	$ -	$ -	$ -

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

There were no financial instruments carried at fair value and classified as Level 3 for the year ended December 31, 2015:

Level 3 Roll Forward	**As of December 31, 2015**		
(In Millions)	NAIC 6 Bonds	Impaired Bonds	Total
Fair Value , beginning of period	$ -	$ -	$ -
Total gains or (losses) (realized or unrealized):			-
Included in net income	-	-	-
Included in surplus	-	-	-
Purchases, sales, issuances, and settlements:			-
Purchases	-	-	-
Sales	-	-	-
Issuances	-	-	-
Settlements	-	-	-
Transfers into Level 3	-	8	8
Transfers out of Level 3	-	-	-
Fair value, end of period	$ -	$ 8	$ 8

Transfers into and out of Level 3 are recognized at the end of the reporting period. During 2015 the Company transferred one security into Level 3 and none out of Level 3. The transfers in and out of level 3 were determined by the observable/unobservable inputs used in pricing the securities.

There were no financial instruments carried at fair value and classified as Level 3 for the year ended December 31, 2014.

NOTE 5 – RESERVES FOR POLICY BENEFITS

Reserves for policy benefits represent the estimated net present value of future policy benefits, less future policy premiums, established using actuarial methods based on mortality and morbidity experience tables and valuation interest rates prescribed by the Department. Actual future experience will generally differ from assumptions used to determine these reserves.

Reserves for future policy benefits on life insurance issued in 1988 and later are calculated principally on the New Jersey Reserve Method or the Commissioners Reserve Valuation Method using the 1980 Commissioners' Standard Ordinary ("CSO") and the 2001 CSO mortality tables. Reserves on life policies issued before 1988 are calculated principally on the Net Level Premium Reserve Method using the American Experience, 1941, 1958 and 1980 CSO mortality tables. Annuity contract reserves are principally calculated using the 1971, 1983, and 2000 Individual Annuity, 2015 Individual Annuity, and 1983 Group Annuity mortality tables. Assumed interest rates principally range from 2.5% to 5.5 % for direct business.

The reserves for Group Life Waiver and LTD reported claims are determined on a seriatim basis. Life waiver of premium reserves are determined primarily using the 1970 Inter-company Group Life Disability Table for claims incurred on or before December 31, 2008 and the 2005 Group Term Life Waiver Reserve Valuation Table for claims incurred on or after January 1, 2009. The interest rate is 4.0% for claims incurred on or before December 31, 2012 and 3.5% for claims incurred on or after January 1, 2013. Long-term disability reserves are determined using the 1987 Commissioners' Group Disability Table and Table 95a and interest rates ranging from 3.0% to 5.0%, depending on year of incurral. Short Term Disability (STD), Dental, and Medical claims incurred but not yet reported ("IBNR") reserves are estimated based on the Company's historical experience. Dental and Medical reserves include reasonable allowances for potential adverse deviation.

The Company maintains a liability for the expenses of direct claims IBNR. The basis of this liability is estimated by management based upon actual Company experience of the cost of claims settlement by product and amounted to $19 million and $25 million at December 31, 2015 and December 31, 2014, respectively.

The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium paid beyond the date of death. The larger of legally computed reserves and cash surrender values on a policy-by-policy basis are held as liabilities. Plans, except for second-to-die plans, charge additional premiums for substandard lives based upon actual issue age. Second-to-die plans develop substandard reserves using the rated up age. Mean reserves are based on appropriate multiples of standard rates of mortality. As of December 31, 2015, the Company had $14 billion of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of New York. The reserves to cover the above insurance totaled $37 million. The Tabular Interest, the Tabular Less Actual Reserve Released and the Tabular Cost have been determined by formula. For the determination of Tabular Interest on funds not involving life for each valuation rate of interest, the tabular interest is calculated as the product of such valuation rate of interest times the average of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

At December 31, 2015 and December 31, 2014 the withdrawal characteristics of the Company's annuity reserves and deposit liabilities were as follows:

	As of December 31, 2015				
	(1) General Account	(2) Separate Account with Guarantees	(3) Separate Account Non Guaranteed	(4) Total	(4) % of Total
A. Subject to discretionary withdrawal:					
(1) With market value adjustment	$ 10	$ -	$ -	$ 10	1.5%
(2) At book value less current surrender charge of 5% or more	68	-	-	68	10.0%
(3) At fair value	-	-	-	-	-
(4) Total with adjustment or at fair value (Total of 1 through 3)	$ 78	$ -	$ -	$ 78	11.5%
(5) At book value without adjustment (with minimal or no charge or adjustment)	$ 551	$ -	$ -	$ 551	81.4%
B. Not subject to discretionary withdrawal	$ 48	$ -	$ -	$ 48	7.1%
C. Total (gross: direct + assumed)	$ 677	$ -	$ -	$ 677	100.0%
D. Reinsurance ceded	-	-	-	-	-
E. Total (net)* (C) - (D)	$ 677	$ -	$ -	$ 677	100.0%

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities

	As of December 31, 2014				
	(1) General Account	(2) Separate Account with Guarantees	(3) Separate Account Non Guaranteed	(4) Total	(4) % of Total
A. Subject to discretionary withdrawal:					
(1) With market value adjustment	$ 10	$ -	$ -	$ 10	1.5%
(2) At book value less current surrender charge of 5% or more	73	-	-	73	10.8%
(3) At fair value	-	-	-	-	-
(4) Total with adjustment or at fair value (Total of 1 through 3)	$ 83	$ -	$ -	$ 83	12.3%
(5) At book value without adjustment (with minimal or no charge or adjustment)	$ 537	$ -	$ -	$ 537	79.6%
B. Not subject to discretionary withdrawal	$ 55	$ -	$ -	$ 55	8.1%
C. Total (gross: direct + assumed)	$ 675	$ -	$ -	$ 675	100.0%
D. Reinsurance ceded	-	-	-	-	-
E. Total (net)* (C) - (D)	$ 675	$ -	$ -	$ 675	100.0%

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities

NOTE 6 – PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

Gross deferred and uncollected life insurance premiums represent premiums due to be received from policy owners through the next policy anniversary date. Net deferred and uncollected life insurance premiums represent only the portion of gross premiums related to mortality charges and interest. Deferred and uncollected life insurance premiums at December 31, 2015 and December 31, 2014 were as follows:

	2015 (In millions)		2014 (In millions)	
Type	**Gross**	**Net**	**Gross**	**Net**
Ordinary new business	$ 66	$ 66	$ 63	$ 63
Ordinary renewal	636	557	614	546
Group life	162	328	149	304
Totals	$ 864	$ 951	$ 826	$ 913

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS

Defined Benefit Plans:

The Company sponsors non-contributory defined benefit pension plans covering all eligible employees. These include tax-qualified plans, as well as nonqualified plans that provide benefits to certain participants in excess of ERISA limits for qualified plans. The Company's policy is to fully fund the obligations of qualified plans in accordance with ERISA requirements.

In addition to pension benefits, the Company provides certain health care, dental and life insurance benefits ("postretirement benefits") for retired employees. Substantially all of the employees and representatives may become eligible for these benefits if they reach retirement age while working for the Company.

In accordance with NAIC SAP, the costs associated with these required benefits are expensed over the period that the participant provides services to the Company, including recognition of assets and liabilities based on the funded status of the related plans. Pension assets are then non-admitted and thereby excluded from surplus.

Effective January 1, 2013, the Company adopted Statement of Statutory Accounting Principle No. 92, Accounting for Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14 ("SSAP 92") and Statement of Statutory Accounting Principle No. 102, Accounting for Pensions, A Replacement of SSAP No. 89 ("SSAP 102"). These new statutory accounting standards require that estimates of the projected benefit obligations and accumulated benefit obligations include future benefit obligations due to non-vested participants. They also require that the Company's surplus as reported in the statements of financial position fully reflect any net liability related to the plans' projected benefit obligations, reduced by the fair value of any plan assets, including unrecognized net experience losses and prior service costs. Based on the funded status of the plans at December 31, 2012, the new standards will reduce surplus by approximately $260 million once fully implemented. The new standards permit the Company an election to recognize this surplus reduction over a period of up to ten years, which the Company has elected to make.

The table below discloses the remaining unrecognized transition impact:

Surplus Impact at Transition	
Transition Liability	$ 260
Amount Recognized on January 1, 2013	(59)
Accelerated Transition Liability recognized due to funded status gains – December 31, 2013	(120)
Remaining Transition Liability - December 31, 2013	81
Transition amount recognized during 2014	(19)
Transition amount recognized during 2015	(33)
Remaining Transition Liability - December 31, 2015	$ 29

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

The table below discloses the anticipated recognition of the remaining transition impact:

Minimum Transition Liability:	Anticipated Amortization	Remaining Transition Liability
2016	$ 13	$ 16
2017	13	3
2018	3	-

Components of Net Periodic Benefit Expense
The components of net periodic pension and postretirement benefits expense including the amount of unrecognized items amortized into expense for the years ended December 31 are as follows:

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
	(In millions)			
Service cost	$ 70	$ 61	$ 6	$ 6
Interest cost	89	93	10	12
Expected return on plan assets	(142)	(139)	(10)	(10)
Amortization of transition amount	1	1	-	-
Amortization of prior service costs	3	13	(3)	(3)
Amortization of actuarial net loss	42	21	5	4
Settlement	3	-	-	-
Other	(2)	13	-	(1)
Net periodic expense	$ 64	$ 63	$ 8	$ 8

Plan Amendments
The Company announced a plan amendment affecting pension benefits on November 13, 2013 effective January 1, 2014. The plan amendment affects only the Home Office defined benefit pension plan. The amendment includes plan design changes to reduce the numbers of year of service used in the pension calculation from 40 to 25 for current and new employees. Current employees with 15 years of service will continue to be eligible for the existing formula. The amendment also eliminates the Special Early Retirement provision (which provides for an unreduced pension when the employee reaches age 60 with 20 years of service) for new employees.

The Company announced a plan amendment affecting postretirement benefits on August 31, 2012 effective January 1, 2013. The plan amendment includes plan design changes which will reduce the Company's Accumulated Postretirement Benefit Obligation ("APBO") and postretirement benefit plan expense. Beginning in 2013, the Company will no longer subsidize retiree health care premiums but rather make an annual contribution to a Health Reimbursement Arrangement ("HRA") on the retiree's behalf. The Company will contribute a capped amount to each eligible retiree's HRA beginning in 2013. Additionally, the Company is placing a cap on the amount it will subsidize for the cost of medical coverage for non-Medicare eligible retirees who retired after 2007.

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Changes in the projected benefit obligations and plan assets during the years ended December 31, 2015 and December 31, 2014 were as follows (in millions):

	Pension Benefits		Postretirement Benefits	
Change in benefit obligation	**2015**	**2014**	**2015**	**2014**
Benefit obligation, at beginning of period	$ 2,108	$ 1,811	$ 250	$ 238
Service cost	70	61	6	6
Interest cost	89	93	10	12
Actuarial loss (gain)	(95)	259	(15)	16
Plan amendments	-	-	-	(11)
Settlements	(59)	(73)	-	-
Benefits paid	(73)	(56)	(11)	(11)
Other	(2)	13	-	-
Benefit obligation, at end of period	$ 2,038	$ 2,108	$ 240	$ 250

	Pension Benefits		Postretirement Benefits	
Change in fair value of plan assets	**2015**	**2014**	**2015**	**2014**
Plan assets, at beginning of period	$ 1,805	$ 1,716	$ 136	$ 127
Actual return on plan assets	(12)	153	(1)	11
Employer contributions	11	65	-	-
Settlements	(59)	(73)	-	-
Benefits paid	(73)	(56)	(1)	(2)
Plan assets, at end of period	$ 1,672	$ 1,805	$ 134	$ 136

	Pension Benefits		Postretirement Benefits	
Funded status	**2015**	**2014**	**2015**	**2014**
Funded status at end of period	$ (366)	$ (303)	$ (106)	$ (114)
Unrecognized transition liability	2	3	-	-
Unrecognized prior service costs	1	4	(3)	(5)
Unrecognized actuarial net loss	642	627	71	79
Net amount recognized	$ 279	$ 331	$ (38)	$ (40)

	Pension Benefits		Postretirement Benefits	
Recognized as of December 31	**2015**	**2014**	**2015**	**2014**
Prepaid benefit cost	$ 8	$ 11	$ -	$ -
Less assets non admitted	(8)	(11)	-	-
Accrued liability	(374)	(301)	(77)	(65)
Net amount recognized	$ (374)	$ (301)	$ (77)	$ (65)

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Unrecognized actuarial net gains or losses represent cumulative amounts by which plan experience for return on plan assets or changes in benefit obligations has been more or less favorable than assumed. These net differences accumulate without being recorded in the Company's financial statements unless they exceed ten percent of plan assets or projected benefit obligation, whichever is greater. If they exceed this limit, they are amortized into net periodic benefit costs over the remaining average years of service until retirement of the employee base, which is currently approximately ten years.

The amounts below are estimated to be amortized from surplus into net periodic benfit cost in 2016 as follows:

	Pension Benefits	Other Benefits
	(In millions)	
Net transition obligation/(asset)	$ 1	$ -
Net prior service cost	-	(2)
Net loss/(gain)	45	4
	$ 46	$ 2

Assumptions

Weighted average assumptions used in calculating the benefit obligations were as follows:

	Pension Benefits		Post Retirement Benefits	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Discount rate	4.75%	4.35%	4.70%	4.20%
Rate of compensation increase	3.00%	3.00%	n/a	n/a

Weighted average assumptions used in calculating the net periodic benefit cost were as follows:

	Pension Benefits For the Years Ended		Post Retirement Benefits For the Years Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Discount rate	4.35%	5.20%	4.20%	5.00%
Rate of compensation increase	3.00%	3.00%	3.00%	3.00%
Expected return on plan assets:				
Assets in trust account	8.20%	8.20%	8.20%	8.20%
Assets held under insurance contract/other	4.75%	4.35%	4.75%	4.35%

Assumed health care cost trend rates were as follows:

	As of December 31, 2015	As of December 31, 2014
Medical & Prescription Pre - Age 65	6.50%, grading to 4.5% over 10 years	6.70%, grading to 4.5% over 10 years

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

In 2015, the Company updated its mortality assumption to reflect the RP-2014 base mortality table released by the Society of Actuaries in October 2014. The impact of changing base mortality tables from RP-2000 to RP-2014 resulted in an aggregate increase in the benefit obligation of approximately $20 million at December 31, 2015.

The trend rates above reflect the Company's current claim experience and management's expectation that future rates of growth will decline. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. At December 31, 2015, a one-percentage-point increase assumed health care cost trend rates would have increased the total service/interest cost components and accumulated benefit obligation for postretirement benefits by $0.1 million and $1.6 million, respectively. A one percentage-point decrease in assumed healthcare cost trend rates would have decreased the total service/interest cost components and accumulated benefit obligation for postretirement benefits by $0.1 million and $1.5 million, respectively. At December 31, 2014, a one-percentage-point increase assumed health care cost trend rates would have increased the total service/interest cost components and accumulated benefit obligation for postretirement benefits by $0.1 million and $1.0 million, respectively. A one percentage-point decrease in assumed healthcare cost trend rates would have decreased the total service/interest cost components and accumulated benefit obligation for postretirement benefits by $0.0 million and $0.3 million, respectively.

The accumulated benefit obligations ("ABO") for the funded and unfunded pension plans were $1,538 million and $280 million, respectively, at December 31, 2015 and $1,598 million and $261 million, respectively, at December 31, 2014. The APBO for the postretirement plans was $240 million at December 31, 2015 and $250 million at December 31, 2014.

For the pension plans with ABO in excess of plan assets, the projected benefit obligations, accumulated benefit obligations, and fair value of plan assets were $314 million, $280 million, and $0 million respectively at December 31, 2015 and $300 million, $261 million, and $0 million respectively at December 31, 2014.

The pension plans hold immediate participation guarantee group annuity ("IPG") contracts purchased from the Company. These contracts are expected to provide future benefits to plan participants specifically covered by these contracts of $20 million at December 31, 2015 and $24 million at December 31, 2014.

With respect to the Company's pension plans, the actuarially calculated funding amount ranges from the minimum amount the Company would be required to contribute to the maximum amount that would be deductible for tax purposes. Contribution amounts in excess of the minimum amounts are deemed voluntary. Amounts in excess of the maximum amount would be subject to an excise tax and may not be deductible under the Internal Revenue Code. The Company made no contribution in 2015 to its pension plans and does not expect to make a contribution to its pension plans in 2016. The Company made a $55 million contribution during 2014.

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Benefit Payments
The expected benefit payments for the Company's pension and postretirement plans for the years indicated are as follows:

Estimated Future Payments	Pension Benefits	Other Benefits
	(In millions)	
2016	$ 66	$ 13
2017	70	13
2018	74	13
2019	78	14
2020	84	15
2021 - 2025	544	85

Plan Assets
The Company's pension and postretirement plans' asset allocation by major asset class at December 31, 2015 and December 31, 2014, and the target allocation for 2016, are as follows:

	Target Allocation	Percentage of Plan Assets at	
Asset Category	2016	As of December 31, 2015	As of December 31, 2014
U.S. Stocks	15%-60%	41%	42%
International Stocks	5%-15%	7%	11%
Non-convertible Bonds	35%-60%	46%	41%
Convertible Bonds	0%-10%	6%	6%
		100%	100%

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

The investment strategy with respect to the Company's pension plan assets is to preserve capital and to seek investment returns with a goal of fully funding the plan.

The expected rate of return was 8.2% for the years ending December 31, 2015 and December 31, 2014, respectively. These rates of return are an aggregation of expected returns within each asset category. The return with respect to each asset class considers both historical returns and the future expectations for such returns.

Target allocations of assets are determined with the objective of maximizing returns and minimizing volatility of net assets through adequate asset diversification and partial liability immunization. Adjustments are made to target allocations based on the Company's assessment of the impact of economic factors and market conditions.

The following table summarizes the Master Trust's financial instruments carried at fair value hierarchy levels. The fair values were estimated using the same methodology described in Note 4.

	As of December 31, 2015 (In millions)			
Description	Level 1	Level 2	Level 3	Total Fair Value
Common stocks	$ -	$ 736	$ -	$ 736
Fixed maturities				
U.S. Government	28	-	-	28
All other Government	-	8	-	8
States, Territories	-	4	-	4
Political Subdivisions	-	1	-	1
Special revenue	-	6	-	6
Industrial and Miscellaneous	-	857	-	857
Hybrid	-	-	-	-
Total Fixed maturities	28	876	-	904
Preferred stocks	-	17	-	17
Total	$ 28	$ 1,629	$ -	$ 1,657

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

	As of December 31, 2014 (In millions)			
Description	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair Value**
Common stocks	$ -	$ 893	$ -	$ 893
Fixed maturities				
U.S. Government	112	-	-	112
All other Government	-	8	-	8
States, Territories	-	5	-	5
Political Subdivisions	-	1	-	1
Special revenue	-	6	-	6
Industrial and Miscellaneous	-	707	-	707
Credit Tenant Loans	-	1	-	1
Total Fixed maturities	112	728	-	840
Preferred stocks	-	-	-	-
	-	15	-	15
Total	$ 112	$ 1,636	$ -	$ 1,748

There were no financial instruments carried at fair value and classified as Level 3 for the years ending December 31, 2015 and 2014.

Defined Contribution Plans

The Company sponsors defined contribution plans. Home office employees are covered by investment and profit sharing plan pension plans 401(k)/401(a). Employees can invest up to 3% of their salary matched by an equal amount from the Company. They are also allowed an additional 10% (if not highly paid) of non-matched contributions. In addition, the Company provides a profit sharing allocation in proportion to salary. Field representatives are covered by a 401(k)/401(a) investment plan in which they can invest up to 3% of their salary matched by an equal amount from the Company. They are also allowed an additional 12% (if not highly paid) of non-matched contributions. The assets for the home office employees and field representatives' plans are held in a trust. Full time agents and general agents are covered by non-contributory plans. The Company contributed $25 million to these plans in 2015 and $26 million in 2014. The Company funds these plans and reflects the funded amounts as a liability.

NOTE 8 – INCOME TAXES

Consolidated Federal Income Tax Return

The Company’s federal income tax return is consolidated with the following entities:

- Guardian Insurance & Annuity Company, Inc. and its subsidiaries,
- Park Avenue Life Insurance Company,
- Sentinel American Life Insurance Company,
- Family Service Life Insurance Company,
- Managed Dental Care of California,
- Managed Dental Guard of Texas,
- Managed Dental Guard of New Jersey,
- Innovative Underwriters Inc.,
- Berkshire Life Insurance Company of America
- First Commonwealth, Inc. and its subsidiaries

The Company files a consolidated federal income tax return as parent, with its subsidiaries. The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

The Internal Revenue Code limits the amount of non-life insurance losses that may offset life insurance company taxable income. The consolidated income tax liability is allocated among the members of the group pursuant to a tax allocation agreement. In accordance with the tax allocation agreement, each qualifying member of the group computes its tax provision and liability on a separate return basis, but may, where applicable, recognize benefits of net operating losses and capital losses utilized in the consolidated group. Subsidiary tax liabilities/benefits are settled subsequent to the filing of the federal income tax return.

NOTE 8 – INCOME TAXES (CONTINUED)

The components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2015		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 1,785	$ 38	$ 1,823
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	1,785	38	1,823
Deferred Tax Assets Nonadmitted	182	-	182
Subtotal Net Admitted Deferred Tax Asset	1,603	38	1,641
Deferred Tax Liabilities	808	126	934
Net Admitted Deferred Tax Asset	$ 795	$ (88)	$ 707

	December 31, 2014		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 1,760	$ 45	$ 1,805
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	1,760	45	1,805
Deferred Tax Assets Nonadmitted	221	-	221
Subtotal Net Admitted Deferred Tax Asset	1,539	45	1,584
Deferred Tax Liabilities	753	120	873
Net Admitted Deferred Tax Asset	$ 786	$ (75)	$ 711

	Change		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 25	$ (7)	$ 18
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	25	(7)	18
Deferred Tax Assets Nonadmitted	(39)	-	(39)
Subtotal Net Admitted Deferred Tax Asset	64	(7)	57
Deferred Tax Liabilities	55	6	61
Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)	$ 9	$ (13)	$ (4)

Deferred income taxes are generally recognized, based on enacted tax rates, when assets and liabilities have different values for financial statement and tax purposes. A valuation allowance is recorded if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's management has concluded that the deferred income tax assets are more likely than not to be realized. Therefore, no valuation allowance has been provided.

Admission calculation components SSAP No. 101 (Paragraph 11)

The Company follows the guidance in Statement of Statutory Accounting Principles No. 101 - Income Taxes, A Replacement of SSAP No. 10R and SSAP No.10 ("SSAP 101"). SSAP 101 included a similar calculation for limitation of gross deferred tax assets as SSAP 10R for insurers that maintain a minimum of 300% of their authorized control level RBC computed without net deferred tax assets. The Company exceeded the 300% minimum RBC requirement at December 31, 2015 and 2014.

NOTE 8 – INCOME TAXES (CONTINUED)

	December 31, 2015		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	$ 654	$ 37	$ 691
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	16	-	16
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	16	-	16
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	N/A	N/A	807
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and b. above) offset by gross deferred tax liabilities.	933	1	934
Deferred tax assets admitted as the result of application of SSAP No. 101.Total (a. + b. + c.)	$ 1,603	$ 38	$ 1,641

	December 31, 2014		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	$ 609	$ 44	$ 653
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	58	-	58
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	58	-	58
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	N/A	N/A	746
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and b. above) offset by gross deferred tax liabilities.	872	1	873
Deferred tax assets admitted as the result of application of SSAP No. 101.Total (a. + b. + c.)	$ 1,539	$ 45	$ 1,584

	Change		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks.	$ 45	$ (7)	$ 38
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	(42)	-	(42)
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	(42)	-	(42)
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	N/A	N/A	61
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and	61	-	61
Deferred tax assets admitted as the result of application of SSAP No. 101.Total (a. + b. + c.)	$ 64	$ (7)	$ 57

	2015	2014
Ratio percentage used to determine recovery period and threshold limitation amount	1027%	945%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	$ 6,652	$ 6,174

NOTE 8 – INCOME TAXES (CONTINUED)

Impact of Tax Planning Strategies

	December 31, 2015 Ordinary	December 31, 2015 Capital
1. Adjusted Gross DTAs amount	1,785	38
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.3%	2.0%
3. Net Admitted Adjusted Gross DTAs amount	1,478	163
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.7%	5.2%

	December 31, 2014 Ordinary	December 31, 2014 Capital
1. Adjusted Gross DTAs amount	1,760	45
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	1.0%	2.5%
3. Net Admitted Adjusted Gross DTAs amount	1,420	164
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	3.2%	6.2%

	Change Ordinary	Change Capital
1. Adjusted Gross DTAs amount	25	(7)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax	-0.7%	-0.5%
3. Net Admitted Adjusted Gross DTAs amount from	58	(1)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the	-2.5%	-1.0%

Does the Company's tax-planning strategies include the use of reinsurance? Yes ______ No X

All DTL were recognized as of December 31, 2015 and December 31, 2014

Current income taxes incurred consisted of the following major components:

Description	December 31, 2015	December 31, 2014	Change
(In millions)			
Federal income tax expense on operating income	$ 183	$ 133	$ 50
Prior year overaccrual	(51)	(38)	(13)
Contingent tax	(50)	7	(57)
Current Federal operations income tax expense	$ 82	$ 102	$ (20)
Federal income tax expense on capital gains	$ 109	$ 80	$ 29
Prior year underaccrual	23	19	4
Current Federal capital gain income tax expense	$ 132	$ 99	$ 33
Federal and foreign income taxes incurred	$ 214	$ 201	$ 13

NOTE 8 – INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2015	2014	Change
DTAs Resulting from Book/Income Tax Differences In:		(In millions)	
Ordinary:			
Reserves	$ 601	$ 584	$ 17
Policy acquisition costs	393	383	10
Dividend provision	293	276	17
Liabilities for employees and agents	145	138	7
Non admitted assets	281	274	7
Contract liabilities and unpaid claims	1	1	-
Leasehold improvement	12	12	-
Other	59	92	(33)
Gross ordinary DTA - (admitted and nonadmitted)	$ 1,785	$ 1,760	$ 25
Statutory valuation allowance adjustment - ordinary	-	-	-
Total ordinary DTA - (nonadmitted)	182	221	(39)
Admitted ordinary DTA	1,603	1,539	64
Capital:			
Impaired securities	30	22	8
Unrealized capital losses	-	16	(16)
Other	8	6	2
Gross capital DTA - (admitted and nonadmitted)	38	44	(6)
Statutory valuation allowance adjustment - capital	-	-	-
Total capital DTA - (nonadmitted)	-	-	-
Admitted capital DTA	38	44	(6)
Total admitted DTA	$ 1,641	$ 1,583	$ 58
DTLs Resulting from Book/Income Tax Differences In:			
Ordinary:			
Deferred and uncollected premiums	$ 357	$ 339	$ 18
Guaranteed dividend	199	183	16
Other invested assets	90	58	32
Pension	85	103	(18)
Reserves 10 Year spread	16	19	(3)
Other	61	51	10
Ordinary DTL	$ 808	$ 753	$ 55
Capital:			
Unrealized capital gains	41	29	12
Deferred gain	84	84	-
Other	1	6	(5)
Capital DTL	126	119	7
Total DTL	$ 934	$ 872	$ 62
Net admitted DTA/(DTL)	$ 707	$ 711	$ (4)

The Change in net deferred income taxes is comprised of the following:

	2015	2014	Change
Adjusted gross deferred tax assets	$ 1,823	$ 1,805	$ 18
Total Deferred Tax Liabilities	934	873	61
Net deferred tax assets (liabilities)	$ 889	$ 932	$ (43)
Tax effect of net unrealized gains (losses)			27
Change in net deferred income tax			$ (16)

NOTE 8 – INCOME TAXES (CONTINUED)

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant book to tax adjustments causing this difference were the following:

	December 31, 2015	Effective Tax Rate
	(In millions)	
Net gain from operations after dividends to policyholders and before Federal income tax @ 35%	$ 203	
Net realized capital gains (losses) @ 35%	23	
Provision calculated at statutory rate	226	35.00%
Tax effect of:		
Interest maintenance reserve	(14)	(2.17%)
Tax exempt interest	(6)	(0.93%)
Affiliated dividends	(12)	(1.86%)
Reserve recorded through surplus	(14)	(2.17%)
Reversal of book impairments in RS investment	53	8.21%
SSAP 40	(15)	(2.32%)
Pension	(13)	(2.01%)
IRS audit settlement	8	1.24%
Deferred Tax True-up	41	6.35%
Non-admitted assets	5	0.77%
Affordable Care Act Fees	13	2.01%
Subtotal	272	42.12%
Contingent taxes	(40)	(6.19%)
Return to provision	(2)	(0.31%)
Total statutory income taxes	$ 230	35.62%
Federal income taxes incurred	214	33.14%
Change in net deferred income taxes	16	2.48%
Total statutory income taxes	$ 230	35.62%

Operating Loss and Tax Credit Carryforwards

As of December 31, 2015, the Company does not have any net ordinary loss carryforwards, capital loss carryforwards or tax credit carryforwards.

The following are income taxes incurred in prior years that are available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
		(In millions)	
2015	$ 182	$ 109	$ 291
2014	91	$ 103	$ 194
2013	131	$ 75	206
Total	$ 404	$ 287	$ 691

As of December 31, 2015, the Company does not have any deposits admitted pursuant to the Internal Revenue Code Section 6603.

NOTE 8 – INCOME TAXES (CONTINUED)

Contingent Tax Liabilities

As of December 31, 2015, the Company had no unrecognized tax benefits and related interest expense, if recognized, all of which would affect the Company's annual effective tax rate. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the year ending December 31, 2015, and year ending December 31, 2014, the Company recognized approximately ($50) and $8 million in interest and penalties. The Company has approximately $0 and $40 million accrued for payment of interest and penalties at December 31, 2015, and December 31, 2014, respectively.

The amount recognized in 2015 is primarily related to the timing of the deduction for the policyholder dividends liabilities. During 2015, a court case ruling, in the taxpayer's favor, was issued for another mutual insurance company in which the facts were similar to the Company's tax position. Management concluded that it is more-likely-than-not that the Company would sustain its tax position on this issue if challenged by the Internal Revenue Service. As a result, the Company released the contingent tax liabilities.

The Company files U.S. federal income tax returns along with various state and local income tax returns. The Company's federal income tax returns are routinely audited by the IRS and provisions are made in the financial statements in anticipation of the results of these audits. The IRS has completed audits through 2011. There were no material effects on the Company's consolidated financial position and results of operations as a result of these audits.

NOTE 9 – REINSURANCE CEDED

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding business to reinsurers under various modified coinsurance agreements, coinsurance agreements, and combinations thereof, and yearly renewable term agreements. These agreements provide for reinsurance of selected individual life and disability policies and group life and group health contracts. Under the terms of the modified coinsurance agreements, reserves related to the reinsured business and the corresponding assets are held by the Company. The Company retains the primary obligation to the policyholder for reinsured policies. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, the Company evaluates the financial condition of its reinsurers in order to minimize its exposure to losses from reinsurer insolvencies.

The effects of these ceding agreements on the components of gain from operations in the accompanying statutory basis statements of operations are as follows:

	2015	2014
	(In millions)	
Premiums, annuity considerations and fund deposits	$ (457)	$ (458)
Commissions and expense allowances (other income)	111	111
Total revenues	(346)	(347)
Benefit payments to policyholders and beneficiaries	(337)	(354)
Net reductions to policy benefit reserves	(144)	(96)
Commissions and operating expenses	3	(2)
Total expenses	(478)	(452)
Net gain on operations from reinsurance ceded	$ 132	$ 105

NOTE 10 – REINSURANCE ASSUMED

The Company enters into various modified coinsurance agreements, coinsurance agreements, and combinations thereof and yearly renewable term agreements that provide reinsurance on life insurance, annuities, credit life, disability insurance, and credit accident and health business. Under the terms of the various reinsurance treaties, the Company assumed (net of retrocession) approximately $3.6 billion face amount of life insurance at December 31, 2015 and $4 billion at December 31, 2014. Under the terms of modified coinsurance agreements, reserves related to the reinsured business and the corresponding assets are held by the ceding company.

The Company entered into a coinsurance agreement with BLICOA an affiliated insurance company effective January 1, 2013. Under the agreement, the Company assumed 80% of the net individual disability insurance (IDI) originally ceded to BLICOA from the Company via the July 1, 2001 coinsurance treaty as well as 80% of the IDI and multi-life (ML) business written by BLICOA since the 2001 treaty. The reinsurance is done on a funds withheld basis with supporting invested assets remaining in BLICOA. Under the terms of the coinsurance agreement the Company assumed $2,031 million in ceded reserves from BLICOA, while BLICOA retained the corresponding assets, on January 1, 2013.

Also, as part of the terms of the agreement, the Company can request that BLICOA pay an amount equal to the Annual Funds Withheld Increase to the Company. In December 2015, GLICOA requested and BLICOA settled an amount equal to the 2014 increase in the funds withheld of $160 million. The December 2015 settlement of $160 million consisted of $87 million of bonds, $1 million in accrued interest and $72 million of cash.

The Company entered into one Individual Life Yearly Renewable Term reinsurance agreement with an affiliated insurance company GIAC, effective January 1, 2011. The agreement covers GIAC's current form Secondary Guarantee Universal Life and Survivorship Universal Life plans having policy effective dates of January 1, 2011 and later. Reinsurance under the new agreement is assumed on an automatic 90% first dollar quota share basis.

The following tables outline the effects of these assumption agreements on the accompanying Statutory Basis Statements of Operations.

Reinsurance Assumed from Affiliates

	2015	2014
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 619	$ 606
Reserve adjustments on reinsurance (other income)	29	31
Total revenues	648	637
Benefit payments to policyholders and beneficiaries	266	277
Net additions to policy benefit reserves	200	149
Commissions and operating expenses	201	194
Total expenses	667	620
Net (loss)/gain on operations from reinsurance assumed	$ (19)	$ 17

Reinsurance Assumed from Non-Affiliates

	2015	2014
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 3	$ 4
Reserve adjustments on reinsurance (other income)	-	-
Total revenues	3	4
Benefit payments to policyholders and beneficiaries	31	10
Net reductions to policy benefit reserves	(32)	(2)
Commissions and operating expenses	(14)	6
Total expenses	(15)	14
Net gain/(loss) on operations from reinsurance assumed	$ 18	$ (10)

NOTE 10 – REINSURANCE ASSUMED (CONTINUED)

Total Reinsurance Assumed

	2015	2014
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 622	$ 610
Reserve adjustments on reinsurance (other income)	29	31
Total revenues	651	641
Benefit payments to policyholders and beneficiaries	297	287
Net additions to policy benefit reserves	168	147
Commissions and operating expenses	187	200
Total expenses	652	634
Net (loss)/gain on operations from reinsurance assumed	$ (1)	$ 7

NOTE 11 – RELATED PARTY TRANSACTIONS

The Company maintains investments in affiliated mutual funds amounting to $219 million and $230 million at December 31, 2015 and 2014, respectively.

During the fourth quarter of 2015, the Company sold $170 million of bank loans that it held in its general account to a downstream affiliate, Park Avenue Institutional Advisers CLO LTD 2016-1 (“PAIA CLO 2016-1”). The Company recorded a $1 million loss on the sale of the bank loans. PAIA CLO 2016-1 is a special purpose vehicle (“SPV”) that was established in the Cayman Islands whose ultimate purpose is to be the “Issuer” of one or more classes of notes that will be secured by a portfolio of investments held by the Issuer and rated by at least one rating agency (the "Rated Notes"), and one or more classes of notes that will be unrated and subordinate in right of payment to the Rated Notes (the "Subordinated Notes"). PAIA CLO 2016-1 is expected to issue the notes in 2016.

In 2015 and 2014, the Company made the following capital contributions to its real estate joint ventures and affiliates which are an addition to Other invested assets in the Statutory Basis Balance Sheets:

	2015	2014
	(In millions)	
GFP Residential Holdings, LLC	$ -	$ 1
Guardian CapCo, LLC	3	6
Guardian LCP Commercial I, LLC	-	1
Guardian LCP Hospitality Finance, LLC	1	2
Guardian LCP Hospitality I, LLC	-	1
Truamerica Multifamily, LLC	6	-
Truamerica Properties, LLC	9	14
Guardian Park Side Commons, LLC	-	17
Truamerica Properties II, LLC	21	5
Guardian Ponderosa, LLC	-	4
Guardian Carriages, LLC	-	5
Guardian Lowry, LLC	-	10
Lowes Capital Partners 2A, LLC	6	3
Lowes Capital Partners 2B, LLC	2	-
Guardian Beaumont, LLC	-	36
Hanover Acquisitions II, LLC	-	10
Guardian Desail Holdings, LLC	12	
Guardian Mercury Holdings, LLC	9	-
Hanover Hoffman Estates, LLC (1)	19	-
Hanover Swanee, LLC (1)	1	-
Guardian Abbey, LLC	2	-
Total	$ 91	$ 115

(1) Capital contributions were made by transferring mortgage loan investments.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

In 2015 and 2014, the Company made the following capital contributions to its subsidiaries:

	2015	2014
	(In millions)	
eMoney Holdings	$ -	$ 1
GIAC	50	56
GIS	155	-
FCW	-	254
Total	$ 205	$ 311

The capital contributions to GIS and eMoney Holdings are recorded as an addition to Other invested assets in the Statutory Basis Balance Sheets, while the capital contributions to GIAC and FCW are recorded as an addition to Common and preferred stocks in the Statutory Basis Balance Sheets.

In 2015 and 2014, the Company received returns of capital from its real estate affiliates as follows, which are a reduction to Other invested assets in the Statutory Basis Balance Sheets:

	2015	2014
	(In millions)	
Guardian CapCo, LLC	$ 7	$ 9
Guardian LCP Hospitality I, LLC	1	16
Guardian Campus Holdings, LLC	1	1
Guardian Westwood Holdings, LLC	1	1
Guardian LCP Hospitality Finance, LLC	3	1
Guardian Commercial I,LLC	7	-
Total	$ 20	$ 28

In 2015 and 2014, the Company received net returns of capital of $77 million and $45 million respectively from its real estate joint ventures. These distributions are a reduction to Other invested assets in the Statutory Basis Balance Sheets.

In 2015 and 2014, the Company also received returns of capital from its subsidiaries as follows which are a reduction to Common and preferred stocks in the Statutory Basis Balance Sheets:

	2015	2014
	(In millions)	
BLICOA	$ 65	$ 12
FCW	9	14
Total	$ 74	$ 26

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

In 2015 and 2014, the Company received the following dividends from its affiliates and subsidiaries which are recorded as Net investment income in the Statutory Basis Statements of Operations:

	2015	2014
	(In millions)	
BLICOA	$ 6	$ 305
Managed Dental Care of California ("MDC")	3	2
Managed Dental Guard of Texas, Inc. (TX)	1	1
Guardian LEIM, LLC	-	4
Guardian CapCo, LLC	3	3
Guardian LCP Hospitality I, LLC	-	8
Guardian LCP Hosp Finance, LLC	1	1
Guardian Commercial I,LLC	4	-
Park Avenue Life Insurance Company	25	-
	$ 43	$ 324

The Company sold its interest in eMoney, see Note 3 for details.

The preceding tables show that in 2014 the Company received a return of capital and dividend distribution from BLICOA. This consisted of a transfer of $311 million in bonds, mortgage loans and the accrued interest on these assets and an additional $6 million in cash.

The Company has expense sharing agreements with its subsidiaries. During 2015 and 2014, the Company had net billings of $301 million and $311 million, respectively, under the expense sharing agreements. Amounts billed to subsidiaries are included in Commissions and operating expenses in the Statutory Basis Statements of Operations. The unpaid net receivable balance due from subsidiaries relevant to these agreements was $31 million and $32 million on December 31, 2015 and December 31, 2014, respectively, and are included in Other assets and Other liabilities in the Statutory Basis Balance Sheets.

The Company (Lender) has a revolving line of credit agreement with GIAC (Borrower). Effective May 1, 2015, the revolving line of credit between the Company and GIAC increased from $225 million to $300 million, which was further increased to $350 million effective December 3, 2015. The terms of the credit agreement state that future drawing, if any, (not at the time overdue) shall bear interest at a rate per annum equal to (a) the Prime Rate plus 1.00% if a Prime Rate Loan or (b) the Eurodollar Rate plus 1.00% if a Eurodollar Rate Loan. In the event any drawing on the line of credit becomes due, whether by acceleration or otherwise, it shall bear interest at a rate per annum equal to the Prime Rate plus 2.00%. Additionally, a commitment fee equal to .125% per annum of the amount of this line of credit shall be paid by Borrower to Lender, such amount to be paid in quarterly installments on the last day of each March, June, September and December or on the termination of this line of credit. The line of credit agreement shall have an initial term of 364 days beginning with the date first stated above, and shall automatically renew for successive periods of 364 days, unless the Lender shall notify the Borrower of its intention not to renew the line of credit agreement not less than sixty (60) days prior to the expiration of the then existing term. GIAC is in compliance with certain financial covenants imposed by the line of credit agreement. As of December 31, 2015, and 2014 the amounts of drawings on the line of credit amounted to $105 million and $177 million, respectively, and are included in Cash, cash equivalents and short term investments in the Statutory Basis Balance Sheets. Interest income and commitment income of $2.2 million and $1.3 million for the twelve months ended December 31, 2015 and 2014, respectively, are included in Net investment income in the Statutory Basis Statements of Operations.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

Effective April 30, 2015, the Company (Lender) entered into a new revolving line of credit agreement with RS (Borrower) for $15 million. The terms of the credit agreement state that future drawing, if any, (not at the time overdue) shall bear interest at a rate per annum equal to the Eurodollar rate plus 1.00%. In the event any drawing on the line of credit becomes due, whether by acceleration or otherwise, it shall bear interest at a rate per annum equal to the Prime Rate plus 2.00%. Additionally, a commitment fee equal to .15% per annum of the amount of this line of credit shall be paid by Borrower to Lender, such amount to be paid in quarterly installments on the last day of each March, June, September and December and on the termination of this line of credit. The line of credit agreement has a term of twelve months beginning with the date first stated above and ending on April 30, 2016. As of December 31, 2015, the amount of drawings on the line of credit amounted to $15 million and is included in Cash, cash equivalents and short term investments in the Statutory Basis Balance Sheets. Interest income and commitment income of $0 million for the twelve months ended December 31, 2015 is included in Net investment income in the Statutory Basis Statements of Operations.

The Company provides financial guarantees on behalf of some of its subsidiaries and affiliates as listed below. Per the statutory accounting guidance SSAP No.5R, a liability has not been recorded on the Company's Statutory Basis Balance Sheets for any of these guarantees.

In 2014, the Company provided eMoney Advisors, LLC ("eMoney"), a subsidiary, a written letter of financial support in the amount of $2 million until May 31, 2015. This commitment was terminated upon the sale of eMoney, which was effective March 6, 2015.

In 1996, the Company provided MDC, a subsidiary, a written letter of financial support for $5 million. The letter was necessary for regulatory purposes in order to guarantee additional capital infusion to its California dental subsidiary as needed. The Company funded $1.5 million to MDC prior to 2012. This amount was recorded as an additional investment in MDC. At this time, MDC is not expected to further draw on the remaining $3.5 million as the subsidiary has $6 million more capital than is required by California.

As of December 31, 2015 and December 31, 2014 respectively, the Company committed to make capital contributions to the following real estate joint venture subsidiaries for the purpose of investing in future properties:

	2015	2014
	(In millions)	
Guardian CapCo, LLC	$ 11	$ 12
Guardian LCP Commercial I, LLC	30	23
Guardian LCP Hospitality Finance, LLC	2	2
Truamerica Properties, LLC	7	4
Truamerica Properties II, LLC	10	7
Seasons Lynnwood, LLC	-	29
Guardian LCP2A, LLC	6	-
Berkshire Portfolio	4	4
Guardian Mercury - Gemini Holdings, LLC	5	-
Guardian SLC Redwood Holdings, LLC	4	-
Monte Cristo Portfolio	-	22
Total	$ 79	$ 103

Settlement of Intercompany Transactions:

In accordance with NAIC SAP, all transactions between related parties are required to have a written agreement that provides for a timely settlement of amounts owed, including a specific due date. Amounts over ninety days due are to be non-admitted along with any uncollected receivable from a related party that is not part of a written agreement. The Company has determined that written agreements are in place for all intercompany transactions and that these written agreements contain specific due dates. As of December 31, 2015, there was no intercompany receivable that was more than 90 days past due.

NOTE 12 – LIABILITY FOR UNPAID CLAIMS AND CLAIM RESERVES

Activity in the liability for unpaid accident and health claims and claim reserves is summarized as follows and is included in Reserves for policy benefits on the Statutory Basis Balance Sheets:

	2015	2014
	(In millions)	
Balance of unpaid claims and claim reserves,		
net of reinsurance recoverable, at January 1	$ 3,300	$ 3,094
Incurred related to:		
Current year	2,127	2,005
Prior years	(75)	(84)
Affiliated reinsurance	161	126
Total incurred	2,213	2,047
Paid related to:		
Current year	1,438	1,371
Prior years	289	265
Affiliated reinsurance	212	205
Total paid	1,939	1,841
Balance of unpaid claims and claim reserves,		
net of reinsurance recoverable, at December 31	$ 3,574	$ 3,300

The affiliated reinsurance for the years ended December 31, 2015 and December 31, 2014 is primarily due to an intercompany reinsurance agreement between the Company and BLICOA effective January 1, 2013.

Loss / Claim Adjustment Expenses:

The balance in the liability for unpaid accident and health claim adjustment expenses was $80 million and $72 million as of December 31, 2015 and December 31, 2014, respectively. The Company incurred $52 million and paid $43 million of claims adjustment expenses in 2015 of which $13 million of the paid amount was attributable to insured or covered events of prior years. The Company did not increase or decrease the provision for insured events of prior years. Estimated anticipated salvage and subrogation related to the liability for unpaid claims / losses is not material and therefore does not reduce the liability. The prior year liability for unpaid accident and health claim adjustment expenses was restated to include the intercompany reinsurance agreement between the Company and BLICOA effective January 1, 2013.

NOTE 13 – ASO PLANS

The net gain from operations from ASO uninsured plans and the uninsured portion of partially insured plans was as follows during the years ended December 31, 2015 and December 31, 2014:

	2015		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
		(In millions)	
Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 2.7	$ -	$ 2.7
Total net other income or expenses (including interest paid to or received from plans)	0.9	-	0.9
Net gain from operations	1.8	-	1.8
Total claim payment volume	461	-	461

	2014		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
		(In millions)	
Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 2.2	$ -	$ 2.2
Total net other income or expenses (including interest paid to or received from plans)	0.8	-	0.8
Net gain from operations	1.4	-	1.4
Total claim payment volume	405	-	405

NOTE 14 – LEASES

New York Home Office Building:
In June 1998, the Company executed a 21-year lease for its New York home office facility. The Company may purchase the building on September 30, 2019 by exercising the purchase option between September 30, 2015 and March 31, 2017. The Company, if not exercising the purchase option, may renew the lease term, for all or part of the building, for a 15-year and then a 10-year term. A portion of the property is subleased to tenants under lease terms expiring through 2019. The lease is classified as operating. Rental expense for the property was $21 million for the years ended December 31, 2015 and December 31, 2014. Sublease income was $9 million for the years ended December 31, 2015 and December 31, 2014.

The following is a schedule by year of the minimum rental payments due under the lease:

		(In millions)
Year ending December 31,		
2016	$	21
2017		21
2018		21
2019		16
Total	$	79

The minimum aggregate sublease income is as follows:

		(In millions)
Year ending December 31,		
2016	$	9
2017		9
2018		9
2019		7
Total	$	34

NOTE 14 – LEASES (CONTINUED)

Other Leases:
Substantially all remaining leases of the Company are operating leases principally for the rental of real estate. Rental expense for these properties was $16 million for years ended December 31, 2015 and December 31, 2014, respectively. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year:

		(In millions)
Year ending December 31,		
2016	$	11
2017		12
2018		10
2019		9
2020		8
Total	$	50

On January 26, 2015 the Company signed a long-term lease agreement with GLICA Bethlehem, LLC. Under the terms of the lease agreement GLICA Bethlehem, LLC will build an office building in Bethlehem, PA according to specifications provided by the Company. The building will be used by the Company for business support operations. The twenty year lease obligates the Company to pay approximately $5 million in annual base rent subject to adjustment upon substantial completion of the Tenant work, plus operating expenses and taxes. Rent payments will beginning ninety days after the substantial completion of the building which is expected to be in the second half of 2016.

NOTE 15 – COMMITMENTS

Commitments to fund real estate, private equities, mortgage loans, and private placements in the normal course of business totaled $1,160 million and $977 million as of December 31, 2015 and December 31, 2014, respectively.

NOTE 16 – LITIGATION

The Company is engaged in various legal actions, in the ordinary course of business, arising out of its insurance, broker-dealer and investment operations. In the opinion of management, any losses together with the ultimate liability resulting from such actions would not have a material adverse effect on the financial position of the Company.

NOTE 17 – LINES OF CREDIT

The Company has $75 million in unsecured credit available. The interest rate on these lines is calculated on a base rate such as the bank's Prime rate plus a spread which varies from 0 - 125bps depending on the bank, or LIBOR plus a spread which varies from 75 - 125bps depending on the bank. The Company did not use the lines of credit during 2015 or 2014 and had $0 outstanding liability at December 31, 2015 or December 31, 2014.

NOTE 18 – POLICYHOLDERS' SURPLUS

There were no special contingency reserves included in policyholder's surplus at December 31, 2015 or December 31, 2014. The Company holds other reserves totaling $4 million at December 31, 2015 and 2014, as required by New York State law for aviation business and Arkansas permanent surplus requirements. Surplus at December 31, 2015 and December 31, 2014 is as follows:

	2015	2014
	(In millions)	
Accumulated earnings	$ 7,470	$ 7,036
Unrealized loss - common stock	(281)	(234)
Asset valuation reserve	(798)	(754)
Nonadmitted asset values	(305)	(360)
Total unassigned surplus	6,086	5,688
State required segregated surplus	4	4
Surplus	$ 6,090	$ 5,692

NOTE 19 – FINANCIAL INFORMATION

The following reconciles the New York SAP net income and surplus of Guardian as reported to regulatory authorities to consolidated GAAP income and GAAP equity:

	2015	2014
	(In millions)	
Statutory net income	$ 433	$ 712
Adjustments to GAAP basis:		
Realized capital gains	294	142
Capitalization of deferred policy acquisition costs	(11)	93
Future policy benefits	(970)	(961)
Elimination of IMR amortization	(103)	(112)
Establishment of deferred federal income taxes	127	(30)
Service fees	735	759
Policyholder dividends	27	4
Elimination of interest on affiliate reinsurance	(141)	(138)
Other	(41)	(33)
Consolidated GAAP income	$ 350	$ 436

NOTE 19 – FINANCIAL INFORMATION (CONTINUED)

	2015	2014
	(In millions)	
Statutory surplus	$ 6,090	$ 5,692
Adjustments to GAAP basis:		
Capitalization of deferred policy acquisition costs	3,854	3,010
Deferred software costs	48	55
Future policy benefits	(6,967)	(6,428)
Elimination of IMR	373	412
Elimination of AVR	798	754
Establishment of additional deferred federal income taxes	(1,126)	(1,618)
Policyholder dividends	396	368
Surplus notes	(845)	(845)
Unrealized gains on investments and GAAP adjustments of affiliates	7,286	9,112
Consolidated GAAP equity	$ 9,907	$ 10,512

NOTE 20 – SURPLUS NOTE

On October 6, 2009, the Company issued Surplus Notes ("Existing Notes") with a principal balance of $400 million, bearing interest at 7.375%, and a maturity date of September 30, 2039. Proceeds from the issuance of the Existing Notes were $392.4 million, net of discounts and fees. The Existing Notes were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and will be administered by The Bank of New York Mellon as fiscal agent. Interest on these Existing Notes is scheduled to be paid semiannually on March 31 and September 30 of each year. The Existing Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company. Under New York Insurance Law, the Existing Notes are not part of the legal liabilities of the Company. The Existing Notes do not repay principal prior to maturity. Each payment of interest or principal may be made only with the prior approval of the Superintendent and only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance Law. Provided that approval is granted by the Superintendent, the Existing Notes may be redeemed at the option of the Company at any time (in whole or in part) at the "make-whole" redemption price equal to the greater of the principal amount of the Existing Notes to be redeemed, or the sum of the present value of the remaining scheduled interest and principal payments, excluding accrued interest as of the date on which the Existing Notes are to be redeemed, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 50 basis points. The Company paid $30 million in interest for the years ended December 31, 2015 and 2014, respectively.

On June 19, 2014 the Company issued Surplus Notes ("Notes") with a principal balance of $450 million, bearing interest at 4.875%, and a maturity date of June 19, 2064. Proceeds from the issuance of the Notes were $444.6 million, net of discounts and fees. The Notes were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and will be administered by The Bank of New York Mellon as fiscal agent. Interest on these Notes is scheduled to be paid semiannually on June 19 and December 19 of each year. The Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company. Under New York Insurance Law, the Notes are not part of the legal liabilities of the Company. The Notes do not repay principal prior to maturity. Each payment of interest or principal may be made only with the prior approval of the Superintendent and only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance Law. Provided that approval is granted by the Superintendent, the Notes may be redeemed at the option of the Company at any time (in whole or in part) at the "make-whole" redemption price equal to the greater of the principal amount of the Notes to be redeemed, or the sum of the present value of the remaining scheduled interest and principal payments, excluding accrued interest as of the date on which the Notes are to be redeemed, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 25 basis points. The Company paid $22 in interest for the year ended December 31, 2015 and $11 for the year ended December 31, 2014.

NOTE 21 – UNCLAIMED PROPERTY

The Company holds reserves for potential liability totaling $12 million at December 31, 2015 and $18 million at December 31, 2014, respectively. The Company has recorded paid claims of $4 million in 2015 and $3 million in 2014.

NOTE 22 – SUBSEQUENT EVENTS

The Company considers events occurring after the balance sheet date but prior to February 26, 2016, the issuance of the financial statements to be subsequent events requiring disclosure.

The health insurance industry assessment mandated by the Patient Protection and Affordable Care Act of 2010 was levied on health insurers beginning in 2014 based on a ratio of an insurer’s net health insurance premiums written for the previous calendar year compared to the total premiums written by U.S. health insurance industry for that year. The Company recorded a liability for the amount of its expected fee as of January 1, 2015 of $35 million and as of January 1, 2014 of $41 million. It paid the actual fee amount of $36 million and $27 million to the U.S. Treasury in September 2015 and 2014, respectively. On January 1, 2016 the Company will record a liability in the amount of $35 million for estimated fee to be paid in September 2016. The estimated fee is based on $1,995 million of dental and vision premium written in 2015. The 2015 fee amount was based on $1,909 million of dental and vision premiums written in 2014. The Company’s Total Adjusted Capital on December 31, 2015 was $7,358 million and the Authorized Control Level reported on its December 31, 2015 RBC was $648 million. After adjusting for $35 million recorded in special surplus that pertains to the estimated 2016 fee the Company’s Total Adjusted Capital was $7,323 million and its RBC Authorized Control Level was $648 million. An RBC action level would not have been triggered had the fee for 2016 been reported as of December 31, 2015.

The Company plans on transferring 20 Real Estate Joint Ventures with a carrying amount of $229 million as of December 31, 2015 currently reported on the Balance Sheet as Other Invested Assets, to GIS during the first quarter of 2016. The transfer will be accounted for as a capital contribution.

In January 2016 as part of the terms of its reinsurance agreement with BLICOA, the Company requested that BLICOA pay a partial amount of the Annual Funds Withheld Increase it recorded in 2015. BLICOA paid the Company the agreed upon settlement amount of $65 million in January 2016. The settlement consisted of $33 million of bonds and $32 million of cash.

On January 29, 2016, the Company made a capital contribution of $201 million to FCW, Inc. The funds were used to acquire Avēsis Incorporated, a leading administrator of vision, dental, and hearing programs in both the commercial and government markets.

Guardian Life Insurance Company of America
Annual Statement for the Year Ended December 31, 2015
Schedule 1 - Selected Financial Data

The following is a summary of certain financial data included in other exhibits and schedules subjected to audit procedures by independent auditors and utilized by actuaries in the determination of reserves.

			2015 Annual Statement References
Investment Income Earned			Exhibit of Net Investment Income
Government Bonds	$	36,511,704	
Bonds Exempt From US Tax			
Other Bonds (unaffiliated)		1,443,051,915	
Bonds of Affiliates			
Preferred Stocks (unaffiliated)		7,805,978	
Preferred Stocks of Affiliates			
Common Stocks (unaffiliated)		9,487,797	
Common Stocks of Affiliates		28,486,700	
Mortgages Loans		158,704,222	
Real Estate		74,338,876	
Contract Loans		240,835,282	
Cash/Short-term Investments		2,710,540	
Other Invested Assets		164,841,921	
Derivative Instruments		471,672	
Aggregate Write-Ins for Investment Income		6,574,450	
Gross Investment Income	$	2,173,821,057	
Real Estate Owned - Book Value less Encumbrances	$	429,569,129	Schedule A - Part 1
Mortgage Loans - Book Value:			
Farm Mortgages	$	-	Schedule B - Part 1
Residential Mortgages		-	
Commercial Mortgages		3,387,932,702	
Total Mortgage Loans	$	3,387,932,702	
Mortgage Loans by Standing - Book Value:			
Good Standing		3,387,932,702	Schedule B, Part 1
Good Standing with Restructured Terms		-	Schedule B, Part 1
Interest overdue more than 90 days, not in foreclosure		-	Schedule B, Part 1
Foreclosure in Process		-	Schedule B, Part 1
Other Long Term Assets - Statement Value		1,902,989,267	Schedule BA, Part 1
Bonds and Stocks of Parents, Subsidiaries and Affiliates - Book Value			Schedule D - Summary by Country
Bonds		31,715,928,066	
Preferred Stocks		166,835,343	
Common Stocks		1,462,364,696	

Schedule 1 - Selected Financial Data - Continued

		2015 Annual Statement References
Bonds and Short Term Investments by Class & Maturity		Schedule D, Part 1A Sec 1
Bonds by Maturity - Statement Value		
Due within one year or less	**$ 1,420,059,919**	
Over 1 year through 5 years	**4,980,295,544**	
Over 5 years through 10 years	**11,646,651,622**	
Over 10 years through 20 years	**3,719,501,475**	
Over 20 years	**10,773,403,954**	
Total by Maturity	**$ 32,539,912,514**	
Bonds by Class - Statement Value		
Class 1	**$ 16,973,797,961**	
Class 2	**13,531,078,073**	
Class 3	**1,003,386,675**	
Class 4	**892,942,016**	
Class 5	**138,707,789**	
Class 6	**-**	
Total by Class	**$ 32,539,912,514**	
Total Bonds Publicly Traded	**21,425,418,047**	
Total Bonds Privately Placed	**11,114,494,467**	
Preferred Stocks - Statement Value	**166,835,343**	Schedule D, Part 2, Sec. 1
Common Stocks - Market Value	**1,462,364,696**	Schedule D, Part 2, Sec. 2
Short Term Investments - Book Value	**22,603,623**	Schedule DA, Part 1
Options, Caps Floors, Collars, Swaps and Forwards	**4,032,982**	Schedule DB, Part A,
Futures Contracts	**7,837,572**	Schedule DB, Part B,
Cash on Deposit	**(45,920,026)**	Schedule E, Part 1
Life Insurance In Force		Exhibit of Life Insurance
Industrial	-	
Ordinary	197,096,361	
Credit Life	-	
Group Life	219,217,789	
Amount of Accidental Death Insurance In Force Under		
Ordinary Policies	1,052,102	Exhibit of Life Insurance
Life Insurance Policies with Disability Provisions In Force		Exhibit of Life Insurance
Industrial	-	
Ordinary	178,052,457	
Credit Life	-	
Group Life	219,166,369	
Supplementary Contracts In Force		Exhibit of Number of Policies, Contracts,Certificates,Income Payable, Account Values In Force for Supplementary Contracts, Annuities, A&H and Other Policies
Ordinary - Not Involving Life Contingencies	-	
Amount on Deposit	215,996,361	
Income Payable	17,000	
Ordinary - Involving Life Contingencies		
Income Payable	411	

Schedule 1 - Selected Financial Data - Continued

		2015 Annual Statement References
Group - Not Involving Life Contingencies		
Amount on Deposit	52,445,919	
Income Payable	-	
Group - Involving Life Contingencies		
Amount on Deposit	-	
Income Payable	-	
Annuities - Ordinary		Exhibit of Number of Policies,
Immediate - Amount of Income Payable	662,111	Contracts,Certificates,Income Payable,
Deferred - Fully Paid Account Balance	52,528,246	Account Values In Force for Supplementary
Deferred - Not Fully Paid - Account Balance	168,283,097	Contracts, Annuities, A&H and Other Policies
Annuities - Group		
Amount of Income Payable	1,778,091	Exhibit of Number of Policies,
Fully Paid Account Balance	6,645,782	Contracts,Certificates,Income Payable,
Not Fully Paid - Account Balance	-	Account Values In Force for Supplementary
		Contracts, Annuities, A&H and Other Policies
Accident and Health Insurance - Premiums In Force		
Ordinary	-	
Group	2,818,053,084	
Credit	-	
Other	455,465,576	
Deposit Funds and Dividend Accumulations		Exhibit of Number of Policies,
Deposit Funds - Account Balance	27,613,384	Contracts,Certificates,Income Payable,
Dividend Accumulations - Account Balance	104,334,290	Account Values In Force for Supplementary
		Contracts, Annuities, A&H and Other Policies
Claim Payments 2015		Schedule O, Part 1
Group Accident and Health Year - Ended December 31, 2015		Section A
2015	1,433,083	
2014	1,532,671	
2013	1,512,179	
2012	1,453,746	
2011	1,586,133	
Prior	589,556	
Other Accident & Health		Section B
2015	25,941	
2014	27,634	
2013	22,829	
2012	20,050	
2011	18,264	
Prior	115,724	
Credit Accident & Health	-	Section C
2015	-	
2014	-	
2013	-	
2012	-	
2011	-	
Prior	-	

Schedule 1 - Selected Financial Data - Continued

		2015 Annual Statement References
Other Coverages that use developmental methods to calculate Claims Reserves:		Section D
2015	-	
2014	-	
2013	-	
2012	-	
2011	-	
Prior	-	
Other Coverages that use developmental methods to calculate Claims Reserves:		Section E
2015	-	
2014	-	
2013	-	
2012	-	
2011	-	
Prior	-	
Other Coverages that use developmental methods to calculate Claims Reserves:		Section F
2015	-	
2014	-	
2013		
2012	-	
2011	-	
Prior	-	
Other Coverages that use developmental methods to calculate Claims Reserves:		Section G
2015	-	
2014	-	
2013	-	
2012	-	
2011	-	
Prior	-	

The Guardian Life Insurance Company of America
Investments of Reporting Entities
December 31, 2015

Section 2 Investment Risk Interrogatories

Answer the following interrogatories by stating the applicable U.S dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of the annual statement.
$48,120,890,403

2. Ten largest exposures to a single issuer/borrower/investment.

	Issuer	Description of Exposure		Amount	Percentage of Total Admitted Assets
2.01	GUARDIAN INVESTOR SERVICES	Stock	$	533,568,272	1.1%
2.02	FIRST COMMON WEALTH INSURANCE CO	Stock	$	437,571,181	0.9%
2.03	GUARDIAN INS & ANNUITY CO NY, NY	Stock	$	259,762,086	0.5%
2.04	MORGAN STANLEY	Bonds/Stock	$	254,875,532	0.5%
2.05	HISTORIC TW INC	Bonds/Stock	$	246,690,380	0.5%
2.06	JPMORGAN CHASE & CO	Bonds	$	242,759,665	0.5%
2.07	VERIZON COMMUNICATIONS	Bonds/Stock	$	242,435,132	0.5%
2.08	GOLDMAN SACHS	Bonds/Stock	$	229,230,859	0.5%
2.09	RS MUTUAL FUNDS	Stock	$	218,740,977	0.5%
2.10	BERKSHIRE LIFE INSURANCE CO OF AMEI	Stock	$	207,942,489	0.4%

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating:

	Bonds		Amount	% of Total Admitted Assets	Preferred Stocks		Amount	% of Total Admitted Assets
3.01	NAIC-1	$	16,973,797,961	35.3%	P/RP-1	$	-	0.0%
3.02	NAIC-2	$	13,531,078,073	28.1%	P/RP-2	$	93,130,409	0.2%
3.03	NAIC-3	$	1,003,386,675	2.1%	P/RP-3	$	27,551,481	0.1%
3.04	NAIC-4	$	892,942,016	1.9%	P/RP-4	$	9,081,250	0.0%
3.05	NAIC-5	$	138,707,789	0.3%	P/RP-5	$	11,086,110	0.0%
3.06	NAIC-6	$		0.0%	P/RP-6	$	25,986,092	0.1%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assts?
Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$	7,042,186,576	14.6%
4.03	Foreign-currency-denominated investments	$	141,931,602	0.3%
4.04	Insurance liabilities denominated in that same foreign currency	$	-	0.0%

.

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

		1	2
5.01 Countries rated NAIC-1	$	6,372,103,912	13.2%
5.02 Countries rated NAIC-2	$	612,583,444	1.3%
5.03 Countries rated NAIC-3 or below	$	57,499,219	0.1%

6. Largest foreign investment exposures to a single country, categorized by NAIC sovereign rating:

		1	2
Countries rated NAIC-1			
6.01 Country: Great Britain	$	1,758,002,920	3.7%
6.02 Country: Australia	$	1,144,904,166	2.4%
Countries rated NAIC-2:			
6.03 Country: Mexico	$	386,146,810	0.8%
6.04 Country: Spain	$	64,103,741	0.1%
Countries rated NAIC-3 or below			
6.05 Country: Marshall Islands	$	26,681,474	0.1%
6.06 Country: Costa Rica	$	17,000,000	0.0%

7. Aggregate unhedged foreign currency exposure:	$	-	0.0%

8. Aggregate unhedged foreign currency exposure categorized by the country's NAIC sovereign rating:

		1	2
8.01 Countries rated NAIC-1	$		0.0%
8.02 Countries rated NAIC-2	$		0.0%
8.03 Countries rated NAIC-3 or below	$	-	0.0%

9. Largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

		1	2
Countries rated NAIC-1:			
9.01 Country:	$		0.0%
9.02 Country:	$		0.0%
Countries rated NAIC-2:			
9.03 Country:	$		0.0%
9.04 Country:	$		0.0%
Countries rated NAIC-3 or below			
9.05 Country:	$	-	0.0%
9.06 Country:	$	-	0.0%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	Issuer	NAIC		3	4
10.01	BHP BILLITON FIN USA LTD	1FE	$	69,199,460	0.1%
10.02	GE CAPITAL INTL FUNDING	1FE	$	58,697,693	0.1%
10.03	RABOBANK NEDERLAND	1FE	$	55,415,074	0.1%
10.04	SIEMENS FINANCIERINGSMAT	1FE	$	54,705,146	0.1%
10.05	TRANS-CANADA PIPELINES	1FE	$	50,300,901	0.1%
10.06	HS1 LIMITED	1FE	$	50,000,000	0.1%
10.07	ACTAVIS FUNDING SCS	2FE	$	47,805,716	0.1%
10.08	ELECTRICITE DE FRANCE SA	1FE	$	47,563,315	0.1%
10.09	STANDARD CHARTERED PLC	1FE	$	38,594,453	0.1%
10.10	STATOIL ASA	1FE	$	38,409,633	0.1%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure.

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11

11.02	Total admitted assets held in Canadian investments	$	-	0.0%
11.03	Canadian-currency-denominated investments	$	-	0.0%
11.04	Canadian-denominated insurance liabilities	$	-	0.0%
11.05	Unhedged Canadian currency exposure	$	-	0.0%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1		2	3
12.02	Aggregate statement value of investments with contractual sales restrictions			
	Largest three investments with contractual sales restrictions:			
		$	-	0.0%
12.03		$	-	0.0%
12.04		$	-	0.0%
12.05		$	-	0.0%

13. Amounts and percentages of admitted assets held in the largest ten equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?
Yes [ ] No [X]

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	1 Name of Issuer		2	3
13.02	GUARDIAN INVESTOR SERVICES	$	533,568,272	1.1%
13.03	FIRST COMMON WEALTH INSURANCE COMPANY	$	437,571,181	0.9%
13.04	GUARDIAN INS & ANNUITY CO NY, NY	$	259,762,086	0.5%
13.05	RS MUTUAL FUNDS	$	218,740,977	0.5%
13.06	BERKSHIRE LIFE INSURANCE CO OF AMERICA	$	207,942,489	0.4%
13.07	ISHARES MSCI EAFE INDEX FUND	$	94,242,369	0.2%
13.08	PARK AVENUE LIFE INSURANCE COMPANY	$	50,644,336	0.1%
13.09	ISHARES NASDAQ BIOTECH INDEX	$	50,118,959	0.1%
13.10	SPDR GOLD TRUST	$	24,338,631	0.1%
13.11	POWERSHARES DB AGRICULTURE	$	21,286,482	0.0%

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01. Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 14.01 is yes, responses are not required for the remainder of Interrogatory 14.

	1		2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities Largest three investments held in nonaffiliated, privately placed equities:	$	-	0.0%
14.03		$	-	0.0%
14.04		$	-	0.0%
14.05		$	-	0.0%

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

	1		2	3
15.02		$		0.0%
15.03		$		0.0%
15.04		$		0.0%
15.05		$		0.0%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets?
Yes [ ] No [X]

If response to 16.01 is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	Type (Residential, Commercial, Agriculature)		2	3
16.02	COMMERCIAL	$	110,750,000	0.2%
16.03	COMMERCIAL	$	87,304,299	0.2%
16.04	COMMERCIAL	$	74,252,631	0.2%
16.05	COMMERCIAL	$	73,056,506	0.2%
16.06	COMMERCIAL	$	71,749,559	0.1%
16.07	COMMERCIAL	$	61,017,456	0.1%
16.08	COMMERCIAL	$	59,246,225	0.1%
16.09	COMMERCIAL	$	55,273,346	0.1%
16.10	COMMERCIAL	$	53,183,592	0.1%
16.11	COMMERCIAL	$	52,923,637	0.1%

Amount and percentages of the reporting entity’s total admitted assets held in the following categories of mortgage loans:

			Loans	
16.12	Construction Loans	$	135,294,406	0.3%
16.13	Mortgage loans over 90 days past due	$	-	0.0%
16.14	Mortgage loans in the process of foreclosure	$	-	0.0%
16.15	Mortgage loans foreclosed	$	-	0.0%
16.16	Restructured mortgage loans	$	-	0.0%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as

		Residential			Commercial			Agriculature	
	Loan-to-Value		1	2		3	4		5	6
17.01	above 95%	$	-	0.0%	$	18,085,021	0.0%	$	-	0.0%
17.02	91% to 95%	$	-	0.0%	$	36,255,753	0.1%	$	-	0.0%
17.03	81% to 90%	$	-	0.0%	$	5,783,495	0.0%	$	-	0.0%
17.04	71% to 80%	$	-	0.0%	$	60,104,074	0.1%	$	-	0.0%
17.05	below 70%	$	-	0.0%	$	3,267,704,359	6.8%	$	-	0.0%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

1 45,505,224
2 40,232,416
3 34,681,771
4 32,493,206
5 29,956,206

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 18.01. is yes, responses are not required for the remainder of Interrogatory 18

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1		2	3
18.02		$	-	0.0%
18.03		$	-	0.0%
18.04		$	-	0.0%
18.05		$	-	0.0%
18.06		$	-	0.0%

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans: 62,771,143 -0.15%

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 19.01 above is yes, responses are not required for the remainder of Interrogatory 19.

	1		2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loadns:			
	Largest three investments held in mezzanine rea $	$	-	0.0%
19.03		$	-	0.0%
19.04		$	-	0.0%
19.05		$	-	0.0%

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year-end		At End of Each Quarter		
				1st Qtr	2nd Quarter	3rd Quarter
		1	2	3	4	5
20.01	Securities lending (do not include assets held as collateral for such transactions)	$ -	0.0%	$ -	$ -	$ -
20.02	Repurchase agreements	$ -	0.0%	$ 15,100,000	$ -	$ -
20.03	Reverse repurchase agreements	$ -	0.0%	$ 1,596,000	$ 744,800	$ -
20.04	Dollar repurchase agreements	$ -	0.0%	$ 153,892,946	$ 98,890,038	$ 95,360,005
20.05	Dollar reverse repurchase agreements	$ -	0.0%	$ -	$ -	$ -

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floor:

	Owned		Written	
	1	2	3	4
21.01 Hedge	$ -	0.0%	$ -	0.0%
21.02 Income generation	$ -	0.0%	$ -	0.0%
21.03 Other	$ -	0.0%	$ -	0.0%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-end		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$ 2,453,145	0.0%	$ 2,296,627	$ 2,434,002	$ 2,513,341
22.02 Income generation	$ -	0.0%	$ -	$ -	$ -
22.03 Replications	$ 557,636	0.0%	$ -	$ -	$ -
22.04 Other	$	0.0%	$ -	$ -	$ -

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for future contracts:

	At Year-end		At End of Each Quarter		
			1st Quarter	2nd Quarter	3rd Quarter
	1	2	3	4	5
23.01 Hedging	$ 7,653,500	0.0%	$ 7,397,850	$ 7,466,400	$ 7,834,200
23.02 Income generation	$ -	0.0%	$ -	$ -	$ -
23.03 Replications	$ -	0.0%	$ -	$ -	$ -
23.04 Other	$ -	0.0%	$ -	$ -	$ -

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA
As of December 31, 2015

Appendix A-001
Section 3. Summary Investment Schedule

Investment Categories	Gross Investment Holdings*		Admitted Assets as Reported in the Annual Statement			
	Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1. Bonds:						
1.1 US Treasury Securities	$ 1,638,452,395	3.794%	$ 1,638,452,395		$ 1,638,452,395	3.794%
1.2 US Government agency and corporate obligations (excluding mortgage-backed securities):						
1.21 Issued by US Government Agencies	4,765,633	0.011%	4,765,633		4,765,633	0.011%
1.22 Issued by US Government-sponsored agencies	-	0.00%	-		-	0.000%
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	156,592,586	0.363%	156,592,586		156,592,586	0.363%
1.4 Securities issued by states, territories and possessions and political subdivisions in the US:						
1.41 States, territories and possessions general obligations	410,470,556	0.950%	410,470,556		410,470,556	0.951%
1.42 Political subdivisions of states, territories and possessions political subdivisions		0.00%				
general obligations	274,915,754	0.637%	274,915,754		274,915,754	0.637%
1.43 Revenue and assessment obligations	1,457,211,394	3.374%	1,457,211,394		1,457,211,394	3.375%
1.44 Industrial development and similar obligations	6,097,848	0.014%	6,097,848		6,097,848	0.014%
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA		0.00%			-	0.00%
1.512 Issued or guaranteed by FNMA and FHLMC		0.00%			-	0.00%
1.513 All other	-	0.000%	-		-	0.000%
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000%			-	0.000%
1.522 Issued by non-U.S. Government issuers and collaterized by mortgage-					-	
backed securities issued or guaranteed by agencies shown in Line 1.521	33,694,198	0.078%	33,694,198		33,694,198	0.078%
1.523 All other	1,090,800,423	2.526%	1,090,800,423		1,090,800,423	2.526%
2. Other debt and other fixed income securities (excluding short term):					-	
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	19,791,058,470	45.827%	19,791,058,470		19,791,058,470	45.834%
2.2 Unaffiliated non-U.S. securities (including Canada)	6,851,868,807	15.866%	6,851,868,807		6,851,868,807	15.868%
2.3 Affiliated securities	-	0.000%	-		-	0.000%
3. Equity interests:						
3.1 Investments in mutual funds	218,740,979	0.507%	218,740,979		218,740,979	0.507%
3.2 Preferred stocks:						
3.21 Affiliated	-	0.000%	-		-	0.00%
3.22 Unaffiliated	166,835,342	0.386%	166,835,342		166,835,342	0.386%
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated	-	0.000%	-		-	0.000%
3.32 Unaffiliated	271,068,231	0.628%	271,068,231		271,068,231	0.628%
3.4 Other equity securities:					-	
3.41 Affiliated	966,103,762	2.237%	966,103,762		966,103,762	2.237%
3.42 Unaffiliated		0.000%			-	0.000%
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated	-	0.000%	-		-	0.000%
3.52 Unaffiliated	-	0.000%	-		-	0.000%
4. Mortgage loans:						
4.1 Construction and land development	135,294,406	0.313%	135,294,406		135,294,406	0.313%
4.2 Agricultural	-	0.000%	-		-	0.000%
4.3 Single family residential properties	-	0.000%	-		-	0.00%
4.4 Multifamily residential properties	-	0.000%	-		-	0.000%
4.5 Commercial loans	3,189,867,143	7.386%	3,189,867,143		3,189,867,143	7.387%
4.6 Mezzanine real estate loans	62,771,143	0.145%	62,771,143		62,771,143	0.145%
5. Real Estate Investments:						
5.1 Property occupied by company	11,507,580	0.027%	11,507,580		11,507,580	0.027%
5.2 Property held for production of income (includes $0 of property acquired			-		-	
in satisfaction of debt)	414,992,625	0.961%	414,992,625		414,992,625	0.961%
5.3 Property held for sale ($0 including property acquired in the satisfaction of debt)	3,068,924	0.007%	3,068,924		3,068,924	0.007%
6. Contract loans	3,337,425,918	7.728%	3,337,425,918		3,337,425,918	7.729%
7. Deriatives	9,057,139	0.021%	9,057,139		9,057,139	0.021%
8. Receivables for securities	2,433,987	0.006%	2,433,987		2,433,987	0.006%
9. Securities Lending (Line 10, Asset Page reinvested collateral)	-	0.000%	-		-	
10. Cash and short-term investments	778,064,420	1.802%	778,064,420		778,064,420	1.802%
11. Other invested assets	1,902,989,267	4.406%	1,896,606,178		1,896,606,178	4.392%
12. Total Invested Assets	$ 43,186,148,929	100.00%	$ 43,179,765,840		$ 43,179,765,840	100.00%

* Gross Investment Holdings as valued in compliance with NAIC Accounting Practices & Procedures Manual

LIFE AND ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2017

OF THE CONDITION AND AFFAIRS OF THE

GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

NAIC Group Code 0429 (Current) 0429 (Prior) NAIC Company Code 64246 Employer's ID Number 13-5123390

Organized under the Laws of New York, State of Domicile or Port of Entry NY

Country of Domicile US

Incorporated/Organized 04/10/1860 Commenced Business 07/16/1860

Statutory Home Office 7 Hanover Square (Street and Number), New York , NY, US 10004-4025 (City or Town, State, Country and Zip Code)

Main Administrative Office 7 Hanover Square (Street and Number)

New York , NY, US 10004-4025 (City or Town, State, Country and Zip Code), 212-598-8000 (Area Code) (Telephone Number)

Mail Address 7 Hanover Square (Street and Number or P.O. Box), New York , NY, US 10004-4025 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 7 Hanover Square (Street and Number)

New York , NY, US 10004-4025 (City or Town, State, Country and Zip Code), 212-598-8829 (Area Code) (Telephone Number)

Internet Website Address www.GuardianLife.com

Statutory Statement Contact Haydn Phillip Padmore (Name), 212-598-8829 (Area Code) (Telephone Number)

Haydn_Padmore@glic.com (E-mail Address), (FAX Number)

OFFICERS

President and Chief Executive Officer	Deanna Marie Mulligan	SVP, Corporate Controller	John Hunter Flannigan
EVP, General Counsel	Tracy Leon Rich	SVP and Corporate Secretary	Harris Oliner

OTHER

Marc Costantini, EVP, Group and Worksite Markets	Christopher Sivert Dyrhaug #, EVP, Individual Markets	Michael Nicholas Ferik #, EVP & CFO
Jay Evan Rosenblum, SVP, Chief Human Resources Officer	Michael Slipowitz, SVP, Corporate Chief Actuary and Chief Risk Officer	Thomas George Sorell, EVP and Chief Investment Officer

DIRECTORS OR TRUSTEES

John Joseph Brennan	Lloyd Eugene Campbell	Richard Edward Cavanagh
Nancy Elizabeth Cooper	Deborah Leigh Duncan	William Craig Freda
Christopher Thomas Jenny #	Deanna Marie Mulligan	Gary Adam Norcross #
Stephen Joseph Squeri	Donald Cramer Waite III	

State of New York
County of New York SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Deanna Marie Mulligan	Tracy Leon Rich	John Hunter Flannigan
President and Chief Executive Officer	EVP,General Counsel	SVP, Corporate Controller

Subscribed and sworn to before me this 26th day of October, 2017

Lystra M. Dhoray

a. Is this an original filing? Yes [X] No [ ]
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

Lystra M. Dhoray
Notary Public, State of New York
No. 01DH6141127
Qualified in Nassau County
Commission Expires 02/13/2018

ASSETS

		Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1.	Bonds	37,966,478,606		37,966,478,606	35,447,350,772
2.	Stocks:				
	2.1 Preferred stocks	25,986,092		25,986,092	40,486,681
	2.2 Common stocks	1,626,744,742	6,407,647	1,620,337,096	1,481,662,100
3.	Mortgage loans on real estate:				
	3.1 First liens	3,722,511,212		3,722,511,212	3,471,561,693
	3.2 Other than first liens				
4.	Real estate:				
	4.1 Properties occupied by the company (less $ .... encumbrances)	2,760,333		2,760,333	2,965,563
	4.2 Properties held for the production of income (less $ 268,409,819 encumbrances)	353,628,370		353,628,370	360,971,455
	4.3 Properties held for sale (less $ .... encumbrances)				10,263,514
5.	Cash ($ (42,637,405)), cash equivalents ($ 531,359,988) and short-term investments ($ 363,085,402)	851,807,985		851,807,985	821,842,798
6.	Contract loans (including $ .... premium notes)	3,473,731,491	1,314,262	3,472,417,229	3,405,117,738
7.	Derivatives	27,964,600		27,964,600	41,050,789
8.	Other invested assets	1,965,192,916	27,067,077	1,938,125,839	1,793,047,294
9.	Receivables for securities	115,691,005		115,691,005	26,819,916
10.	Securities lending reinvested collateral assets				
11.	Aggregate write-ins for invested assets				15,193,221
12.	Subtotals, cash and invested assets (Lines 1 to 11)	50,132,497,352	34,788,986	50,097,708,367	46,918,333,536
13.	Title plants less $ .... charged off (for Title insurers only)				
14.	Investment income due and accrued	414,826,681		414,826,681	384,280,859
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	126,379,538	8,161,885	118,217,653	129,398,557
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)	1,049,631,507		1,049,631,507	928,114,251
	15.3 Accrued retrospective premiums ($ ....) and contracts subject to redetermination ($ ....)				
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	8,813,333		8,813,333	6,310,534
	16.2 Funds held by or deposited with reinsured companies	2,608,001,402		2,608,001,402	2,478,727,777
	16.3 Other amounts receivable under reinsurance contracts	30,977,183		30,977,183	33,441,176
17.	Amounts receivable relating to uninsured plans	44,889,623	314,019	44,575,604	46,987,436
18.1	Current federal and foreign income tax recoverable and interest thereon				105,759,080
18.2	Net deferred tax asset	1,013,387,826	271,230,081	742,157,745	727,353,728
19.	Guaranty funds receivable or on deposit	13,720,931		13,720,931	16,813,833
20.	Electronic data processing equipment and software	36,434,935	30,906,848	5,528,087	6,651,366
21.	Furniture and equipment, including health care delivery assets ($ ....)	11,112,999	11,112,999		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	13,413,405		13,413,405	28,412,630
24.	Health care ($ ....) and other amounts receivable	33,904,534	33,904,534		
25.	Aggregate write-ins for other than invested assets	99,266,236	20,315,110	78,951,125	73,127,411
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	55,637,257,485	410,734,463	55,226,523,022	51,883,712,174
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	55,637,257,485	410,734,463	55,226,523,022	51,883,712,174
	DETAILS OF WRITE-INS				
1101.	Investments in progress				15,193,221
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)				15,193,221
2501.	Miscellaneous receivable	71,408,302	1,868,432	69,539,870	66,370,974
2502.	Suspense accounts	5,048,768		5,048,768	3,127,935
2503.	PA innovative credit	4,150,198		4,150,198	3,438,735
2598.	Summary of remaining write-ins for Line 25 from overflow page	18,658,968	18,446,678	212,290	189,767
2599.	Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	99,266,236	20,315,110	78,951,125	73,127,411

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Aggregate reserve for life contracts $ 37,371,919,298 less $ .... included in Line 6.3 (including $ .... Modco Reserve)	37,371,919,298	35,678,952,887
2.	Aggregate reserve for accident and health contracts (including $ .... Modco Reserve)	3,878,851,408	3,713,234,025
3.	Liability for deposit-type contracts (including $ .... Modco Reserve)	1,618,042,333	1,209,717,843
4.	Contract claims:		
	4.1 Life	267,611,271	282,238,226
	4.2 Accident and health	492,462,212	501,478,151
5.	Policyholders' dividends $ (53,446,856) and coupons $ .... due and unpaid	(53,446,856)	(50,357,906)
6.	Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
	6.1 Dividends apportioned for payment (including $ .... Modco)	896,528,670	851,054,826
	6.2 Dividends not yet apportioned (including $ .... Modco)		
	6.3 Coupons and similar benefits (including $ .... Modco)		
7.	Amount provisionally held for deferred dividend policies not included in Line 6		
8.	Premiums and annuity considerations for life and accident and health contracts received in advance less $ (18,474,810) discount; including $ 54,959,754 accident and health premiums	315,510,206	297,502,015
9.	Contract liabilities not included elsewhere:		
	9.1 Surrender values on canceled contracts		
	9.2 Provision for experience rating refunds, including the liability of $ 3,022,070 accident and health experience rating refunds of which $ .... is for medical loss ratio rebate per the Public Health Service Act	3,022,070	3,741,880
	9.3 Other amounts payable on reinsurance, including $ 150,098 assumed and $ 15,135,443 ceded	15,285,541	17,221,568
	9.4 Interest Maintenance Reserve	514,500,539	463,528,876
10.	Commissions to agents due or accrued-life and annuity contracts $ 25,778,688 , accident and health $ 63,385,886 and deposit-type contract funds $	89,164,574	108,902,497
11.	Commissions and expense allowances payable on reinsurance assumed	1,010,575	272,336
12.	General expenses due or accrued	993,797,333	1,007,263,175
13.	Transfers to Separate Accounts due or accrued (net) (including $ .... accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes	42,612,509	56,407,841
15.1	Current federal and foreign income taxes, including $ 20,760,328 on realized capital gains (losses)	36,238,677	
15.2	Net deferred tax liability		
16.	Unearned investment income	101,297,451	98,734,066
17.	Amounts withheld or retained by company as agent or trustee	30,950,647	23,881,979
18.	Amounts held for agents' account, including $ 477,238 agents' credit balances	477,238	447,433
19.	Remittances and items not allocated	49,375,158	43,347,964
20.	Net adjustment in assets and liabilities due to foreign exchange rates		
21.	Liability for benefits for employees and agents if not included above	474,786,965	444,467,756
22.	Borrowed money $ .... and interest thereon $		
23.	Dividends to stockholders declared and unpaid		
24.	Miscellaneous liabilities:		
	24.01 Asset valuation reserve	870,087,519	809,617,334
	24.02 Reinsurance in unauthorized and certified ($ ....) companies		
	24.03 Funds held under reinsurance treaties with unauthorized and certified ($ ....) reinsurers		
	24.04 Payable to parent, subsidiaries and affiliates	14,130,031	6,856,836
	24.05 Drafts outstanding		
	24.06 Liability for amounts held under uninsured plans	7,202,603	6,306,523
	24.07 Funds held under coinsurance	33,083,644	20,726,961
	24.08 Derivatives	36,557,869	15,687,506
	24.09 Payable for securities	184,807,348	58,869,734
	24.10 Payable for securities lending		
	24.11 Capital notes $ .... and interest thereon $		
25.	Aggregate write-ins for liabilities	76,049,965	41,122,439
26.	Total liabilities excluding Separate Accounts business (Lines 1 to 25)	48,361,916,799	45,711,224,770
27.	From Separate Accounts Statement		
28.	Total liabilities (Lines 26 and 27)	48,361,916,799	45,711,224,770
29.	Common capital stock		
30.	Preferred capital stock		
31.	Aggregate write-ins for other than special surplus funds		
32.	Surplus notes	1,192,202,760	845,429,222
33.	Gross paid in and contributed surplus		
34.	Aggregate write-ins for special surplus funds	35,506,415	4,006,732
35.	Unassigned funds (surplus)	5,636,897,048	5,323,051,450
36.	Less treasury stock, at cost:		
	36.1 .... shares common (value included in Line 29 $ ....)		
	36.2 .... shares preferred (value included in Line 30 $ ....)		
37.	Surplus (Total Lines 31+32+33+34+35-36) (including $ .... in Separate Accounts Statement)	6,864,606,223	6,172,487,404
38.	Totals of Lines 29, 30 and 37	6,864,606,223	6,172,487,404
39.	Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	55,226,523,022	51,883,712,174
	DETAILS OF WRITE-INS		
2501.	Liability for dollar rolls	36,118,359	
2502.	Miscellaneous liabilities	19,975,080	20,421,753
2503.	Deferred gains on real estate	13,165,427	13,165,427
2598.	Summary of remaining write-ins for Line 25 from overflow page	6,791,099	7,535,259
2599.	Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	76,049,965	41,122,439
3101.			
3102.			
3103.			
3198.	Summary of remaining write-ins for Line 31 from overflow page		
3199.	Totals (Lines 3101 through 3103 plus 3198)(Line 31 above)		
3401.	Affordable Care Act Fee	31,499,683	
3402.	Contingency reserve for aviation reinsurance	3,000,000	3,000,000
3403.	Permanent surplus Arkansas requirements	1,000,000	1,000,000
3498.	Summary of remaining write-ins for Line 34 from overflow page	6,732	6,732
3499.	Totals (Lines 3401 through 3403 plus 3498)(Line 34 above)	35,506,415	4,006,732

SUMMARY OF OPERATIONS

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1.	Premiums and annuity considerations for life and accident and health contracts	6,027,941,052	5,731,103,984	7,772,716,072
2.	Considerations for supplementary contracts with life contingencies	1,603,111	1,649,307	2,376,498
3.	Net investment income	1,529,557,886	1,552,696,568	2,052,328,963
4.	Amortization of Interest Maintenance Reserve (IMR)	72,419,729	84,560,182	121,994,609
5.	Separate Accounts net gain from operations excluding unrealized gains or losses			
6.	Commissions and expense allowances on reinsurance ceded	66,646,890	64,478,009	86,222,350
7.	Reserve adjustments on reinsurance ceded			
8.	Miscellaneous Income:			
	8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
	8.2 Charges and fees for deposit-type contracts			
	8.3 Aggregate write-ins for miscellaneous income	182,978,938	148,252,152	210,633,854
9.	Totals (Lines 1 to 8.3)	7,881,147,605	7,582,740,201	10,246,272,346
10.	Death benefits	799,972,376	756,760,354	1,022,008,646
11.	Matured endowments (excluding guaranteed annual pure endowments)	633,579	983,195	1,627,601
12.	Annuity benefits	4,431,348	4,101,334	5,670,043
13.	Disability benefits and benefits under accident and health contracts	1,603,269,555	1,583,682,083	2,123,883,783
14.	Coupons, guaranteed annual pure endowments and similar benefits			
15.	Surrender benefits and withdrawals for life contracts	927,849,224	830,055,717	1,140,508,717
16.	Group conversions	1,083,882	1,039,844	1,418,143
17.	Interest and adjustments on contract or deposit-type contract funds	35,233,863	23,262,705	32,895,682
18.	Payments on supplementary contracts with life contingencies	1,225,832	2,040,155	2,451,210
19.	Increase in aggregate reserves for life and accident and health contracts	1,858,583,794	1,752,622,523	2,327,903,136
20.	Totals (Lines 10 to 19)	5,232,283,453	4,954,547,909	6,658,366,960
21.	Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	387,863,612	372,695,789	501,390,012
22.	Commissions and expense allowances on reinsurance assumed	166,692,306	154,993,586	214,024,142
23.	General insurance expenses	969,974,215	913,971,449	1,257,587,960
24.	Insurance taxes, licenses and fees, excluding federal income taxes	146,501,083	175,369,645	236,790,728
25.	Increase in loading on deferred and uncollected premiums	(81,534,298)	(73,247,852)	(216,242)
26.	Net transfers to or (from) Separate Accounts net of reinsurance			
27.	Aggregate write-ins for deductions	41,309,223	6,757,693	22,988,223
28.	Totals (Lines 20 to 27)	6,863,089,594	6,505,088,219	8,890,931,783
29.	Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	1,018,058,011	1,077,651,983	1,355,340,562
30.	Dividends to policyholders	635,688,907	624,284,905	838,603,112
31.	Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	382,369,104	453,367,078	516,737,450
32.	Federal and foreign income taxes incurred (excluding tax on capital gains)	117,547,974	134,564,074	140,681,472
33.	Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	264,821,130	318,803,004	376,055,978
34.	Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $ 35,501,123 (excluding taxes of $ 66,441,518 transferred to the IMR)	4,993,232	(15,419,809)	(8,389,722)
35.	Net income (Line 33 plus Line 34)	269,814,361	303,383,195	367,666,256
	CAPITAL AND SURPLUS ACCOUNT			
36.	Capital and surplus, December 31, prior year	6,172,487,404	6,089,670,493	6,089,670,493
37.	Net income (Line 35)	269,814,361	303,383,195	367,666,256
38.	Change in net unrealized capital gains (losses) less capital gains tax of $ 5,836,452	63,858,241	(112,280,997)	(102,931,689)
39.	Change in net unrealized foreign exchange capital gain (loss)	33,588,993	(9,102,395)	(28,472,356)
40.	Change in net deferred income tax	24,794,690	40,142,327	112,288,829
41.	Change in nonadmitted assets	(21,255,776)	(33,338,314)	(84,399,120)
42.	Change in liability for reinsurance in unauthorized and certified companies			
43.	Change in reserve on account of change in valuation basis, (increase) or decrease		(8,265,535)	(8,265,535)
44.	Change in asset valuation reserve	(60,470,187)	(15,800,687)	(11,355,886)
45.	Change in treasury stock			
46.	Surplus (contributed to) withdrawn from Separate Accounts during period			
47.	Other changes in surplus in Separate Accounts Statement			
48.	Change in surplus notes	346,773,538	151,538	166,613
49.	Cumulative effect of changes in accounting principles			(2,620,067)
50.	Capital changes:			
	50.1 Paid in			
	50.2 Transferred from surplus (Stock Dividend)			
	50.3 Transferred to surplus			
51.	Surplus adjustment:			
	51.1 Paid in			
	51.2 Transferred to capital (Stock Dividend)			
	51.3 Transferred from capital			
	51.4 Change in surplus as a result of reinsurance			
52.	Dividends to stockholders			
53.	Aggregate write-ins for gains and losses in surplus	35,014,958	4,941,391	(159,260,134)
54.	Net change in capital and surplus for the year (Lines 37 through 53)	692,118,819	169,830,523	82,816,911
55.	Capital and surplus, as of statement date (Lines 36 + 54)	6,864,606,223	6,259,501,016	6,172,487,404
	DETAILS OF WRITE-INS			
08.301.	Interest on funds withheld assumed	108,625,584	103,771,777	140,240,909
08.302.	Other reserve adjustment on reinsurance	42,756,685	15,801,364	26,382,693
08.303.	Experience refund	22,596,947	19,862,304	32,446,179
08.398.	Summary of remaining write-ins for Line 8.3 from overflow page	8,999,722	8,816,707	11,564,073
08.399.	Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	182,978,938	148,252,152	210,633,854
2701.	Reserve adjustment on reinsurance assumed	27,481,707	(2,118,089)	3,464,710
2702.	Other miscellaneous expenses	12,290,267	8,207,957	17,941,746
2703.	Interest expense on funds held ceded	940,595	449,226	677,110
2798.	Summary of remaining write-ins for Line 27 from overflow page	596,654	218,599	904,657
2799.	Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	41,309,223	6,757,693	22,988,223
5301.	Reduction in prepaid pension assets	34,979,936	4,941,391	(159,260,134)
5302.	Prior period correction	35,021		
5303.				
5398.	Summary of remaining write-ins for Line 53 from overflow page			
5399.	Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)	35,014,958	4,941,391	(159,260,134)

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	Cash from Operations			
1.	Premiums collected net of reinsurance	6,013,509,321	5,723,869,699	7,756,151,529
2.	Net investment income	1,535,543,276	1,575,820,632	2,110,333,486
3.	Miscellaneous income	90,699,855	158,360,733	195,524,911
4.	Total (Lines 1 to 3)	7,639,752,452	7,458,051,063	10,062,009,927
5.	Benefit and loss related payments	3,400,278,238	3,172,365,488	4,242,893,651
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	1,729,568,606	1,683,019,403	1,980,558,566
8.	Dividends paid to policyholders	593,304,013	577,236,508	822,349,878
9.	Federal and foreign income taxes paid (recovered) net of $ 101,942,641 tax on capital gains (losses)	77,492,859	132,312,746	309,426,368
10.	Total (Lines 5 through 9)	5,800,643,715	5,564,934,145	7,355,228,463
11.	Net cash from operations (Line 4 minus Line 10)	1,839,108,737	1,893,116,918	2,706,781,463
	Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	11,807,464,826	10,861,327,197	15,042,144,277
	12.2 Stocks	214,559,457	240,676,989	537,663,565
	12.3 Mortgage loans	371,828,005	399,852,949	573,901,235
	12.4 Real estate	11,298,038	81,110,064	81,086,288
	12.5 Other invested assets	166,259,395	429,401,947	627,054,523
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(36,701)	(1,442)	(1,222)
	12.7 Miscellaneous proceeds	205,467,222	290,464,162	62,623,941
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	12,776,840,242	12,302,831,866	16,924,472,607
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	14,084,004,323	13,627,048,418	18,450,682,156
	13.2 Stocks	205,736,609	327,379,079	464,199,358
	13.3 Mortgage loans	624,683,047	439,824,509	664,144,916
	13.4 Real estate	6,824,381	38,731,868	16,467,798
	13.5 Other invested assets	336,368,374	426,665,104	627,203,701
	13.6 Miscellaneous applications	170,149,243	264,631,080	122,670,251
	13.7 Total investments acquired (Lines 13.1 to 13.6)	15,427,765,977	15,124,280,058	20,345,368,180
14.	Net increase (or decrease) in contract loans and premium notes	67,921,942	37,566,868	67,536,553
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(2,718,847,677)	(2,859,015,061)	(3,488,432,125)
	Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes	346,773,538	151,539	166,614
	16.2 Capital and paid in surplus, less treasury stock			
	16.3 Borrowed funds			
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	408,324,490	507,087,543	802,965,922
	16.5 Dividends to stockholders			
	16.6 Other cash provided (applied)	154,606,099	311,574,362	22,296,504
17.	Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	909,704,127	818,813,444	825,429,040
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	29,965,187	(147,084,699)	43,778,378
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	821,842,798	778,064,420	778,064,420
	19.2 End of period (Line 18 plus Line 19.1)	851,807,985	630,979,722	821,842,798

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.	Bonds to Bonds Exchange	1,389,392,165	461,870,489	805,700,910
20.0002.	Common Stocks to Common Stocks Exchange	331,975	1,824,242	1,787,656
20.0003.	Settled reinsurance transactions with exchange of non-cash financial assets		33,118,423	33,118,423

EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1.	Industrial life			
2.	Ordinary life insurance	3,078,583,965	2,902,907,167	4,053,621,338
3.	Ordinary individual annuities	5,621,362	5,464,790	16,395,612
4.	Credit life (group and individual)			
5.	Group life insurance	483,087,139	450,255,029	542,214,760
6.	Group annuities			
7.	A & H - group	2,272,847,057	2,191,528,586	2,922,618,691
8.	A & H - credit (group and individual)			
9.	A & H - other	145,779,809	148,050,200	196,515,804
10.	Aggregate of all other lines of business			
11.	Subtotal	5,985,919,332	5,698,205,772	7,731,366,205
12.	Deposit-type contracts	400,299,899	381,726	456,747
13.	Total	6,386,219,231	5,698,587,498	7,731,822,951
	DETAILS OF WRITE-INS			
1001.				
1002.				
1003.				
1098.	Summary of remaining write-ins for Line 10 from overflow page			
1099.	Totals (Lines 1001 through 1003 plus 1098)(Line 10 above)			

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of The Guardian Life Insurance Company of America (the "Company") are presented on the basis of accounting practices prescribed or permitted by the New York State Department of Financial Services (the "Department").

The Department recognizes only statutory accounting practices prescribed or permitted by the state of New York for determining and reporting the financial condition and results of operations of an insurance company ("New York SAP"). The National Association of Insurance Commissioners' ("NAIC") promulgates the Accounting Practices and Procedures Manual ("NAIC SAP"), which includes accounting guidelines referred to as Statements of Statutory Accounting Principles ("SSAP's"). The Department adopted NAIC SAP with certain modifications, through the passage of Regulation 172, effective January 1, 2001, as amended. There were two material differences between the Company's capital, surplus and net income (loss) calculated in accordance with New York SAP and NAIC SAP for the period ended September 30, 2017 and December 31, 2016.

	SSAP #	F/S Page	F/S Line #	2017	2016
NET INCOME					
(1) State basis (Page 4, Line 35, Columns 1 & 2)	SSAP #1	4	35	$ 269,814,361	$ 367,666,256
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:					
Impact on deferred premiums				$ 1,571,640	$ 6,578,960
Impact on admitted unearned premiums/allowances				$ (2,490,997)	$ (4,663,304)
(3) State Permitted Practices that increase/(decrease) NAIC SAP:				$ (919,357)	$ 1,915,656
(4) NAIC SAP (1-2-3=4)	SSAP #1	4	35	$ 268,895,004	$ 369,581,912
SURPLUS					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	SSAP #1	3	38	$ 6,864,606,223	$ 6,172,487,404
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:					
Impact on deferred premium				$ 134,541,727	$ 132,970,087
Impact on admitted unearned premiums/allowance				$ (57,942,889)	$ (55,451,893)
(7) State Permitted Practices that increase/(decrease) NAIC SAP:				$	$
(8) NAIC SAP (5-6-7=8)	SSAP #1	3	38	$ 6,941,205,061	$ 6,250,005,598

B. Use of Estimates in the Preparation of the Financial Statements

No Changes

C. Accounting Policy

No Changes

D. Going Concern

Not Applicable

2. Accounting Changes and Correction of Errors

No Changes

3. Business Combinations and Goodwill

No Changes

NOTES TO FINANCIAL STATEMENTS

4. Discontinued Operations

No Changes

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

No Changes

B. Debt Restructuring

No Changes

C. Reverse Mortgages

No Changes

D. Loan-Backed Securities

(1) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from issuers or broker-dealers through information services or internal estimates and are consistent with current interest rates and the economic environment. The Company uses IDC pricing service or broker dealer surveys in determining the market value of its loan backed securities.

(2) Not applicable

(3) Not applicable

(4)

All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a.The aggregate amount of unrealized losses:

1. Less than 12 Months	$	10,380,348
2. 12 Months or Longer	$	8,889,954

b.The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	$	1,296,083,410
2. 12 Months or Longer	$	360,710,224

(5) In reaching the conclusion that these impairments are not other-than-temporary, management considered many factors including: duration and severity of impairment, cash flow, investment sector stability, credit worthiness, financial condition of issuer, and intent and ability to hold to allow for recovery in value.

E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable

F. Real Estate

No Changes

G. For investments in Low-Income Housing Tax Credits (LIHTC).

No Changes

H. Restricted Assets

No Changes

I. Working Capital Finance Investments

Not applicable

NOTES TO FINANCIAL STATEMENTS

J. Offsetting and netting Assets and Liabilities

	Gross Amount Recognized	Amount Offset*	Net Amount Presented on Financial Statements
(1) Assets			
Currency swaps	$ 14,329,599		$ 14,329,599
Index Participation Feature	107,368		107,368

* For derivative assets and derivative liabilities, the amount offset shall agree to Schedule DB, Part D, Section 1

(2) Liabilities			
Currency swaps	$ 36,557,869		$ 36,557,869

* For derivative assets and derivative liabilities, the amount offset shall agree to Schedule DB, Part D, Section 1

M. Short Sales

Not applicable

N. Prepayment Penalty and Acceleration Fees

	General Account	Separate Account
1. Number of CUSIPs	43	
2. Aggregate Amount of Investment Income	19,135,560	

6. Joint Ventures, Partnerships and Limited Liability Companies

No Changes

7. Investment Income

No Changes

8. Derivative Instruments

No Changes

9. Income Taxes

No Changes

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No Changes

11. Debt

No Changes

NOTES TO FINANCIAL STATEMENTS

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

1. - 3. - No change

4. Components of net periodic benefit cost

		Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
		Nine months ended 9/30/2016	Year ended 12/31/2016	Nine months ended 9/30/2016	Year ended 12/31/2016	Nine months ended 9/30/2016	Year ended 12/31/2016
a.	Service cost	$ 57,136,836	$ 70,702,713	$ 4,260,039	$ 5,744,333	$ -	$ -
b.	Interest cost	75,556,421	95,314,804	7,093,286	10,646,265	-	-
c.	Expected return on plan assets	(98,319,209)	(131,802,646)	(6,941,836)	(10,252,618)	-	-
d.	Amortization of unrecognized transition asset	392,250	523,000	-	-	-	-
e.	Amount of recognized losses	43,822,209	45,890,494	2,381,708	17,279,160	-	-
f.	Amount of prior service cost recognized	27,000	38,000	(1,743,230)	(8,391,949)	-	-
g.	Amount of gain or loss recognized due to a settlement, curtailment, or special termination benefits	-	1,000	-	(3,176,050)	-	-
h.	Total net periodic benefit cost	$ 78,615,507	$ 80,667,365	$ 5,049,966	$ 11,849,141	$ -	$ -

5. - 21. - No change

B. I. - No change

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

(1) No Changes

(2) No Changes

(3) No Changes

(4) No Changes

(5) No Changes

(6) No Changes

(7) No Changes

(8) No Changes

(9) No Changes

(10) No Changes

(11) No Changes

(12) No Changes

(13) No Changes

14. Liabilities, Contingencies and Assessments

No Changes

15. Leases

No Changes

NOTES TO FINANCIAL STATEMENTS

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

No Changes

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

No Changes

B. Transfer and servicing of financial assets

No Changes

C. Wash Sales

No Changes

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No Changes

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No Changes

NOTES TO FINANCIAL STATEMENTS

20. Fair Value

(A) The following tables summarize the Company's investments carried at fair value by their fair value hierarchy levels for the period ending September 30, 2017:

(1) Fair Value Measurement at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Perpetual Preferred Stock				
Industrial and Misc	$	$	$	$ -
Total Perpetual Preferred Stocks	$ -	$ -	$ -	$ -
Bonds				
Industrial and Misc	$	$ 11,819,472	$	$ 11,819,472
Total Bonds	$ -	$ 11,819,472	$ -	$ 11,819,472
Common Stock				
Industrial and Misc	$	$ 543,770,085	$ 323,120	$ 544,093,205
Total Common Stock	$ -	$ 543,770,085	$ 323,120	$ 544,093,205
Derivative Assets				
Foreign exchange contracts	$	$	$	$ -
Total Derivatives	$ -	$ -	$ -	$ -
Total assets at fair value	$ -	$ 555,589,557	$ 323,120	$ 555,912,677
b. Liabilities at fair value				
Derivative Liabilities	$	$	$	$ -
Total liabilities at fair value	$ -	$ -	$ -	$ -

There were no transfers of perpetual preferred stock between levels 1 and 2.

(2) Fair Value Measurements in (Level 3) of Fair Value Hierarchy

Description	Ending Balance as of Prior Quarter End	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance as of Current Quarter End
a. Assets:										
Bonds										
Industrial & Miscellaneous (Unaffiliated)										-
Common Stock										
Industrial & Miscellaneous (Unaffiliated)	25,011	298,110								323,121
....										
....										
....										
Total Assets	25,011	298,110	-	-	-	-	-	-	-	323,121
b. Liabilities										
....										-
....										-
....										-
Total Liabilities	-	-	-	-	-	-	-	-	-	-

(3) Transfers are recognized at the end of the reporting period.

(4) The Company obtains the fair value of financial instruments held in its portfolio from various sources. These sources include published market quotes for active market exchange traded instruments, third party pricing vendors, investment banks which are lead market makers in certain markets, broker quotes and the use of internal valuation models that use market observable inputs when available and Company derived inputs when external inputs are not available or deemed to be inaccurate.

NOTES TO FINANCIAL STATEMENTS

Bonds:
Estimated fair values for bonds, other than private placement securities, are based on values provided by a third party pricing vendor using primarily observable market inputs. Observable inputs include benchmark yields, reported trades, market dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data.

Preferred Stock:
Estimated fair values for preferred stock, other than private placement securities, are based on values provided by a third party pricing vendor using primarily observable market inputs. Observable inputs include benchmark yields, reported trades, market dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. Preferred stock is carried at fair value if impaired during the reporting period or carried at lower of cost or fair value based on the rating assigned by the SVO.

Common Stock:
Estimated fair value for unaffiliated common stock is determined using a quoted market price where available. When the Company cannot obtain a quoted market price directly, it relies on values provided by a third party pricing vendor, or values determined by estimates and assumptions based on internally derived information. The pricing vendor values these securities using observable market inputs, including reported trades, market dealer quotes, bids, offers and reference data. The fair value of common stock was $544,093,205 at September 30, 2017. $0 was valued based on quoted market prices from an active market for that identical investment and $543,770,085 was valued based on quotes from third party pricing vendors for identical investments in markets that are not actively traded, or for similar investments that are actively traded and model derived valuations whose inputs are observable or whose significant value drivers are observable. Common stocks with an aggregate fair value of $323,120 were determined by using estimates and assumptions based on internally derived information.

Mortgage Loans:
The estimated fair value of the mortgage loan portfolio is derived primarily using a loan value matrix using significant unobservable inputs. The inputs used in the matrix include (1) the weighted average cash flow and average term to maturity for each individual loan; (2) a base spread over the U.S. Treasury rate and (3) an internally computed credit rating that is used to derive the appropriate credit spread. At September 30, 2017, there were no mortgage loans carried at fair value.

Real Estate:
Real estate properties that are designated as held for sale are carried on the balance sheet at the lower of their depreciated cost basis adjusted for any previous impairment write-downs or fair value less cost to sell. At September 30, 2017, the Company had no property in the held for sale category. The fair value of this property is based on what management believes to be a market price based on a bid received at auction from a third party.

Derivatives:
Derivative instruments are valued through the use of quoted market prices for exchange-traded derivatives (Level 1), third party pricing model and a third party pricing service for over-the-counter ("OTC") traded derivatives (Level 2) and by using internally developed estimates and assumptions when no quoted market price or third party vendor price is available

(5) Not applicable

B. Not applicable

C. Aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	$ 39,907,599,870	$ 37,966,478,604	$ 2,162,738,847	$ 34,584,604,136	$ 3,160,256,887	
Common Stock	544,093,205	544,093,205	-	543,770,085	323,120	
Perpetual Preferred Stock	33,866,936	25,986,092	-	-	33,866,936	
Mortgage Loans	3,829,655,561	3,722,511,212	-	-	3,829,655,561	
Derivative Assets	-	-	-	-	-	
Derivative Liabilities	$ -	$ -	$ -	$ -	$ -	

D. Not applicable

NOTES TO FINANCIAL STATEMENTS

21. Other Items

A. Unusual or Infrequent Items

No Changes

B. Trouble Debt Restructuring: Debtors

No Changes.

C. Other disclosures

No Changes

D. Business Interruption Insurance Recoveries

No Changes

E. State Transferable and Non-Transferable Tax Credits

No Changes

F. Sub-prime, Alt-A and other Below-prime Mortgage Related Risk Exposure

No Changes

G. Retained Assets

No Changes

H. Not Applicable

22. Events Subsequent

No Changes

23. Reinsurance

No Changes

24. Retrospectively Rated Contracts & Contracts Subject to Re-determination

A. Not applicable

B. Not applicable

C. Not applicable

D. Not applicable

E. Not Applicable

NOTES TO FINANCIAL STATEMENTS

25. Change in Incurred Losses and Loss Adjustment Expenses

Activity in the liability for unpaid accident & health claims and claim reserves is summarized as follows:

	09/30/2017	12/31/2016
Balance of Unpaid A&H Claims and Claim Reserves, net of Reinsurance Recoverable at January 1	$ 3,788,305,380	$ 3,574,645,654
Incurred related to:		
Current year	1,834,718,848	2,388,829,870
Prior year	(109,050,941)	(90,285,723)
Total incurred	1,725,667,907	2,298,544,147
Paid related to:		
Current year	1,128,416,917	1,546,907,598
Prior year	468,039,119	537,976,823
Total paid	1,596,456,036	2,084,884,421
Balance of Unpaid A&H Claims and Claim Reserves, net of Reinsurance Recoverable at September 30, 2017	$ 3,917,517,251	$ 3,788,305,380

26. Intercompany Pooling Arrangements

No Changes

27. Structured Settlements

No Changes

28. Health Care Receivables

No Changes

29. Participating Policies

No Changes

30. Premium Deficiency Reserve - Health

Not applicable

31. Reserves for Life Contracts and Deposit-Type Contracts

No Changes

32. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics

No Changes

33. Premium and Annuity Considerations Deferred and Uncollected

No Changes

34. Separate Accounts

No Changes

35. Loss/Claim Adjustment Expenses

No Changes

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ ] No [X]
If yes, complete Schedule Y, Parts 1 and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

4.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] N/A [ ]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2013

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2013

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/19/2015

6.4 By what department or departments?
New York State Department of Financial Services

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [ ] N/A [ ]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

7.2 If yes, give full information:

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No [ ]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
Park Avenue Institutional Advisers LLC	New York, NY	NO	NO	NO	YES
Park Avenue Securities LLC	New York, NY	NO	NO	NO	YES

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended? Yes [X] No [ ]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
Senior Managers do not have a separate Code of Conduct. However, the Company-wide Code has been updated for 2017 to reflect changes in current regulation. This is within the normal scope of business practice and is done so with the approval of senior management.

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [X] No [ ]

11.2 If yes, give full and complete information relating thereto:
Emoney Preferred Stock Book Value of 25,986,092

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $

13. Amount of real estate and mortgages held in short-term investments: $

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No [ ]

14.2 If yes, please complete the following:

		1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21	Bonds	$ 14,124,961	$ 14,124,961
14.22	Preferred Stock	$	$
14.23	Common Stock	$ 1,050,191,379	$ 1,076,243,891
14.24	Short-Term Investments	$	$
14.25	Mortgage Loans on Real Estate	$	$
14.26	All Other	$ 857,528,826	$ 814,851,792
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 1,921,845,166	$ 1,905,220,644
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above	$	$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [X] No [ ]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [X] No [ ]
If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. $ ....

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ ....

16.3 Total payable for securities lending reported on the liability page. $ ....

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
JP Morgan Chase	270 Park Avenue, Floor 41, New York, NY 10017

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]

17.4 If yes, give full information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

17.5 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["…that have access to the investment accounts"; "…handle securities"]

1 Name of Firm or Individual	2 Affiliation
Isaac Lowenbraun	I
Paul Gillin	I
Charles Golden	I
Keith Simon	I
Martin Vernon	I
John Gargana	I
Rob Simmons	I
Rob Crimmins	I
David Marmon	I
Stewart Johnson	I
Kampoleak Pal	I
Kevin Booth	I
Demetrios Tsaparas	I
Brian Keating	I
Tom Donohue	I
William Lee	I
Paul Jablansky	I
Douglas Gaylor	I
Douglas Dupont	I
Tim Cashman	I

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [X]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [X]

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No [ ]

18.2 If no, list exceptions:

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

Bonds Not Filed with the SVO **EXHIBIT A**

As of September 30, 2017

CUSIP	Description	Interest	Maturity
04317@AV0	ARTHUR J. GALLAGHER & CO.	4.09	06/27/2027
04317@AW8	ARTHUR J GALLAGHER & CO	4.09	08/02/2027
14456#AA4	CARRIX, INC	4.96	07/31/2027
14456#AB2	CARRIX, INC	5.06	07/31/2029
40465@AA0	HSRE CORE HOLDING I, LLC	4.13	07/05/2025
40465@AB8	HSRE CORE HOLDING I, LLC	4.23	07/05/2026
40465@AC6	HSRE CORE HOLDING, I, LLC	4.30	04/03/2027
56081#BE9	MAJOR LEAGUE BASEBALL TRUST	2.64	12/10/2023
56081#BF6	MAJOR LEAGUE BASEBALL TRUST	2.92	12/10/2026
74992*AC9	RXR REALTY LLC	4.80	05/04/2022
83088GB*5	SKYWAY CONCESSION COMPANY LLC	3.66	07/10/2024
83088GB@3	SKYWAY CONCESSION COMPANY LLC	4.01	07/10/2029
838518C#3	SOUTH JERSEY INDUSTRIES INC. PRIV PLACE	3.22	08/16/2024
838518D*6	SOUTH JERSEY INDUSTRIES INC.	3.46	08/16/2027
88150*AC7	TERRENO REALTY LLC	3.99	07/07/2026
BS0817178	SEGRO PLC	1.77	08/17/2027
EB0920174	KEYERA ENERGY LIMITED PARTNERSHIP`	3.68	09/20/2027
G0827#BK5	BARRATT DEVELOPMENTS PLC	2.77	08/23/2027
G1745*AR2	BROOKFIELD UTILITIES ISSUER UK PLC	2.62	11/10/2026
G6093#AB0	APTARGROUP UK HOLDING	1.17	07/19/2024
G6363#AA5	NAC AVIATION 29 DAC PRIV PLACE	4.17	06/29/2022
G6363#AB3	NAC AVIATION 29 DAC PRIV PLACE	4.53	06/29/2024
G7332#AF0	RRPF ENGINE LEASING LIMITED AND RRPF ENG	2.77	04/13/2022
G9605#AJ8	WHITBREAD GROUP PLC	2.63	08/16/2027
G9850@AG8	YORKSHIRE WATER SERVICES	5.07	01/05/2022
GF0913178	DCC TREASURY 2014 LIMITED	1.96	09/13/2027
N5224#AH3	LEKKERLAND FINANCE B.V.	1.87	08/16/2027
Q3261#AP1	DOWNER GROUP	4.57	07/08/2025
R1895#AC7	E-CO ENERGI HOLDING AS	2.96	07/27/2027
TP0711170	QIC FINANCE (SHOPPING CENTER FUND) PTY	3.96	07/11/2029
	TOTAL ISSUES:	**30**	

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

Preferred Stocks Not Filed with the SVO **EXHIBIT A**

As of September 30, 2017

CUSIP	Description	
	NONE	
	TOTAL ISSUES:	**0**

GENERAL INTERROGATORIES

PART 2 - LIFE & HEALTH

		1 Amount
1.	Report the statement value of mortgage loans at the end of this reporting period for the following categories:	
	1.1 Long-Term Mortgages In Good Standing	
	1.11 Farm Mortgages	$
	1.12 Residential Mortgages	$
	1.13 Commercial Mortgages	$ 3,722,511,211
	1.14 Total Mortgages in Good Standing	$ 3,722,511,211
	1.2 Long-Term Mortgages In Good Standing with Restructured Terms	
	1.21 Total Mortgages in Good Standing with Restructured Terms	$
	1.3 Long-Term Mortgage Loans Upon which Interest is Overdue more than Three Months	
	1.31 Farm Mortgages	$
	1.32 Residential Mortgages	$
	1.33 Commercial Mortgages	$
	1.34 Total Mortgages with Interest Overdue more than Three Months	$
	1.4 Long-Term Mortgage Loans in Process of Foreclosure	
	1.41 Farm Mortgages	$
	1.42 Residential Mortgages	$
	1.43 Commercial Mortgages	$
	1.44 Total Mortgages in Process of Foreclosure	$
1.5	Total Mortgage Loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2)	$ 3,722,511,211
1.6	Long-Term Mortgages Foreclosed, Properties Transferred to Real Estate in Current Quarter	
	1.61 Farm Mortgages	$
	1.62 Residential Mortgages	$
	1.63 Commercial Mortgages	$
	1.64 Total Mortgages Foreclosed and Transferred to Real Estate	$
2.	Operating Percentages:	
	2.1 A&H loss percent	67.000 %
	2.2 A&H cost containment percent	%
	2.3 A&H expense percent excluding cost containment expenses	33.000 %
3.1	Do you act as a custodian for health savings accounts?	Yes [ ] No [X]
3.2	If yes, please provide the amount of custodial funds held as of the reporting date	$
3.3	Do you act as an administrator for health savings accounts?	Yes [ ] No [X]
3.4	If yes, please provide the balance of the funds administered as of the reporting date	$

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsurer Rating

NONE

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

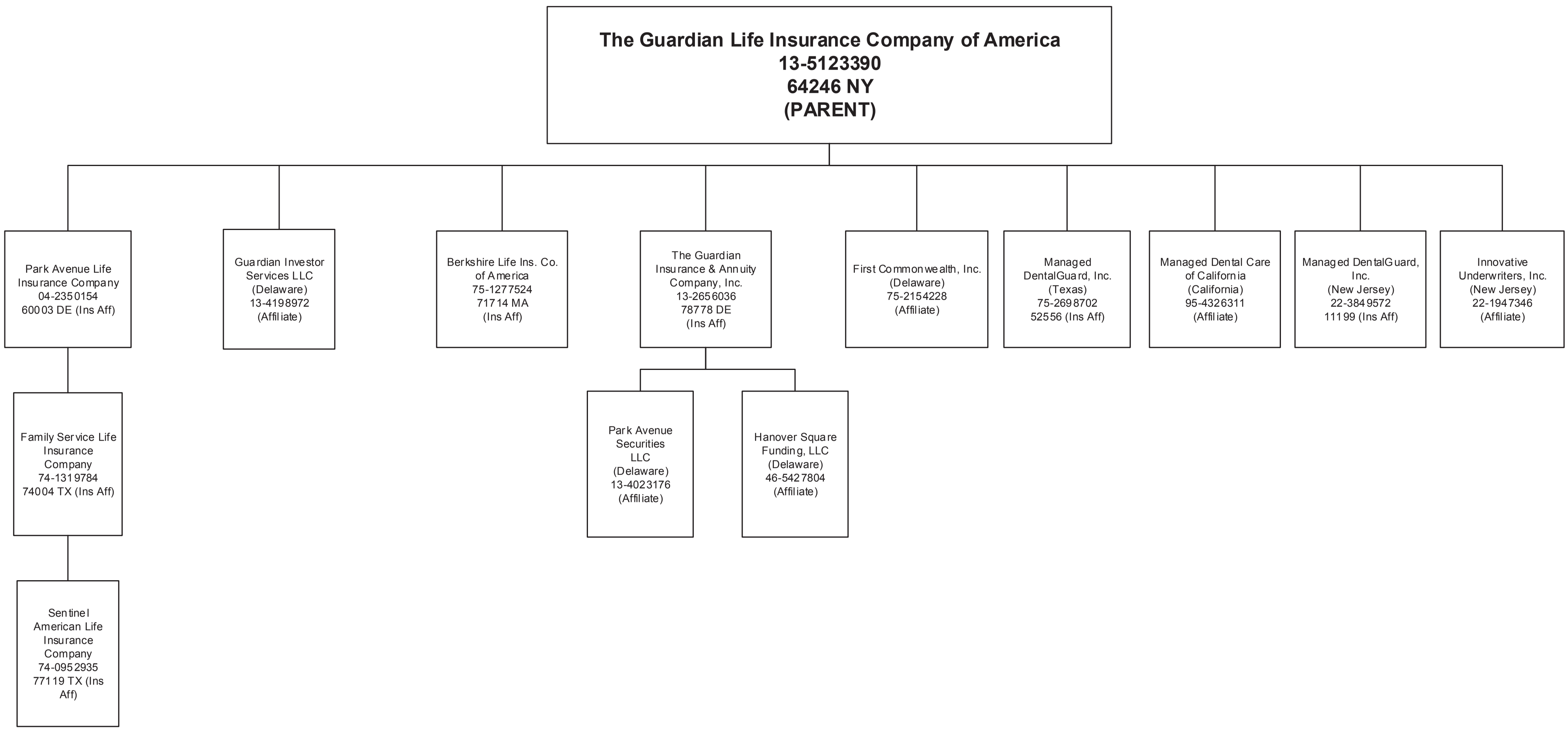
Current Year To Date - Allocated by States and Territories

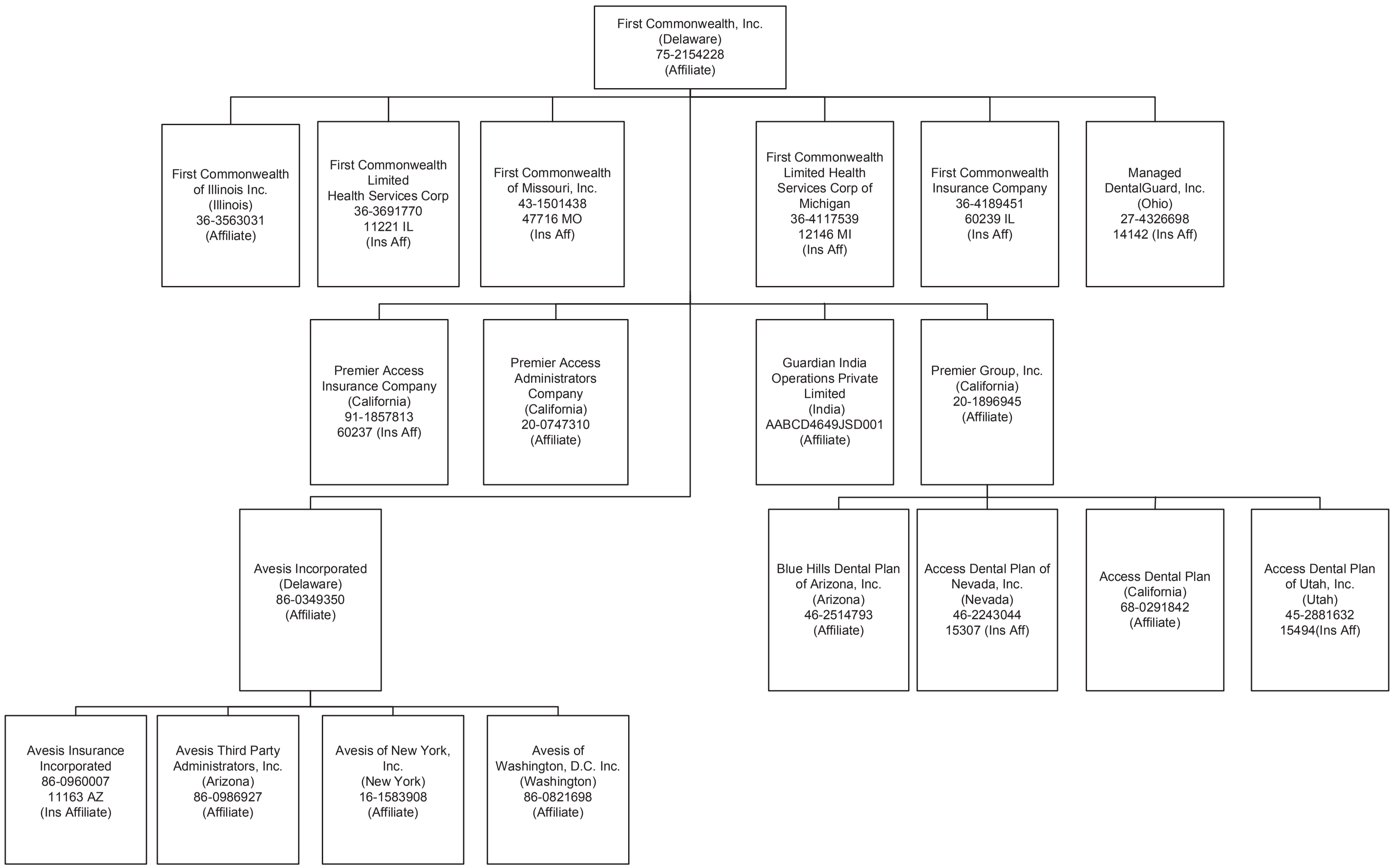
			Direct Business Only					
		1	Life Contracts		4	5	6	7
			2	3				
	States, Etc.	Active Status	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Total Columns 2 Through 5	Deposit-Type Contracts
1.	Alabama AL	L	27,436,767		33,339,036		60,775,803	
2.	Alaska AK	L	1,866,525		3,104,845		4,971,370	
3.	Arizona AZ	L	26,466,927	111,249	33,065,739		59,643,915	
4.	Arkansas AR	L	7,439,561		11,574,851		19,014,412	
5.	California CA	L	184,034,406	643,947	327,768,492		512,446,845	
6.	Colorado CO	L	31,889,092	66,970	17,891,207		49,847,270	
7.	Connecticut CT	L	68,212,008	132,416	30,467,754		98,812,178	
8.	Delaware DE	L	8,475,689		3,644,795		12,120,484	
9.	District of Columbia DC	L	8,523,032	176,878	15,684,080		24,383,989	
10.	Florida FL	L	212,579,288	1,068,837	201,175,917		414,824,042	
11.	Georgia GA	L	97,717,497	1,156,692	70,162,248		169,036,437	574
12.	Hawaii HI	L	24,213,637		4,825,666		29,039,302	
13.	Idaho ID	L	2,200,343		1,712,160		3,912,502	
14.	Illinois IL	L	77,278,733	116,496	126,247,199		203,642,428	
15.	Indiana IN	L	37,447,354		49,512,184		86,959,538	
16.	Iowa IA	L	24,130,315		4,377,827		28,508,142	
17.	Kansas KS	L	6,128,221		15,433,671		21,561,891	
18.	Kentucky KY	L	17,951,517		25,203,849		43,155,366	
19.	Louisiana LA	L	33,300,411		27,498,835		60,799,245	
20.	Maine ME	L	6,808,601		1,484,706		8,293,307	
21.	Maryland MD	L	54,910,406		46,898,661		101,809,067	
22.	Massachusetts MA	L	118,569,694	229,477	62,464,836		181,264,007	207,855
23.	Michigan MI	L	36,412,030	35,782	67,176,655		103,624,467	
24.	Minnesota MN	L	48,719,219	110,921	16,057,335		64,887,474	
25.	Mississippi MS	L	16,336,382		25,424,154		41,760,535	
26.	Missouri MO	L	23,187,120		50,993,930		74,181,050	
27.	Montana MT	L	8,411,117		6,312,973		14,724,090	
28.	Nebraska NE	L	6,587,120		5,624,183		12,211,304	
29.	Nevada NV	L	21,186,378		20,259,545		41,445,923	
30.	New Hampshire NH	L	16,409,916		5,075,829		21,485,745	
31.	New Jersey NJ	L	302,911,639	1,039,161	96,521,815		400,472,614	15,000
32.	New Mexico NM	L	3,588,027		3,397,901		6,985,928	
33.	New York NY	L	675,104,481	2,895,792	299,187,660		977,187,932	400,003,659
34.	North Carolina NC	L	61,961,154	125,311	54,625,136		116,711,600	72,811
35.	North Dakota ND	L	5,720,788		1,823,675		7,544,462	
36.	Ohio OH	L	93,261,179	428,171	97,969,400		191,658,749	
37.	Oklahoma OK	L	12,993,447		15,733,318		28,726,765	
38.	Oregon OR	L	24,583,760		20,191,810		44,775,570	
39.	Pennsylvania PA	L	148,189,553	53,778	93,208,729		241,452,061	
40.	Rhode Island RI	L	5,642,617	26,784	1,506,532		7,175,934	
41.	South Carolina SC	L	29,277,258		41,489,829		70,767,088	
42.	South Dakota SD	L	2,614,267		1,979,208		4,593,475	
43.	Tennessee TN	L	36,056,595	362,440	38,823,844		75,242,879	
44.	Texas TX	L	142,069,938	530,913	201,836,883		344,437,734	
45.	Utah UT	L	12,263,822		7,877,968		20,141,790	
46.	Vermont VT	L	2,101,631	225	616,973		2,718,829	
47.	Virginia VA	L	62,067,807	207,193	61,535,844		123,810,844	
48.	Washington WA	L	18,277,399		15,395,304		33,672,702	
49.	West Virginia WV	L	7,584,259		12,774,585		20,358,844	
50.	Wisconsin WI	L	24,988,488		20,130,167		45,118,655	
51.	Wyoming WY	L	2,500,266		1,281,625		3,781,891	
52.	American Samoa AS	N	179		2,031		2,210	
53.	Guam GU	N						
54.	Puerto Rico PR	N	141,042		33,450		174,492	
55.	U.S. Virgin Islands VI	N	2,564		11,524		14,088	
56.	Northern Mariana Islands MP	N						
57.	Canada CAN	N	101,093		45,331		146,424	
58.	Aggregate Other Aliens OT	XXX	15,312,362		44,344		15,356,706	
59.	Subtotal	(a) 51	2,944,144,921	9,519,433	2,398,508,048		5,352,172,402	400,299,899
90.	Reporting entity contributions for employee benefits plans	XXX	2,213,684		1,000,369		3,214,052	
91.	Dividends or refunds applied to purchase paid-up additions and annuities	XXX	479,667,996	503,990			480,171,985	
92.	Dividends or refunds applied to shorten endowment or premium paying period	XXX						
93.	Premium or annuity considerations waived under disability or other contract provisions	XXX	13,235,025		8,634,847		21,869,873	
94.	Aggregate or other amounts not allocable by State	XXX	118,351,121				118,351,121	
95.	Totals (Direct Business)	XXX	3,557,612,747	10,023,422	2,408,143,264		5,975,779,433	400,299,899
96.	Plus Reinsurance Assumed	XXX	26,313,401		360,347,017		386,660,419	
97	Totals (All Business)	XXX	3,583,926,148	10,023,422	2,768,490,281		6,362,439,852	400,299,899
98.	Less Reinsurance Ceded	XXX	208,730,418		141,361,056		350,091,475	
99.	Totals (All Business) less Reinsurance Ceded	XXX	3,375,195,730	10,023,422	2,627,129,225		6,012,348,377	400,299,899
	DETAILS OF WRITE-INS							
58001.	Other alien	XXX	15,312,362		44,344		15,356,706	
58002.		XXX						
58003.		XXX						
58998.	Summary of remaining write-ins for Line 58 from overflow page	XXX						
58999.	Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	15,312,362		44,344		15,356,706	
9401.	Paid-up	XXX	118,351,121				118,351,121	
9402.		XXX						
9403.		XXX						
9498.	Summary of remaining write-ins for Line 94 from overflow page	XXX						
9499.	Totals (Lines 9401 through 9403 plus 9498)(Line 94 above)	XXX	118,351,121				118,351,121	

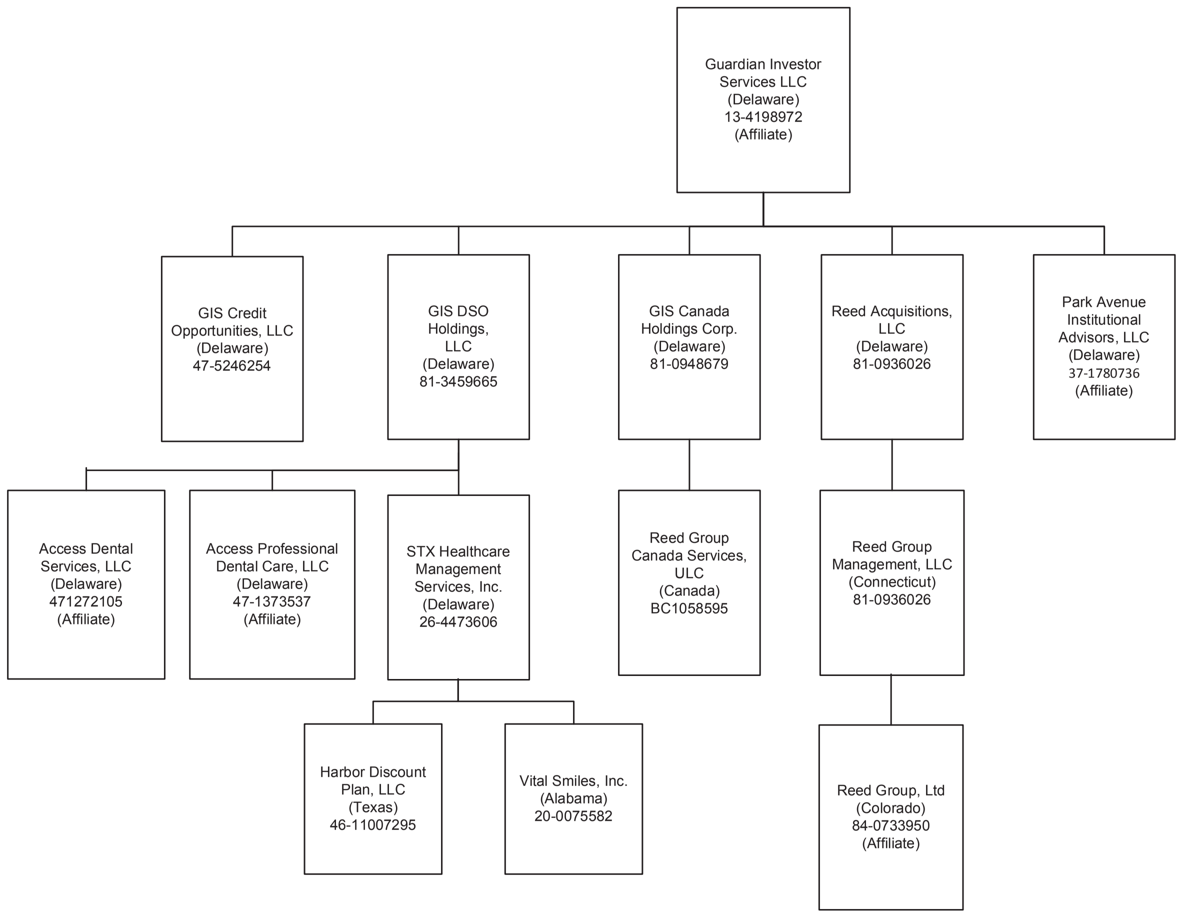
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

Premiums and annuity considerations are allocated on the basis of the address which has been designated by the policyholder for premium notice purposes.


The Guardian Life Insurance Company of America
13-5123390
64246 NY
(PARENT)
Park Avenue Life Insurance Company 04-2350154 60003 DE (Ins Aff)
Family Service Life Insurance Company 74-1319784 74004 TX (Ins Aff)
Sentinel American Life Insurance Company 74-0952935 77119 TX (Ins Aff)
Guardian Investor Services LLC (Delaware) 13-4198972 (Affiliate)
Berkshire Life Ins. Co. of America 75-1277524 71714 MA (Ins Aff)
The Guardian Insurance & Annuity Company, Inc. 13-2656036 78778 DE (Ins Aff)
Park Avenue Securities LLC (Delaware) 13-4023176 (Affiliate)
Hanover Square Funding, LLC (Delaware) 46-5427804 (Affiliate)
First Commonwealth, Inc. (Delaware) 75-2154228 (Affiliate)
Managed DentalGuard, Inc. (Texas) 75-2698702 52556 (Ins Aff)
Managed Dental Care of California (California) 95-4326311 (Affiliate)
Managed DentalGuard, Inc. (New Jersey) 22-3849572 11199 (Ins Aff)
Innovative Underwriters, Inc. (New Jersey) 22-1947346 (Affiliate)


First Commonwealth, Inc. (Delaware) 75-2154228 (Affiliate)
First Commonwealth of Illinois Inc. (Illinois) 36-3563031 (Affiliate)
First Commonwealth Limited Health Services Corp 36-3691770 11221 IL (Ins Aff)
First Commonwealth of Missouri, Inc. 43-1501438 47716 MO (Ins Aff)
First Commonwealth Limited Health Services Corp of Michigan 36-4117539 12146 MI (Ins Aff)
First Commonwealth Insurance Company 36-4189451 60239 IL (Ins Aff)
Managed DentalGuard, Inc. (Ohio) 27-4326698 14142 (Ins Aff)
Premier Access Insurance Company (California) 91-1857813 60237 (Ins Aff)
Premier Access Administrators Company (California) 20-0747310 (Affiliate)
Guardian India Operations Private Limited (India) AABCD4649JSD001 (Affiliate)
Premier Group, Inc. (California) 20-1896945 (Affiliate)
Avesis Incorporated (Delaware) 86-0349350 (Affiliate)
Blue Hills Dental Plan of Arizona, Inc. (Arizona) 46-2514793 (Affiliate)
Access Dental Plan of Nevada, Inc. (Nevada) 46-2243044 15307 (Ins Aff)
Access Dental Plan (California) 68-0291842 (Affiliate)
Access Dental Plan of Utah, Inc. (Utah) 45-2881632 15494(Ins Aff)
Avesis Insurance Incorporated 86-0960007 11163 AZ (Ins Affiliate)
Avesis Third Party Administrators, Inc. (Arizona) 86-0986927 (Affiliate)
Avesis of New York, Inc. (New York) 16-1583908 (Affiliate)
Avesis of Washington, D.C. Inc. (Washington) 86-0821698 (Affiliate)


Guardian Investor Services LLC (Delaware) 13-4198972 (Affiliate)
GIS Credit Opportunities, LLC (Delaware) 47-5246254
GIS DSO Holdings, LLC (Delaware) 81-3459665
GIS Canada Holdings Corp. (Delaware) 81-0948679
Reed Acquisitions, LLC (Delaware) 81-0936026
Park Avenue Institutional Advisors, LLC (Delaware) 37-1780736 (Affiliate)
Access Dental Services, LLC (Delaware) 471272105 (Affiliate)
Access Professional Dental Care, LLC (Delaware) 47-1373537 (Affiliate)
STX Healthcare Management Services, Inc. (Delaware) 26-4473606
Reed Group Canada Services, ULC (Canada) BC1058595
Reed Group Management, LLC (Connecticut) 81-0936026
Harbor Discount Plan, LLC (Texas) 46-11007295
Vital Smiles, Inc. (Alabama) 20-0075582
Reed Group, Ltd (Colorado) 84-0733950 (Affiliate)

SCHEDULE Y
PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent, Subsidiaries Or Affiliates	9 Domi-ciliary Loca-tion	10 Relation-ship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	13 If Control is Owner-ship Provide Percen-tage	14 Ultimate Controlling Entity(ies)/Person(s)	15 Is an SCA Filing Re-quired? (Y/N)	16 *
0429	The Guardian Life Insurance Co. of America	64246	13-5123390	3081309	0000901849		The Guardian Life Insurance Co. of America	NY					The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	60003	04-2350154				Park Avenue Life Insurance Company	DE	IA	The Guardian Life Insurance Co. of America	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	74004	74-1319784				Family Service Life Insurance Company	TX	IA	Park Avenue Life Insurance Company	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	77119	74-0952935				Sentinel American Life Insurance Company	TX	IA	Family Service Life Insurance Company	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	78778	13-2656036		0000044393		The Guardian Insurance & Annuity Co.,Inc.	DE	IA	The Guardian Life Insurance Co. of America	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		13-4023176		0001071640		Park Avenue Securities LLC	DE	NIA	The Guardian Insurance & Annuity Co.,Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		95-4326311				Managed Dental Care of California	CA	NIA	The Guardian Life Insurance Co. of America	Ownership	100.000	The Guardian Life Insurance Co. of America	Y	
0000	The Guardian Life Insurance Co. of America		22-1947346				Innovative Underwriters Inc,	NJ	NIA	The Guardian Life Insurance Co. of America	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	11221	36-3691770				First Commonwealth Ltd Health Svs Corp	IL	IA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		36-3563031				First Commonwealth of Illinois Inc.	IL	NIA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	47716	43-1501438				First Commonwealth of Missouri, Inc.	MO	IA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	12146	36-4117539				First Commonwealth Ltd Hlth Svs Corp of MI	MI	IA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	60239	36-4189451				First Commonwealth Insurance Company	IL	IA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		75-2154228		0001001493		First Commonwealth Inc.	DE	NIA	The Guardian Life Insurance Co. of America	Ownership	100.000	The Guardian Life Insurance Co. of America	Y	
0429	The Guardian Life Insurance Co. of America	71714	75-1277524	2391878			Berkshire Life Ins. Co. of America	MA	IA	The Guardian Life Insurance Co. of America	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	52556	75-2698702				Managed DentalGuard Inc. (Texas)	TX	IA	The Guardian Life Insurance Co. of America	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	11199	22-3849572				Managed DentalGuard Inc. (New Jersey)	NJ	IA	The Guardian Life Insurance Co. of America	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	14142	27-4326698				Managed DentalGuard Inc. (Ohio)	OH	IA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		13-4198972		0000041827		Guardian Investor Services LLC	DE	NIA	The Guardian Life Insurance Co. of America	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		84-0733950				Reed Group, Ltd	CO	NIA	Guardian Investor Services LLC	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		46-5427804				Hanover Square Funding, LLC	DE	NIA	The Guardian Insurance & Annuity Co.,Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	60237	91-1857813				Premier Access Insurance Company	CA	IA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	15494	45-2881632				Access Dental Plan of Utah, Inc.	UT	IA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	15307	46-2243044				Access Dental Plan of Nevada, Inc.	NV	IA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		47-1373537				Access Professional Dental Care, LLC	DE	NIA	Guardian Investor Services LLC	Other	0.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		68-0291842				Access Dental Plan	CA	NIA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		47-1272105				Access Dental Services, LLC	DE	NIA	Guardian Investor Services LLC	Other	0.000	The Guardian Life Insurance Co. of America	N	

SCHEDULE Y
PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent, Subsidiaries Or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/Person(s)	15 Is an SCA Filing Required? (Y/N)	16 *
0000	The Guardian Life Insurance Co. of America						Guardian India Operations Private Limited	IND	NIA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		20-0747310				Premier Access Administrators Company	CA	NIA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		20-1896945				Premier Group, Inc.	CA	IA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		46-2514793				Blue Hills Dental Plan of Arizona, Inc.	AZ	NIA	Guardian Investor Services LLC	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		86-0349350				Avesis Incorporated	DE	IA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0429	The Guardian Life Insurance Co. of America	11163	86-0960007				Avesis Insurance Incorporated	AZ	NIA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		86-0986927				Avesis Third Party Administrators, Inc	AZ	NIA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		16-1583908				Avesis of New York, Inc	NY	NIA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		86-0821698				Avesis of Washington D.C, Inc.	WA	NIA	First Commonwealth Inc.	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		37-1780736				Park Avenue Institutional Advisors LLC	DE	NIA	Guardian Investor Services LLC	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		81-0948679				GIS Canada Holdings Corp	DE	NIA	Guardian Investor Services LLC	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America						Reed Group Canada Services ULC	CAN	NIA	Guardian Investor Services LLC	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		81-0936026				Reed Acquisitions LLC	DE	NIA	Guardian Investor Services LLC	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	The Guardian Life Insurance Co. of America		04-3331304				Reed Group Management LLC	CT	NIA	Guardian Investor Services LLC	Ownership	100.000	The Guardian Life Insurance Co. of America	N	
0000	Ther Guardian Life Insurance Co. of America		13-4198972		0000041827		Guardian Investor Services, LLC	DE	NIA	Ther Guardian Life Insurance Co. of America	Ownership	100.000	Ther Guardian Life Insurance Co. of America	N	
0000	Ther Guardian Life Insurance Co. of America		81-3459665				GIS DSO Holdings, LLC	DE	NIA	Guardian Investor Services, LLC	Ownership	100.000	Ther Guardian Life Insurance Co. of America	N	
0000	Ther Guardian Life Insurance Co. of America		26-4473606				STX Healthcare Management Services, Inc.	DE	NIA	GIS DSO Holdings, LLC	Ownership	100.000	Ther Guardian Life Insurance Co. of America	N	
0000	Ther Guardian Life Insurance Co. of America		20-0075582				Vital Smiles, Inc.	AL	NIA	STX Healthcare Management Services, Inc.	Ownership	100.000	Ther Guardian Life Insurance Co. of America	N	
0000	Ther Guardian Life Insurance Co. of America						Harbor Discount Plan LLC	TX	NIA	STX Healthcare Management Services, Inc.	Ownership	100.000	Ther Guardian Life Insurance Co. of America	N	
0000	Ther Guardian Life Insurance Co. of America		47-5246254				GIS Credit Opportunities, LLC	DE	NIA	Guardian Investor Services, LLC	Ownership	100.000	Ther Guardian Life Insurance Co. of America	N	

Asterisk	Explanation

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

		Response
1.	Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2.	Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
3.	Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
4.	Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
5.	Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC?	NO
6.	Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC?	NO
7.	Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC?	YES

Explanation:

1.

2.

3.

4.

5.

6.

Bar Code:

1. Trusteed Surplus Statement [Document Identifier 490]
6 4 2 4 6 2 0 1 7 4 9 0 0 0 0 0 3

2. Medicare Part D Coverage Supplement [Document Identifier 365]
6 4 2 4 6 2 0 1 7 3 6 5 0 0 0 0 3

3. Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV [Document Identifier 445]
6 4 2 4 6 2 0 1 7 4 4 5 0 0 0 0 3

4. Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV [Document Identifier 446]
6 4 2 4 6 2 0 1 7 4 4 6 0 0 0 0 3

5. Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI [Document Identifier 447]
6 4 2 4 6 2 0 1 7 4 4 7 0 0 0 0 3

6. Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI [Document Identifier 448]
6 4 2 4 6 2 0 1 7 4 4 8 0 0 0 0 3

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 25

		Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
2504.	Modco receivable	212,289		212,289	147,884
2505.	Prepaid asset - pension plan	9,332,939	9,332,938		
2506.	Leasehold improvements	9,113,740	9,113,740		
2507.	Premium tax receivable				41,883
2597.	Summary of remaining write-ins for Line 25 from overflow page	18,658,968	18,446,678	212,290	189,767

Additional Write-ins for Liabilities Line 25

		1 Current Statement Date	2 December 31 Prior Year
2504.	Reserve for special litigation expense	3,338,568	2,983,568
2505.	Claims liabilities for all other lines of business - pools	3,037,992	3,037,992
2506.	Contingency reserve for group life premiums and retired lives	414,539	1,453,110
2507.	Miscellaneous reinsurance liabilities		60,589
2597.	Summary of remaining write-ins for Line 25 from overflow page	6,791,099	7,535,259

Additional Write-ins for Liabilities Line 34

		1 Current Statement Date	2 December 31 Prior Year
3404.	Contingency reserve for deposit administration	6,732	6,732
3497.	Summary of remaining write-ins for Line 34 from overflow page	6,732	6,732

Additional Write-ins for Summary of Operations Line 8.3

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
08.304.	Miscellaneous income	7,427,824	7,964,119	10,313,450
08.305.	Service fees	1,587,855	852,588	1,250,623
08.306.	Premiums on all other lines of business	(15,957)		
08.397.	Summary of remaining write-ins for Line 8.3 from overflow page	8,999,722	8,816,707	11,564,073

Additional Write-ins for Summary of Operations Line 27

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
2704.	Federal exchange fees	588,658		945,000
2705.	Death benefits on all other lines of business - aviation	111,877	76,913	124,821
2706.	Commissions on all other lines of business	75,396	5,431	5,431
2707.	Interest on fines & penalties of regulatory authorities	18,165	8,914	9,952
2708.	Fines & penalties of regulatory authorities	11,339	144,669	145,576
2709.	Losses on all other lines of business	(208,782)	(17,328)	(326,124)
2797.	Summary of remaining write-ins for Line 27 from overflow page	596,654	218,599	904,657

SCHEDULE A - VERIFICATION

Real Estate

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	374,200,538	429,569,136
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition		67,431,824
	2.2 Additional investment made after acquisition	5,083,302	7,405,757
3.	Current year change in encumbrances	1,741,079	(58,369,783)
4.	Total gain (loss) on disposals	1,605,229	28,332,797
5.	Deduct amounts received on disposals	11,298,038	81,086,288
6.	Total foreign exchange change in book/adjusted carrying value		
7.	Deduct current year's other than temporary impairment recognized		
8.	Deduct current year's depreciation	14,943,401	19,082,906
9.	Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	356,388,709	374,200,538
10.	Deduct total nonadmitted amounts		
11.	Statement value at end of current period (Line 9 minus Line 10)	356,388,709	374,200,538

SCHEDULE B - VERIFICATION

Mortgage Loans

		1 Year to Date	2 Prior Year Ended December 31
1.	Book value/recorded investment excluding accrued interest, December 31 of prior year	3,471,561,688	3,387,932,687
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition	624,260,000	661,176,394
	2.2 Additional investment made after acquisition	423,015	2,097,771
3.	Capitalized deferred interest and other	32	870,752
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease)		
6.	Total gain (loss) on disposals		(1,558,163)
7.	Deduct amounts received on disposals	371,828,005	573,901,235
8.	Deduct amortization of premium and mortgage interest points and commitment fees	1,905,523	5,056,519
9.	Total foreign exchange change in book value/recorded investment excluding accrued interest		
10.	Deduct current year's other than temporary impairment recognized		
11.	Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	3,722,511,207	3,471,561,688
12.	Total valuation allowance		
13.	Subtotal (Line 11 plus Line 12)	3,722,511,207	3,471,561,688
14.	Deduct total nonadmitted amounts		
15.	Statement value at end of current period (Line 13 minus Line 14)	3,722,511,207	3,471,561,688

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	1,796,235,359	1,902,989,254
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition	47,334,385	24,783,058
	2.2 Additional investment made after acquisition	289,033,989	602,420,643
3.	Capitalized deferred interest and other		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease)	(11,650,590)	(94,762,178)
6.	Total gain (loss) on disposals	22,715,145	37,143,892
7.	Deduct amounts received on disposals	165,569,658	624,441,478
8.	Deduct amortization of premium and depreciation	689,737	1,872,445
9.	Total foreign exchange change in book/adjusted carrying value	5,894,150	(4,353,316)
10.	Deduct current year's other than temporary impairment recognized	18,110,029	45,672,071
11.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	1,965,193,014	1,796,235,359
12.	Deduct total nonadmitted amounts	27,067,077	3,187,980
13.	Statement value at end of current period (Line 11 minus Line 12)	1,938,125,937	1,793,047,379

SCHEDULE D - VERIFICATION

Bonds and Stocks

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value of bonds and stocks, December 31 of prior year	36,975,946,008	33,345,128,145
2.	Cost of bonds and stocks acquired	14,289,653,769	19,722,370,080
3.	Accrual of discount	33,278,834	28,026,352
4.	Unrealized valuation increase (decrease)	124,405,330	(25,642,771)
5.	Total gain (loss) on disposals	220,406,164	395,083,974
6.	Deduct consideration for bonds and stocks disposed of	12,019,864,157	16,387,296,408
7.	Deduct amortization of premium	50,397,737	77,604,322
8.	Total foreign exchange change in book/adjusted carrying value	45,781,230	(24,119,042)
9.	Deduct current year's other than temporary impairment recognized		
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	39,619,209,441	36,975,946,008
11.	Deduct total nonadmitted amounts	6,407,647	6,446,457
12.	Statement value at end of current period (Line 10 minus Line 11)	39,612,801,795	36,969,499,551

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a)	21,059,906,418	20,112,986,386	19,176,700,931	(61,749,532)	19,751,266,068	21,059,906,418	21,934,442,341	18,937,590,856
2. NAIC 2 (a)	14,968,530,728	1,623,101,484	1,751,933,659	(123,974,885)	14,927,788,774	14,968,530,728	14,715,723,668	15,015,620,352
3. NAIC 3 (a)	1,015,908,331	31,933,026	167,484,555	81,945,189	1,105,060,195	1,015,908,331	962,301,991	1,202,324,319
4. NAIC 4 (a)	872,111,278	194,134,914	111,601,521	47,641,429	977,295,376	872,111,278	1,002,286,100	1,003,211,321
5. NAIC 5 (a)	160,312,759	18,749,923	37,787,340	(13,828,140)	184,467,309	160,312,759	127,447,202	101,849,041
6. NAIC 6 (a)	97,292,902	47,947,739	5,098,394	(21,419,560)	26,533,231	97,292,902	118,722,687	2,184,902
7. Total Bonds	38,174,062,416	22,028,853,472	21,250,606,400	(91,385,499)	36,972,410,953	38,174,062,416	38,860,923,989	36,262,780,791
PREFERRED STOCK								
8. NAIC 1								
9. NAIC 2								14,500,589
10. NAIC 3								
11. NAIC 4								
12. NAIC 5								
13. NAIC 6	25,986,092				25,986,092	25,986,092	25,986,092	25,986,092
14. Total Preferred Stock	25,986,092				25,986,092	25,986,092	25,986,092	40,486,681
15. Total Bonds and Preferred Stock	38,200,048,508	22,028,853,472	21,250,606,400	(91,385,499)	36,998,397,045	38,200,048,508	38,886,910,081	36,303,267,472

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation:

NAIC 1 $ 584,425,943 ; NAIC 2 $; NAIC 3 $ NAIC 4 $; NAIC 5 $; NAIC 6 $

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year-to-Date	5 Paid for Accrued Interest Year-to-Date
9199999 Totals	363,085,401	XXX	363,085,401	15,683	5,953

SCHEDULE DA - VERIFICATION

Short-Term Investments

		1 Year To Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	25,663,332	22,603,624
2.	Cost of short-term investments acquired	15,651,787,354	5,025,102,366
3.	Accrual of discount	998,837	49,519
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals	10,256	7,608
6.	Deduct consideration received on disposals	15,315,274,257	5,022,052,668
7.	Deduct amortization of premium	100,120	47,117
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized		
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	363,085,402	25,663,332
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	363,085,402	25,663,332

SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

1.	Book/Adjusted Carrying Value, December 31, prior year (Line 9, prior year)	18,595,560
2.	Cost Paid/(Consideration Received) on additions	
3.	Unrealized Valuation increase/(decrease)	(55,553,022)
4.	Total gain (loss) on termination recognized	(1,456,986)
5.	Considerations received/(paid) on terminations	(16,293,546)
6.	Amortization	
7.	Adjustment to the Book/Adjusted Carrying Value of hedged item	
8.	Total foreign exchange change in Book/Adjusted Carrying Value	
9.	Book/Adjusted Carrying Value at End of Current Period (Lines 1+2+3+4-5+6+7+8)	(22,120,902)
10.	Deduct nonadmitted assets	
11.	Statement value at end of current period (Line 9 minus Line 10)	(22,120,902)

SCHEDULE DB - PART B - VERIFICATION

Futures Contracts

1.	Book/Adjusted carrying value, December 31 of prior year (Line 6, prior year)				19,574,572
2.	Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote - Cumulative Cash Change column)				(12,052,952)
3.1	Add:				
	Change in variation margin on open contracts - Highly Effective Hedges				
	3.11 Section 1, Column 15, current year to date minus	4,961,053			
	3.12 Section 1, Column 15, prior year	(8,995,318)	13,956,370		
	Change in variation margin on open contracts - All Other				
	3.13 Section 1, Column 18, current year to date minus	268,367			
	3.14 Section 1, Column 18, prior year	(1,090,272)	1,358,640	15,315,010	
3.2	Add:				
	Change in adjustment to basis of hedged item				
	3.21 Section 1, Column 17, current year to date minus	4,961,053			
	3.22 Section 1, Column 17, prior year	(8,995,318)	13,956,370		
	Change in amount recognized				
	3.23 Section 1, Column 19, current year to date minus	268,367			
	3.24 Section 1, Column 19, prior year	(1,090,272)	1,358,640	15,315,010	
3.3	Subtotal (Line 3.1 minus Line 3.2)				
4.1	Cumulative variation margin on terminated contracts during the year		1,178,904		
4.2	Less:				
	4.21 Amount used to adjust basis of hedged item	4,040,554			
	4.22 Amount recognized	(2,861,650)	1,178,904		
4.3	Subtotal (Line 4.1 minus Line 4.2)				
5.	Dispositions gains (losses) on contracts terminated in prior year:				
	5.1 Total gain (loss) recognized for terminations in prior year				
	5.2 Total gain (loss) adjusted into the hedged item(s) for terminations in prior year				
6.	Book/Adjusted carrying value at end of current period (Lines 1+2+3.3-4.3-5.1-5.2)				7,521,620
7.	Deduct total nonadmitted amounts				
8.	Statement value at end of current period (Line 6 minus Line 7)				7,521,620

SCHEDULE DB - PART C - SECTION 1

Replication (Synthetic Asset) Transactions Open as of Current Statement Date

Replication (Synthetic Asset) Transactions								Components of the Replication (Synthetic Asset) Transactions							
								Derivative Instrument(s) Open			Cash Instrument(s) Held				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Number	Description	NAIC Designation or Other Description	Notional Amount	Book/Adjusted Carrying Value	Fair Value	Effective Date	Maturity Date	Description	Book/Adjusted Carrying Value	Fair Value	CUSIP	Description	NAIC Designation or Other Description	Book/Adjusted Carrying Value	Fair Value
91283#AH6	Replication 08/16/2017 TYZ7	1	12,000,000	15,037,501	15,037,500	08/16/2017	12/19/2017	Replication 08/16/2017 TYZ7	(11,461,570)	(11,049,660)	912828-R3-6	US TREASURY N/B	1	26,499,071	26,087,160
9999999 - Totals				15,037,501	15,037,500	XXX	XXX	XXX	(11,461,570)	(11,049,660)	XXX	XXX	XXX	26,499,071	26,087,160

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

SCHEDULE DB - PART C - SECTION 2

Replication (Synthetic Asset) Transactions Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year To Date	
	1 Number of Positions	2 Total Replication (Synthetic Asset) Transactions Statement Value	3 Number of Positions	4 Total Replication (Synthetic Asset) Transactions Statement Value	5 Number of Positions	6 Total Replication (Synthetic Asset) Transactions Statement Value	7 Number of Positions	8 Total Replication (Synthetic Asset) Transactions Statement Value	9 Number of Positions	10 Total Replication (Synthetic Asset) Transactions Statement Value
1. Beginning Inventory	24,000,000	1,067,651	12,000,000	4,833,999	12,000,000	6,311,881			24,000,000	1,067,651
2. Add: Opened or Acquired Transactions		4,833,999	12,000,000	6,311,881	12,000,000	11,461,570			24,000,000	22,607,450
3. Add: Increases in Replication (Synthetic Asset) Transactions Statement Value	XXX		XXX		XXX		XXX		XXX	
4. Less: Closed or Disposed of Transactions	12,000,000	1,067,651	12,000,000	4,833,999	12,000,000	6,311,811			36,000,000	12,213,461
5. Less: Positions Disposed of for Failing Effectiveness Criteria										
6. Less: Decreases in Replication (Synthetic Asset) Transactions Statement Value	XXX		XXX		XXX		XXX		XXX	
7. Ending Inventory	12,000,000	4,833,999	12,000,000	6,311,881	12,000,000	11,461,640			12,000,000	11,461,640

SCHEDULE DB - VERIFICATION

Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

		Book/Adjusted Carrying Value Check	
1.	Part A, Section 1, Column 14	(22,120,900)	
2.	Part B, Section 1, Column 15 plus Part B, Section 1 Footnote - Total Ending Cash Balance	12,482,672	
3.	Total (Line 1 plus Line 2)		(9,638,227)
4.	Part D, Section 1, Column 5	35,486,219	
5.	Part D, Section 1, Column 6	(36,557,868)	
6.	Total (Line 3 minus Line 4 minus Line 5)		(8,566,578)
		Fair Value Check	
7.	Part A, Section 1, Column 16	(48,869,324)	
8.	Part B, Section 1, Column 13	790,780	
9.	Total (Line 7 plus Line 8)		(48,078,544)
10.	Part D, Section 1, Column 8	35,486,219	
11.	Part D, Section 1, Column 9	(36,557,868)	
12	Total (Line 9 minus Line 10 minus Line 11)		(47,006,895)
		Potential Exposure Check	
13.	Part A, Section 1, Column 21	12,188,114	
14.	Part B, Section 1, Column 20	7,795,500	
15.	Part D, Section 1, Column 11	19,983,614	
16.	Total (Line 13 plus Line 14 minus Line 15)		

SCHEDULE E - VERIFICATION

(Cash Equivalents)

		1 Year To Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	789,766,668	801,380,825
2.	Cost of cash equivalents acquired	38,762,000,705	52,707,833,494
3.	Accrual of discount	2,202,871	1,372,420
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals	(535)	(8,830)
6.	Deduct consideration received on disposals	39,022,609,721	52,720,811,241
7.	Deduct amortization of premium		
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized		
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	531,359,988	789,766,668
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	531,359,988	789,766,668

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	Location 2	3	4	5	6	7	8	9
Description of Property	City	State	Date Acquired	Name of Vendor	Actual Cost at Time of Acquisition	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Additional Investment Made After Acquisition
(271) COLD STORAGE	COMMERCE	CA	09/30/2017	Various				268,843
(5081) PIAZZA D'ORO, LLC	OCEANSIDE	CA	09/30/2017	Various		230,002		
(119) APARTMENT BUILDING	PASADENA	CA	09/30/2017	Various				365,442
(120) APARTMENT BUILDING	PASADENA	CA	09/30/2017	Various				50,500
(269) WAREHOUSE	Vernon	CA	09/30/2017	Various		19,472		
(5073) GUARDIAN TRYON VILLAGE, LLC	WILMINGTON	DE	09/30/2017	Various				169,824
(5077) GUARDIAN SAN JUANITA, LLC	WILMINGTON	DE	09/30/2017	Various		202,352		75,414
(5092) GUARDIAN BEAUMONT, LLC	WILMINGTON	DE	09/30/2017	Various				91,600
(5098) GUARDIAN LUMIERE QUINCY, LLC	MEFORD	MA	09/30/2017	Various				37,840
(5054) GUARDIAN LEDGES, LLC	WEYMOUTH	MA	09/30/2017	Various				824,684
(5065) GUARDIAN PARK PLACE, LLC	ANNAPOLIS	MD	09/30/2017	Various		130,486		22,557
(5053) GUARDIAN QUINCY, LLC	ARLINGTON	VA	09/30/2017	Various				15,730
(5089) SEASONS LYNNWOOD, LLC	LYNNWOOD	WA	09/30/2017	Various				166,400
(1005) HOME OFFICE BUILDING MRO	APPLETON	WI	09/30/2017	Various				19,305
0199999. Acquired by Purchase						582,313		2,108,140
0399999 - Totals						582,313		2,108,140

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1	Location 2	3	4	5	6	7	8	Change in Book/Adjusted Carrying Value Less Encumbrances 9	10	11	12	13	14	15	16	17	18	19	20
Description of Property	City	State	Disposal Date	Name of Purchaser	Actual Cost	Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/ Adjusted Carrying Value Less Encumbrances Prior Year	Current Year's Depreciation	Current Year's Other Than Temporary Impairment Recognized	Current Year's Change in Encumbrances	Total Change in Book/ Adjusted Carrying Value (11-9-10)	Total Foreign Exchange Change in Book/ Adjusted Carrying Value	Book/ Adjusted Carrying Value Less Encumbrances on Disposal	Amounts Received During Year	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs and Expenses Incurred
(5081) PIAZZA D'ORO, LLC	OCEANSIDE	CA	09/30/2017	Various	59,633		59,633						59,633	59,633					
(1002) HOME OFFICE BUILDING - NRO I	BETHLEHEM	PA	07/17/2017	Various	9,051,600		654,669	39,118			(39,118)		615,550	615,550				777,801	700,575
(1003) HOME OFFICE BUILDING - NRO I I	BETHLEHEM	PA	07/17/2017	Various	9,281,890		1,052,423	115,189			(115,189)		937,234	937,234				305,663	140,733
(1012) HOME OFFICE BUILDING NRO I	BETHLEHEM	PA	07/17/2017	Various	8,253,759		5,922,196	291,352			(291,352)		5,630,121	4,915,496		(714,625)	(714,625)	464,685	
(1004) HOME OFFICE BUILDING WRO	SPOKANE	WA	08/07/2017	Various	12,668,536		2,674,402	230,138			(230,138)		2,444,265	4,738,172		2,293,908	2,293,908	1,117,090	716,331
Various			09/30/2017															(180,089)	31,787
0199999. Property Disposed					39,315,418		10,363,323	675,797			(675,797)		9,686,802	11,266,085		1,579,283	1,579,283	2,485,149	1,589,425
0399999 - Totals					39,315,418		10,363,323	675,797			(675,797)		9,686,802	11,266,085		1,579,283	1,579,283	2,485,149	1,589,425

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	Location 2	Location 3	4	5	6	7	8	9
Loan Number	City	State	Loan Type	Date Acquired	Rate of Interest	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Value of Land and Buildings
0199999. Mortgages in good standing - Farm Mortgages								
0299999. Mortgages in good standing - Residential mortgages-insured or guaranteed								
0399999. Mortgages in good standing - Residential mortgages-all other								
0499999. Mortgages in good standing - Commercial mortgages-insured or guaranteed								
1052288	TUSCALOOSA	AL		09/28/2017	3.910	24,750,000		38,850,000
1052279	Culver City	CA		07/26/2017	3.700	7,200,000		173,500,000
1052290	LOS ANGELES	CA		09/29/2017	3.740	7,387,500		20,673,750
1052291	LOS ANGELES	CA		09/29/2017	3.540	7,125,000		20,752,500
1052292	LOS ANGELES	CA		09/29/2017	3.740	5,737,500		13,050,000
1052293	LOS ANGELES	CA		09/29/2017	3.540	5,550,000		19,488,750
1052294	LOS ANGELES	CA		09/29/2017	3.740	3,562,500		8,475,000
1052295	LOS ANGELES	CA		09/29/2017	3.540	9,487,500		28,462,500
1052287	MALIBU	CA		09/18/2017	3.660	29,500,000		54,300,000
1052282	JACKSONVILLE	FL		08/31/2017	3.660	7,500,000		14,250,000
1052281	LITHIA SPRINGS	GA		08/22/2017	3.400	10,860,000		22,200,000
1052285	MOUNT PROSPECT	IL		09/07/2017	3.470	9,750,000		17,775,000
1052289	OXFORD	MS		09/28/2017	3.910	11,625,000		17,250,000
1052283	BURLINGTON	NJ		09/07/2017	3.470	48,000,000		82,593,103
1052286	STAFFPORD	TX		09/07/2017	3.470	6,750,000		11,550,000
1052280	RESTON	VA		07/26/2017	4.280	12,900,000		18,450,000
1052284	KENT	WA		09/07/2017	3.470	9,000,000		18,525,000
0599999. Mortgages in good standing - Commercial mortgages-all other						216,685,000		580,145,603
0699999. Mortgages in good standing - Mezzanine Loans								
0799999. Mortgages in good standing not shown on Lines 0199999-0699999								
0899999. Total Mortgages in good standing						216,685,000		580,145,603
0999999. Restructured mortgages - Farm Mortgages								
1099999. Restructured mortgages - Residential mortgages-insured or guaranteed								
1199999. Restructured mortgages - Residential mortgages-all other								
1299999. Restructured mortgages - Commercial mortgages-insured or guaranteed								
1399999. Restructured mortgages - Commercial mortgages-all other								
1499999. Restructured mortgages - Mezzanine Loans								
1599999. Restructured mortgages not shown on Lines 0999999-1499999								
1699999. Total - Restructured Mortgages								
1799999. Mortgages with overdue interest over 90 days-Farm Mortgages								
1899999. Mortgages with overdue interest over 90 days-Residential mortgages-insured or guaranteed								
1999999. Mortgages with overdue interest over 90 days-Residential mortgages-all other								
2099999. Mortgages with overdue interest over 90 days-Commercial mortgages-insured or guaranteed								
2199999. Mortgages with overdue interest over 90 days-Commercial mortgages-all other								
2299999. Mortgages with overdue interest over 90 days - Mezzanine Loans								

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	Location		4	5	6	7	8	9
	2	3						
Loan Number	City	State	Loan Type	Date Acquired	Rate of Interest	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Value of Land and Buildings
2399999. Mortgages with overdue interest over 90 days-Not shown on Lines 1799999-2299999								
2499999. Total - Mortgages with overdue interest over 90 days								
2599999. Mortgages in process of foreclosure-Farm Mortgages								
2699999. Mortgages in process of foreclosure-Residential mortgages-insured or guaranteed								
2799999. Mortgages in process of foreclosure-Residential mortgages-all other								
2899999. Mortgages in process of foreclosure-Commercial mortgages-insured or guaranteed								
2999999. Mortgages in process of foreclosure-Commercial mortgages-all other								
3099999. Mortgages in process of foreclosure - Mezzanine Loans								
3199999. Mortgages in the process of foreclosure not shown on Lines 2599999-3099999								
3299999. Total - Mortgages in the process of foreclosure								
3399999 - Totals						216,685,000		580,145,603

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	Location		4	5	6	7	Change in Book Value/Recorded Investment						14	15	16	17	18
	2	3					8	9	10	11	12	13					
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization) /Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8+9-10+11)	Total Foreign Exchange Change in Book Value	Book Value/ Recorded Investment Excluding Accrued Interest on Disposal	Consid- eration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal
28307	PHOENIX	AZ		09/24/2007	07/06/2017	2,376,665		(22,368)			(22,368)		2,293,286	2,293,286			
1052089	PALM DESERT	CA		02/11/2008	09/13/2017	10,810,677							10,701,970	10,701,970			
1052066	PLACENTIA	CA		07/10/2007	07/31/2017	7,404,258							7,324,003	7,324,003			
1052067	PLACENTIA	CA		07/10/2007	07/31/2017	4,300,677							4,254,063	4,254,063			
1052054	RANCHO CUCAMONGA	CA		04/16/2007	07/25/2017	6,544,748							6,460,098	6,460,098			
1052179	SAN FRANCISCO	CA		12/26/2013	09/21/2017	52,000,000							51,622,882	51,622,882			
1052155	GREENWICH	CT		08/30/2012	07/07/2017	16,000,000							16,000,000	16,000,000			
1051740	BANGOR	ME		08/21/1997	09/11/2017	184,512							62,761	62,761			
1051973	JERICHO	NY		07/08/2005	08/31/2017	19,772,273							19,460,244	19,460,244			
28321	NORFOLK	VA		06/30/2008	08/17/2017	4,158,450		(150,541)			(150,541)		3,894,951	3,894,951			
1052087	RESTON	VA		12/27/2007	07/26/2017	18,911,182							18,684,291	18,684,291			
0199999. Mortgages closed by repayment						142,463,442		(172,909)			(172,909)		140,758,549	140,758,549			
1051765	MOBILE	AL		07/22/1998		110,754							110,754	110,754			
1052117	CHANDLER	AZ		12/02/2008		46,716							46,716	46,716			
1052088	MESA	AZ		02/07/2008		84,908							84,908	84,908			
1051822	PEORIA	AZ		01/24/2000		42,615							42,615	42,615			
28327	ANAHEIM	CA		11/25/2008		9,565		(16,181)			(16,181)		9,565	9,565			
28333	BEVERLY HILLS	CA		04/13/2011		33,514		(19,346)			(19,346)		33,514	33,514			
1052195	BUENA PARK	CA		10/30/2014		72,671							72,671	72,671			
28335	BURBANK	CA		04/26/2011		24,973		(19,655)			(19,655)		24,973	24,973			
1052102	BURBANK	CA		08/07/2008		20,848							20,848	20,848			
1052103	BURBANK	CA		08/07/2008		34,949							34,949	34,949			
1052129	BURBANK	CA		08/05/2010		83,156							83,156	83,156			
1052200	BURBANK	CA		12/22/2014		30,312							30,312	30,312			

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	Location		4	5	6	7	Change in Book Value/Recorded Investment						14	15	16	17	18
	2	3					8	9	10	11	12	13					
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization) /Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8+9-10+11)	Total Foreign Exchange Change in Book Value	Book Value/ Recorded Investment Excluding Accrued Interest on Disposal	Consid- eration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal
1052112	CALABASAS	CA		11/03/2008		31,098							31,098	31,098			
1051985	CAPITOLA	CA		10/24/2005		52,219							52,219	52,219			
1052231	Carlsbad	CA		12/10/2015		136,380							136,380	136,380			
28330	CHATSWORTH	CA		05/14/2009		16,301		(35,102)			(35,102)		16,301	16,301			
1052116	EL CERRITO	CA		12/01/2008		201,785							201,785	201,785			
28336	ESCONDIDO	CA		08/31/2011		25,040		(15,195)			(15,195)		25,040	25,040			
1052075	FRESNO	CA		09/05/2007		98,601							98,601	98,601			
1052115	FULLERTON	CA		12/01/2008		65,540							65,540	65,540			
28317	IRVINE	CA		04/17/2008		15,865		(16,534)			(16,534)		15,865	15,865			
1052198	IRVINE	CA		12/01/2014		239,587							239,587	239,587			
1052203	IRVINE	CA		03/23/2015		206,456							206,456	206,456			
1052091	LA PUENTE	CA		02/28/2008		68,866							68,866	68,866			
1052164	LAGUNA WOODS	CA		05/02/2013		85,988							85,988	85,988			
1052246	LAKEWOOD	CA		05/05/2016		71,139							71,139	71,139			
28325	LOS ANGELES	CA		09/29/2008		10,164		(15,784)			(15,784)		10,164	10,164			
1052110	LOS ANGELES	CA		10/23/2008		69,281							69,281	69,281			
1052178	LOS ANGELES	CA		12/17/2013		55,317							55,317	55,317			
1052228	LOS ANGELES	CA		11/30/2015		261,142							261,142	261,142			
1051758	MERCED	CA		06/18/1998		48,359							48,359	48,359			
1052259	MONTEREY	CA		11/18/2016		690,840							690,840	690,840			
1052194	NORTHRIDGE	CA		10/30/2014		72,671							72,671	72,671			
28318	ONTARIO	CA		04/17/2008		26,100		(32,472)			(32,472)		26,100	26,100			
1052085	ONTARIO	CA		12/20/2007		33,716							33,716	33,716			
1051889	ORANGE	CA		09/12/2002		175,517							175,517	175,517			
1052107	ORANGE	CA		09/25/2008		182,373							182,373	182,373			
1052190	OXNARD	CA		06/30/2014		148,041							148,041	148,041			
28294	PASADENA	CA		12/14/2006		46,590		(6,724)			(6,724)		46,590	46,590			
1052111	REDONDO BEACH	CA		10/23/2008		38,670							38,670	38,670			
1052090	SAN DIEGO	CA		02/21/2008		39,236							39,236	39,236			
1052113	SAN DIEGO	CA		11/12/2008		32,023							32,023	32,023			
1052160	SAN DIEGO	CA		10/23/2012		168,911							168,911	168,911			
1052169	SAN DIEGO	CA		08/01/2013		95,827							95,827	95,827			
1052177	SAN DIEGO	CA		12/05/2013		8,102							8,102	8,102			
28033	SAN FRANCISCO	CA		03/09/1998		14,721		(4,100)			(4,100)		14,721	14,721			
1052173	SAN MATEO	CA		09/03/2013		132,825							132,825	132,825			
1051834	SANTA FE SPRINGS	CA		07/14/2000		77,635							77,635	77,635			
1052197	SANTA MONICA	CA		11/19/2014		31,562							31,562	31,562			
1052237	SANTA MONICA	CA		04/07/2016		21,032							21,032	21,032			
1052163	SIMI VALLEY	CA		04/23/2013		40,185							40,185	40,185			
1052174	TUSTIN	CA		09/19/2013		40,548							40,548	40,548			
1052142	VISTA	CA		10/31/2011		74,535							74,535	74,535			
1052170	WALNUT CREEK	CA		08/06/2013		147,852							147,852	147,852			
1052013	YORBA LINDA	CA		03/30/2006		94,098							94,098	94,098			
1052166	AURORA	CO		06/26/2013		65,157							65,157	65,157			
1051879	BOULDER	CO		12/27/2001		176,925							176,925	176,925			
1052182	BOULDER	CO		02/26/2014		17,628							17,628	17,628			
1052196	BOULDER	CO		11/18/2014		21,100							21,100	21,100			
1051808	COLORADO SPRINGS	CO		07/27/1999		40,794							40,794	40,794			
1052137	DENVER	CO		06/30/2011		35,552		(14,975)			(14,975)		35,552	35,552			
1052272	HIGHLANDS RANCH	CO		03/01/2017		51,239							51,239	51,239			
1052126	WASHINGTON	DC		02/19/2010		102,524							102,524	102,524			
1052130	WASHINGTON	DC		09/22/2010		82,394							82,394	82,394			
1052132	WASHINGTON	DC		11/30/2010		83,592							83,592	83,592			
1052154	WASHINGTON	DC		08/30/2012		54,982							54,982	54,982			
28309	LAUREL	DE		09/24/2007		49,651		(16,767)			(16,767)		49,651	49,651			
1052141	NEW CASTLE	DE		10/27/2011		37,268							37,268	37,268			
1052245	NEW CASTLE	DE		04/21/2016		85,001							85,001	85,001			
1052098	AUBURNDALE	FL		06/02/2008		35,011							35,011	35,011			
1052235	DELRAY BEACH	FL		12/30/2015		74,001							74,001	74,001			
1052124	MIAMI LAKES	FL		12/21/2009		146,090							146,090	146,090			

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	Location		4	5	6	7	Change in Book Value/Recorded Investment						14	15	16	17	18
	2	3					8	9	10	11	12	13					
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization) /Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8+9-10+11)	Total Foreign Exchange Change in Book Value	Book Value/ Recorded Investment Excluding Accrued Interest on Disposal	Consid- eration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal
1052249	NAPLES	FL		06/29/2016		27,935							27,935	27,935			
1052150	ORLANDO	FL		05/15/2012		144,816							144,816	144,816			
1052213	PORT ST LUCIE	FL		06/25/2015		62,164							62,164	62,164			
28270	ALPHARETTA	GA		12/03/2005		24,544		(2,545)			(2,545)		24,544	24,544			
28280	ATLANTA	GA		03/09/2006		40,301		(4,413)			(4,413)		40,301	40,301			
1051920	CHAMBLEE	GA		05/03/2004		188,863							188,863	188,863			
1052000	GRIFFIN	GA		02/16/2006		180,969							180,969	180,969			
28236	HAMPTON	GA		09/15/2003		41,160		(1,718)			(1,718)		41,160	41,160			
28319	BUFFALO GROVE	IL		06/12/2008		13,440		(12,044)			(12,044)		13,440	13,440			
28324	BUFFALO GROVE	IL		08/05/2008		23,659		(21,337)			(21,337)		23,659	23,659			
28331	BUFFALO GROVE	IL		01/13/2011		22,579		(15,025)			(15,025)		22,579	22,579			
1052101	GENEVA	IL		07/23/2008		31,649							31,649	31,649			
28334	ITASCA	IL		04/14/2011		28,839		(20,245)			(20,245)		28,839	28,839			
28323	LAKE COUNTY	IL		08/05/2008		23,659		(21,337)			(21,337)		23,659	23,659			
1051977	PALATINE	IL		09/26/2005		752,502							752,502	752,502			
28312	METAIRIE	LA		09/26/2007		30,052		(34,639)			(34,639)		30,052	30,052			
1052008	ALLSTON	MA		03/10/2006		90,691							90,691	90,691			
1052204	Boston	MA		04/30/2015		33,592							33,592	33,592			
1052205	Boston	MA		04/30/2015		65,941							65,941	65,941			
1052208	Boston	MA		05/21/2015		26,544							26,544	26,544			
1052209	Boston	MA		05/21/2015		46,391							46,391	46,391			
1052210	Boston	MA		05/21/2015		47,631							47,631	47,631			
1052224	BOSTON	MA		11/05/2015		159,101							159,101	159,101			
1052014	BRIGHTON	MA		04/21/2006		66,123							66,123	66,123			
1052261	BRIGHTON	MA		12/13/2016		25,966							25,966	25,966			
1052206	BROOKLINE	MA		05/01/2015		39,507							39,507	39,507			
28328	CONCORD	MA		01/15/2009		17,096		(13,601)			(13,601)		17,096	17,096			
1051748	KINGSTON	MA		02/02/1998		41,969							41,969	41,969			
1051749	MARSTONS MILLS	MA		02/02/1998		28,545							28,545	28,545			
1052192	PEABODY	MA		09/24/2014		22,366							22,366	22,366			
1051957	BELTSVILLE	MD		01/11/2005		61,245							61,245	61,245			
1052158	BETHESDA	MD		10/09/2012		154,597							154,597	154,597			
28315	ELLICOTT CITY	MD		11/15/2007		24,610		(25,558)			(25,558)		24,610	24,610			
1052186	FREDERICK	MD		03/31/2014		87,638							87,638	87,638			
1051905	GAITHERSBURG	MD		08/13/2003		85,021							85,021	85,021			
1052145	GAITHERSBURG	MD		03/08/2012		185,918							185,918	185,918			
1052146	GAITHERSBURG	MD		03/14/2012		159,430							159,430	159,430			
1051810	LEXINGTON PARK	MD		08/31/1999		32,421							32,421	32,421			
1051900	ROCKVILLE	MD		06/19/2003		232,483							232,483	232,483			
1052148	ROCKVILLE	MD		05/03/2012		103,224							103,224	103,224			
1052188	MINNEAPOLIS	MN		05/27/2014		29,363							29,363	29,363			
28245	O'FALLON	MO		03/25/2004		29,153		(5,853)			(5,853)		29,153	29,153			
28110	DURHAM	NC		04/22/1999		39,196							39,196	39,196			
1052094	DURHAM	NC		05/15/2008		190,401							190,401	190,401			
1052095	DURHAM	NC		05/15/2008		12,083							12,083	12,083			
28265	FUQUAY-VARINA	NC		08/19/2005		65,686		(5,171)			(5,171)		65,686	65,686			
28233	GREENSBORO	NC		07/24/2003		33,767		(9,315)			(9,315)		33,767	33,767			
1052189	HOLLY SPRINGS	NC		06/24/2014		133,697							133,697	133,697			
1052010	RALEIGH	NC		03/15/2006		81,746							81,746	81,746			
1051974	FARGO	ND		08/25/2005		174,126							174,126	174,126			
1051995	BROOKLAWN	NJ		12/22/2005		36,837							36,837	36,837			
1052038	BROOKLAWN	NJ		12/14/2006		26,658							26,658	26,658			
1052106	EWING	NJ		09/03/2008		41,306							41,306	41,306			
1051971	LAWRENCEVILLE	NJ		06/27/2005		181,188							181,188	181,188			
1052120	MIDDLETOWN	NJ		01/26/2009		179,615							179,615	179,615			
1052202	MONROE	NJ		02/02/2015		60,546							60,546	60,546			
1052191	MOUNT LAUREL	NJ		06/30/2014		59,403							59,403	59,403			
1052011	NEPTUNE	NJ		03/16/2006		91,942							91,942	91,942			
28296	ALBUQUERQUE	NM		12/27/2006		51,678		(10,295)			(10,295)		51,678	51,678			
28264	LAS VEGAS	NV		08/17/2005		22,960		(11,893)			(11,893)		22,960	22,960			

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	Location		4	5	6	7	Change in Book Value/Recorded Investment						14	15	16	17	18
	2	3					8	9	10	11	12	13					
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization) /Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8+9-10+11)	Total Foreign Exchange Change in Book Value	Book Value/ Recorded Investment Excluding Accrued Interest on Disposal	Consid-eration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal
1051961	LAS VEGAS	NV		03/07/2005		99,756							99,756	99,756			
1051987	LAS VEGAS	NV		10/31/2005		197,237							197,237	197,237			
1052105	CENTEREACH	NY		08/28/2008		128,975							128,975	128,975			
1052029	GUILDERLAND	NY		09/06/2006		20,341							20,341	20,341			
1051972	HAUPPAUGE	NY		07/08/2005		124,248							124,248	124,248			
1051944	LAKE GROVE	NY		11/30/2004		100,558							100,558	100,558			
1052073	MENANDS	NY		08/30/2007		42,955							42,955	42,955			
1051766	NESCONSET	NY		07/28/1998		33,222							33,222	33,222			
28329	NEW YORK	NY		02/24/2009		19,846		(39,818)			(39,818)		19,846	19,846			
1052114	NEW YORK	NY		11/19/2008		52,805							52,805	52,805			
1052185	NEW YORK	NY		03/21/2014		59,049							59,049	59,049			
28229	OLEAN	NY		03/31/2003		106,997		(3,736)			(3,736)		106,997	106,997			
1051794	OLEAN	NY		03/30/1999		43,553							43,553	43,553			
1052248	STATEN ISLAND	NY		06/06/2016		49,637							49,637	49,637			
28179	WEBSTER	NY		12/15/2000		36,590		(3,229)			(3,229)		36,590	36,590			
1051746	BELLEFONTAINE	OH		11/24/1997		31,588							31,588	31,588			
1052220	Portland	OR		10/13/2015		80,719							80,719	80,719			
28313	BENSALEM	PA		11/06/2007		12,527		(7,980)			(7,980)		12,527	12,527			
1052161	DOYLESTOWN	PA		12/21/2012		164,799							164,799	164,799			
1052022	HANOVER	PA		07/06/2006		249,392							249,392	249,392			
1052133	LITITZ	PA		01/10/2011		126,230		(9,885)			(9,885)		126,230	126,230			
1052193	SPRINGFIELD	PA		10/02/2014		254,833							254,833	254,833			
1052004	WEST CHESTER	PA		02/28/2006		130,945							130,945	130,945			
28292	ANDERSON	SC		09/28/2006		53,312		(15,877)			(15,877)		53,312	53,312			
28209	MEMPHIS	TN		06/20/2001		36,482							36,482	36,482			
1052201	CEDAR PARK	TX		12/30/2014		156,453							156,453	156,453			
1051783	FORT WORTH	TX		12/22/1998		26,093							26,093	26,093			
1052037	HOUSTON	TX		12/01/2006		178,780							178,780	178,780			
1052143	HOUSTON	TX		11/15/2011		59,961							59,961	59,961			
1052168	HOUSTON	TX		07/24/2013		50,095							50,095	50,095			
1052211	HOUSTON	TX		05/29/2015		23,754							23,754	23,754			
1052212	HOUSTON	TX		06/10/2015		20,178							20,178	20,178			
28320	SAN ANTONIO	TX		06/30/2008		12,984		(19,698)			(19,698)		12,984	12,984			
28322	WOODLANDS	TX		07/07/2008		28,837		(35,619)			(35,619)		28,837	28,837			
1052108	ROY	UT		10/01/2008		50,534							50,534	50,534			
1052183	SALT LAKE CITY	UT		03/06/2014		43,654							43,654	43,654			
28016	WEST VALLEY	UT		12/11/1997		17,259							17,259	17,259			
1052152	ALEXANDRIA	VA		06/26/2012		96,597							96,597	96,597			
1052260	Arlington	VA		11/29/2016		206,423							206,423	206,423			
28199	DULLES	VA		05/11/2001		91,405							91,405	91,405			
1051806	GLEN ALLEN	VA		06/25/1999		72,399							72,399	72,399			
1051881	MCLEAN	VA		03/21/2002		142,159							142,159	142,159			
28255	NEWPORT NEWS	VA		11/15/2004		29,869		(2,525)			(2,525)		29,869	29,869			
1052280	RESTON	VA		07/26/2017		24,091							24,091	24,091			
28301	RICHMOND	VA		04/10/2007		71,966		(9,985)			(9,985)		71,966	71,966			
1052092	RICHMOND	VA		04/07/2008		51,181							51,181	51,181			
28302	ROANOKE	VA		04/18/2007		32,272		(4,743)			(4,743)		32,272	32,272			
1052096	STERLING	VA		05/29/2008		159,895							159,895	159,895			
28291	SUFFOLK	VA		08/23/2006		32,991		(16,028)			(16,028)		32,991	32,991			
28289	WASHINGTON	VA		07/24/2006		48,242		(7,310)			(7,310)		48,242	48,242			
1052234	BELLEVUE	WA		12/22/2015		89,836							89,836	89,836			
1052232	Issaquah	WA		12/15/2015		193,992							193,992	193,992			
1051814	SEATTLE	WA		10/12/1999		127,523							127,523	127,523			
1052238	MADISON	WI		04/11/2016		499,856							499,856	499,856			
0299999. Mortgages with partial repayments						15,859,035		(604,257)			(604,257)		15,859,035	15,859,035			
0399999. Mortgages disposed																	

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	Location		4	5	6	7	Change in Book Value/Recorded Investment						14	15	16	17	18
	2	3					8	9	10	11	12	13					
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization) /Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8+9-10+11)	Total Foreign Exchange Change in Book Value	Book Value/ Recorded Investment Excluding Accrued Interest on Disposal	Consid- eration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal
0499999. Mortgages transferred																	
0599999 - Totals						158,322,477		(777,166)			(777,166)		156,617,584	156,617,584			

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	2	Location		5	6	7	8	9	10	11	12	13
		3	4									
CUSIP Identification	Name or Description	City	State	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Amount of Encumbrances	Commitment for Additional Investment	Percentage of Ownership
000000-00-0	HANOVER Barrington, LLC	WILMINGTON	DE	HANOVER Barrington, LLC		07/26/2004			13,821			100.000
000000-00-0	HANOVER HOFFMAN ESTATES, LLC	WILMINGTON	DE	HANOVER HOFFMAN ESTATES, LLC		01/28/2015			13,741			100.000
1099999. Fixed or Variable Rate - Mortgage Loans - Affiliated									27,562			XXX
000000-00-0	GH SCOTTSDALE I, LLC	SCOTTSDALE	AZ	GH SCOTTSDALE I, LLC		09/01/1997			230,901			50.000
1899999. Joint Venture Interests - Real Estate - Affiliated									230,901			XXX
000000-00-0	57 Stars Global Opportunity Fund 3 (Guardian) Series 2	Wilmington	DE	57 Stars LLC		01/28/2016			872,047		17,318,226	76.300
000000-00-0	57 Stars Global Opportunity Fund 3 (Guardian), L.P.	Wilmington	DE	57 Stars LLC		06/30/2011			2,452,175		20,233,952	85.490
000000-00-0	ASF VII Infrastructure B L.P.	Wilmington	DE	Ardian Investment UK Ltd.		06/22/2017			1,087,442		14,411,007	0.940
000000-00-0	Battery Ventures XI Side Fund-A, L.P.	Wilmington	DE	Battery Ventures		06/21/2016			999,000		2,556,900	1.540
000000-00-0	Battery Ventures XI-A, L.P.	Wilmington	DE	Battery Ventures		06/21/2016			1,560,000		3,948,000	1.330
000000-00-0	BC Partners IX, LP		GGY	CIE Management - BC Partners		09/21/2011			744,548			0.230
000000-00-0	Beekman Investment Partners III, LP	Wilmington	DE	The Beekman Group LLC		10/08/2015			565,425		10,947,453	7.610
000000-00-0	Brynwood Partners VII, L.P.	Wilmington	DE	Brynwood Partners		12/27/2013			2,946,428		10,307,287	5.360
000000-00-0	Calvert Street Capital Partners III, LP	Wilmington	DE	Calvert Street Capital Partners		03/24/2009			22,222		185,933	3.510
000000-00-0	CapStreet IV, LP	Wilmington	DE	CapStreet Group		01/22/2015			2,047,881		13,351,892	6.150
000000-00-0	CCMP Capital Investors II	Wilmington	DE	CCMP Capital Advisors, LLC		01/22/2007			5,917		1,379,531	0.590
000000-00-0	CCMP Capital Investors III, L.P.	Wilmington	DE	CCMP Capital Advisors, LLC		07/26/2013			3,809,281		4,199,444	0.560
000000-00-0	Centerbridge Capital Partners III, L.P.	Wilmington	DE	Centerbridge Associates		05/21/2015			4,760,739		14,401,179	0.430
000000-00-0	Centerbridge Partners II, LP	Wilmington	DE	Centerbridge Associates		05/09/2011			403,407		2,878,216	0.470
000000-00-0	Centre Lane Partners IV, L.P.	Wilmington	DE	Centre Lane Partners LLC		05/12/2017			1,467,359		14,673,591	6.620
000000-00-0	Century Park Capital Partners II, LP	Wilmington	DE	Century Park Capital Partners, L.P.		04/02/2009			45,177		714,526	3.160
000000-00-0	Charles River Partnership XV, LP	Wilmington	DE	CRV, LLC		05/29/2012			450,000		1,143,750	1.980
000000-00-0	Chequers Capital XVII FPCI		FRA	Chequers Partenaires		07/17/2017		239,280			24,536,470	2.100
000000-00-0	Columbia Capital Equity Partners VI (QP), L.P.	Wilmington	DE	Columbia Capital, LLC		01/22/2015			1,336,673		11,267,405	4.640
000000-00-0	Cressey & Company Fund V, LP	Wilmington	DE	Cressey & Company LLC		04/13/2015			2,925,000		7,650,000	4.090
000000-00-0	CS Global Co-Investment Partners, L.P.	Wilmington	DE	Credit Suisse Group		08/21/2009			16,997		7,227,287	99.500
000000-00-0	EQT VI Fund, LP		GGY	EQT Partners AB		11/30/2011			101,334		1,572,773	0.290
000000-00-0	EQT VII (No.2) LP		GGY	EQT Partners AB		01/08/2016			2,632,260		11,963,616	0.290
000000-00-0	Felicis Ventures V, L.P.	Wilmington	DE	Felicis Venture		06/16/2016			675,000		9,450,000	6.730
000000-00-0	FirstMark Capital IV, L.P.	Wilmington	DE	FirstMark Capital		04/27/2017			330,000		10,230,000	4.000
000000-00-0	Foundation Capital VIII, L.P.	Wilmington	DE	Foundation Capital		11/09/2015			899,231		10,626,539	5.380
000000-00-0	Foundry Next Fund, L.P.	Wilmington	DE	Foundry Group		07/06/2016			1,600,000		11,450,628	4.000
000000-00-0	Genstar Capital Partners VIII, L.P.	Wilmington	DE	Genstar Capital Partners LLC		04/28/2017			111,332		20,774,555	0.700
000000-00-0	Global Infrastructure Partners	Wilmington	DE	Global Infrastructure Partners		07/11/2007			40,743		2,450,567	0.370
000000-00-0	Global Infrastructure Partners II - A, L.P.	Wilmington	DE	Global Infrastructure Partners		08/09/2012			224,771		2,642,904	0.240
000000-00-0	Global Infrastructure Partners III, L.P.	Wilmington	DE	Global Infrastructure Partners		08/02/2016			236,125		42,341,641	0.320
000000-00-0	Goldman Sachs Capital Partners VI, LP	Wilmington	DE	Goldman Sachs & Co.		04/26/2007			35,181		4,442,639	0.100
000000-00-0	Goldman Sachs Vintage Fund IV	Wilmington	DE	Goldman Sachs & Co.		01/23/2007			29,964		3,190,588	0.000
000000-00-0	GrandBanks Capital Fund II, LP	Wilmington	DE	GrandBanks Capital		11/07/2008			218,750		1,699,112	17.500
000000-00-0	Green Equity Investors VII, L.P.	Wilmington	DE	Leonard Green & Partners, L.P.		05/12/2017			1,003,323		2,219,389	0.220
000000-00-0	Grey Mountain Partners II, LP	Wilmington	DE	Grey Mountain Partners		11/20/2009			285,657		1,488,715	6.700
000000-00-0	Grotech Partners VII, LP	Wilmington	DE	Grotech Ventures		11/01/2007			234,017		219,547	9.190
000000-00-0	GSO Capital Opportunities Fund III, L.P.	Wilmington	DE	GSO Capital Partners		09/22/2016			3,925,525		37,912,901	0.770
000000-00-0	GTCR Fund XI, LP	Wilmington	DE	GTCR Partners		09/02/2014			3,750,000		4,291,656	0.530
000000-00-0	HPS Mezzanine Partners III, L.P.	Wilmington	DE	Highbridge Principal Strategies		02/27/2017			10,769,275		34,192,624	0.770
000000-00-0	Investindustrial VI, L.P.		CHE	Investindustrial Advisors Limited		05/24/2016			214,428		17,221,560	0.860
000000-00-0	Levine Leichtman Capital Partners IV, LP	Wilmington	DE	Levine Leichtman Capital Partners		12/29/2008			1,061,590		3,196,812	1.460
000000-00-0	Levine Leichtman Capital Partners V, LP	Wilmington	DE	Levine Leichtman Capital Partners		04/11/2013			2,424,423		3,601,939	1.370
000000-00-0	Longworth Advisory Partners III, LP	Wilmington	DE	Longworth Venture Partners		06/08/2009			12,000		18,400	0.160
000000-00-0	Longworth Venture Partners III, LP	Wilmington	DE	Longworth Venture Partners		12/10/2008			698,250		1,842,050	10.640
000000-00-0	Lovell Minnick Equity Partners IV, L.P.	Wilmington	DE	Lovell Minnick Partners, LLC		03/27/2015			1,983,272		9,683,401	2.670
000000-00-0	LS Power Equity Partners II, L.P.	Wilmington	DE	LS Power Equity Partners		01/29/2007			5,553		2,872,746	0.650
000000-00-0	MSouth Equity Partners II, L.P.	Wilmington	DE	MSouth Equity Partners, L.P.		02/29/2012			486,560		1,025,376	4.710
000000-00-0	NB Co-Investment Partners	Wilmington	DE	Neuberger Berman Group, LLC		09/26/2006			62,746		2,229,120	1.620
000000-00-0	Opus Capital VI, LP	Wilmington	DE	Opus Capital		02/28/2011			277,086		5,283,311	10.080
000000-00-0	Pappas Ventures IV, LP	Wilmington	DE	A.M. Pappas & Associates, LLC		01/15/2009			450,000		750,000	14.710
000000-00-0	Pfingsten Capital Partners IV, LP	Wilmington	DE	Pfingsten Partners LLC		03/31/2009			15,114		3,936,201	3.810
000000-00-0	Phoenix 2010 Fund, LP		GGY	Phoenix Equity Partners		06/02/2010			37,909		3,482,172	3.330
000000-00-0	Primus Capital Fund VI, LP	Wilmington	DE	Primus Capital		12/05/2007			9,664		555,022	3.640
000000-00-0	Primus Capital Fund VII, L.P.	Wilmington	DE	Primus Capital		12/21/2012			2,011,286		1,204,941	4.250
000000-00-0	Redview Capital L.P.		CYM	New Horizon Capital Partners LLC		01/28/2016			803,891		3,829,106	1.640
000000-00-0	The Huron Fund IV, L.P.	Wilmington	DE	Huron Capital Partners, LLC		07/12/2013			2,457,293		7,000,000	4.140
000000-00-0	Thompson Street Capital IV, L.P.	Wilmington	DE	Thompson Street LLC		01/25/2016			814,746		10,097,337	3.330

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	2	Location 3	4	5	6	7	8	9	10	11	12	13
CUSIP Identification	Name or Description	City	State	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Amount of Encumbrances	Commitment for Additional Investment	Percentage of Ownership
000000-00-0	Trident VI, LP		CYM	Stone Point Capital LLC		09/12/2014			1,491,891		2,932,932	0.560
000000-00-0	Trinity Ventures XII L.P.	Wilmington	DE	Trinity Ventures		04/07/2016			270,000		9,787,500	3.380
000000-00-0	Trivest Growth Investment Fund, L.P.	Wilmington	DE	Trivest Partners		01/17/2017			11,601		2,672,388	1.330
000000-00-0	TSG6, LP	Wilmington	DE	TSG Consumer Products		07/02/2012			130,360		3,098,029	0.940
000000-00-0	TSG7 A L.P.	Wilmington	DE	TSG Consumer Products		03/30/2016			50,353		12,527,611	0.950
000000-00-0	TSG7 B L.P.	Wilmington	DE	TSG Consumer Products		01/19/2016			26,880		3,567,508	0.800
000000-00-0	Upfront V, L.P.	Wilmington	DE	Upfront Ventures Management, Inc.		03/19/2015			1,388,718		6,232,382	5.420
000000-00-0	Warburg Pincus Energy, L.P.	Wilmington	DE	Warburg, Pincus LLC		07/25/2014			2,370,000		15,210,000	1.000
000000-00-0	Warburg Pincus XII, L.P.	Wilmington	DE	Warburg, Pincus LLC		12/21/2015			2,772,000		13,596,000	0.200
2199999. Joint Venture Interests - Other - Unaffiliated								239,280	77,957,820		543,946,287	XXX
000000-00-0	GUARDIAN ACQUISTIONS I,LLC	WILMINGTON	DE	GUARDIAN ACQUISTIONS I,LLC		08/31/2017		24,536,021				100.000
4299999. Any Other Class of Assets - Unaffiliated								24,536,021				XXX
4499999. Total - Unaffiliated								24,775,302	77,957,820		543,946,287	XXX
4599999. Total - Affiliated									258,463			XXX
4699999 - Totals								24,775,302	78,216,283		543,946,287	XXX

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location 3	4	5	6	7	8	Change in Book/Adjusted Carrying Value 9	10	11	12	13	14	15	16	17	18	19	20
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/ Adjusted Carrying Value Less Encum-brances, Prior Year	Unrealized Valuation Increase (De-crease)	Current Year's (Depre-ciation) or (Amorti-zation)/ Accretion	Current Year's Other Than Temporary Impair-ment Recog-nized	Capital-ized Deferred Interest and Other	Total Change in Book/ Adjusted Carrying Value (9+10-11+12)	Total Foreign Exchange Change in Book/ Adjusted Carrying Value	Book/ Adjusted Carrying Value Less Encum-brances on Disposal	Consid-eration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Invest-ment Income
000000-00-0	GUARDIAN -MATTHEWS,LLC	CLEAR LAKE	TX	CAPITAL DISTRIBUTION	09/01/1989	09/06/2017	17,782							17,782	17,782				
000000-00-0	GUARDIAN SCOTTSDALE, LLC	SCOTTSDALE	AZ	SALE OF Joint Venture	09/01/1997	09/07/2017									3,375,478		3,375,478	3,375,478	
000000-00-0	GH WARNER , LLC	TEMPE	AZ	SALE OF Joint Venture	06/01/1995	09/07/2017	1,228,939							1,228,939	6,319,087		5,090,148	5,090,148	
000000-00-0	GUARDIAN SHORES, LLC	PORTLAND	OR	CAPITAL DISTRIBUTION	12/21/2011	09/13/2017	975,489							975,489	975,489				
000000-00-0	Various														(19,910)		(19,910)	(19,910)	
1899999. Joint Venture Interests - Real Estate - Affiliated							2,222,210							2,222,210	10,667,926		8,445,716	8,445,716	
000000-00-0	CCMP Capital Investors II	Wilmington	DE	CAPITAL DISTRIBUTION	01/22/2007	09/30/2017	322,272							322,272	322,272				
000000-00-0	57 Stars Global Opportunity Fund 3 (Guardian) Series 2	Wilmington	DE	CAPITAL DISTRIBUTION	01/28/2016	09/30/2017	95,415							95,415	95,415				
000000-00-0	57 Stars Global Opportunity Fund 3 (Guardian), L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	06/30/2011	09/30/2017	1,643,211							1,643,211	1,643,211				
000000-00-0	BC Partners IX, LP		GGY	CAPITAL DISTRIBUTION	09/21/2011	09/30/2017	14,639,324							14,639,324	14,639,324				
000000-00-0	Calvert Street Capital Partners III, LP	Wilmington	DE	CAPITAL DISTRIBUTION	03/24/2009	09/30/2017	8,889							8,889	8,889				
000000-00-0	CCMP Capital Investors III, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	07/26/2013	09/30/2017	631,288							631,288	631,288				
000000-00-0	Centerbridge Capital Partners III, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	05/21/2015	09/30/2017	552,032							552,032	552,032				
000000-00-0	Centerbridge Partners II, LP	Wilmington	DE	CAPITAL DISTRIBUTION	05/09/2011	09/30/2017	1,370,303							1,370,303	1,370,303				
000000-00-0	Centre Lane Partners IV, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	05/12/2017	09/30/2017	1,020,772							1,020,772	1,020,772				
000000-00-0	Century Park Capital Partners II, LP	Wilmington	DE	CAPITAL DISTRIBUTION	04/02/2009	09/30/2017	2,560,701							2,560,701	2,560,701				
000000-00-0	CHB Capital Partners III, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	03/24/2009	09/30/2017	75,801							75,801	75,801				
000000-00-0	Crosslink Ventures VI, LP	Wilmington	DE	CAPITAL DISTRIBUTION	06/11/2010	09/30/2017	157,319							157,319	157,319				
000000-00-0	EQT VI Fund, LP		GGY	CAPITAL DISTRIBUTION	11/30/2011	09/30/2017	1,825,807							1,825,807	1,825,807				
000000-00-0	Foundation Capital VIII, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	11/09/2015	09/30/2017	622,102							622,102	622,102				
000000-00-0	Genstar Capital Partners VII, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	10/01/2015	09/30/2017	545,801							545,801	545,801				
000000-00-0	Global Infrastructure Partners III, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	08/02/2016	09/30/2017	5							5	5				

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location 3	Location 4	5	6	7	8	Change in Book/Adjusted Carrying Value 9	10	11	12	13	14	15	16	17	18	19	20
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/ Adjusted Carrying Value Less Encum-brances, Prior Year	Unrealized Valuation Increase (De-crease)	Current Year's (Depre-ciation) or (Amorti-zation)/ Accretion	Current Year's Other Than Temporary Impair-ment Recog-nized	Capital-ized Deferred Interest and Other	Total Change in Book/ Adjusted Carrying Value (9+10-11+12)	Total Foreign Exchange Change in Book/ Adjusted Carrying Value	Book/ Adjusted Carrying Value Less Encum-brances on Disposal	Consid-eration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Invest-ment Income
000000-00-0	Goldman Sachs Capital Partners VI, LP	Wilmington	DE	CAPITAL DISTRIBUTION	04/26/2007	09/30/2017	578,111							578,111	578,111				
000000-00-0	Goldman Sachs Vintage Fund IV	Wilmington	DE	CAPITAL DISTRIBUTION	01/23/2007	09/30/2017	212,838							212,838	212,838				
000000-00-0	GrandBanks Capital Fund II, LP	Wilmington	DE	CAPITAL DISTRIBUTION	11/07/2008	09/30/2017	681,484							681,484	681,484				
000000-00-0	Green Equity Investors VI, LP	Wilmington	DE	CAPITAL DISTRIBUTION	12/06/2012	09/30/2017	94,268							94,268	94,268				
000000-00-0	Green Equity Investors VII, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	05/12/2017	09/30/2017	35,513							35,513	35,513				
000000-00-0	GSO Capital Opportunities Fund III, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	09/22/2016	09/30/2017	27,112							27,112	27,112				
000000-00-0	GTCR Fund XI, LP	Wilmington	DE	CAPITAL DISTRIBUTION	09/02/2014	09/30/2017	565,143							565,143	565,143				
000000-00-0	Levine Leichtman Capital Partners V, LP	Wilmington	DE	CAPITAL DISTRIBUTION	04/11/2013	09/30/2017	619,951							619,951	619,951				
000000-00-0	Longworth Advisory Partners III, LP	Wilmington	DE	CAPITAL DISTRIBUTION	06/08/2009	09/30/2017	18,223							18,223	18,223				
000000-00-0	Longworth Venture Partners III, LP	Wilmington	DE	CAPITAL DISTRIBUTION	12/10/2008	09/30/2017	1,211,942							1,211,942	1,211,942				
000000-00-0	Lovell Minnick Equity Partners IV, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	03/27/2015	09/30/2017	8,102							8,102	8,102				
000000-00-0	NB Co-Investment Partners	Wilmington	DE	CAPITAL DISTRIBUTION	09/26/2006	09/30/2017	1,592,673							1,592,673	1,592,673				
000000-00-0	Phoenix 2010 Fund, LP		GGY	CAPITAL DISTRIBUTION	06/02/2010	09/30/2017	718,146							718,146	718,146				
000000-00-0	Primus Capital Fund VI, LP	Wilmington	DE	CAPITAL DISTRIBUTION	12/05/2007	09/30/2017	421,547							421,547	421,547				
000000-00-0	Primus Capital Fund VII, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	12/21/2012	09/30/2017	49,517							49,517	49,517				
000000-00-0	Trident V, L.P.		CYM	CAPITAL DISTRIBUTION	12/28/2010	09/30/2017	496,162							496,162	496,162				
000000-00-0	Trident VI, LP		CYM	CAPITAL DISTRIBUTION	09/12/2014	09/30/2017	328,462							328,462	328,462				
000000-00-0	Warburg Pincus Energy, L.P.	Wilmington	DE	CAPITAL DISTRIBUTION	07/25/2014	09/30/2017	15,000							15,000	15,000				
000000-00-0	Warburg Pincus X, LP	Wilmington	DE	CAPITAL DISTRIBUTION	10/01/2007	09/30/2017	856,375							856,375	856,375				
000000-00-0	Warburg Pincus XI, LP	Wilmington	DE	CAPITAL DISTRIBUTION	09/20/2012	09/30/2017	1,480,000							1,480,000	1,480,000				
000000-00-0	Pimco Bravo Fund II, LP	Wilmington	DE	CAPITAL DISTRIBUTION	10/22/2013	09/30/2017	682,462							682,462	682,462				
000000-00-0	North Bridge Venture Partners V	Wilmington	DE	CAPITAL DISTRIBUTION	09/21/2001	09/30/2017	21,409							21,409	21,409				
000000-00-0	High Street Equity Advisors, LLC	Wilmington	DE	CAPITAL DISTRIBUTION	06/25/2008	09/30/2017	499,899							499,899	499,899				
2199999. Joint Venture Interests - Other - Unaffiliated							37,285,381							37,285,381	37,285,381				
000000-00-0	GUARDIAN DISTRIBUTORS,LLC	WILMINGTON	DE	CAPITAL DISTRIBUTION	12/02/2011	09/30/2017	1,000							1,000	1,000				
000000-00-0	GUARDIAN INVESTOR SERVICERS, LLC	WILMINGTON	DE	CAPITAL DISTRIBUTION	08/31/2006	09/30/2017	3,394,117							3,394,117	3,394,117				
4399999. Any Other Class of Assets - Affiliated							3,395,117							3,395,117	3,395,117				
4499999. Total - Unaffiliated							37,285,381							37,285,381	37,285,381				
4599999. Total - Affiliated							5,617,327							5,617,327	14,063,043		8,445,716	8,445,716	
4699999 - Totals							42,902,708							42,902,708	51,348,425		8,445,716	8,445,716	

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
912810-RK-6	US TREASURY N/B 2.500% 02/15/45		07/06/2017	DEUTSCHE BANK		2,766,563	3,000,000	29,420	1
912810-RV-2	US TREASURY N/B 3.000% 02/15/47		08/29/2017	Various		167,652,303	163,315,000	1,973,542	1
912810-RX-8	US TREASURY N/B BONDS 3.000% 05/15/47		09/29/2017	Various		332,292,685	319,660,000	2,818,665	1
912828-2P-4	US GOVERNMENT TREAS BILL NOTES 1.875% 07/31/22		08/21/2017	Various		40,169,320	40,000,000	40,909	1
912828-2R-0	US GOVERNMENT TREAS BILL NOTES 2.250% 08/15/27		09/29/2017	Various		155,803,808	155,425,000	235,551	1
912828-2S-8	US GOVERNMENT TREAS BILL NOTES 1.625% 08/31/22		09/27/2017	Various		102,142,542	102,810,000	47,196	1
912828-H8-6	US GOVERNMENT TREAS BILL 1.500% 01/31/22		08/14/2017	Various		158,196	160,000	18	1
912828-P4-6	US GOVERNMENT TREAS BILL 1 5/8% Due 2/15/2026 FA15 1.625% 02/15/26		08/28/2017	GOLDMAN SACHS		1,925,547	2,000,000	1,236	1
912828-R3-6	US GOVERNMENT TREAS BILL 1 5/8% Due 5/15/2026 MN15 1.625% 05/15/26		08/15/2017	Various		7,125,391	7,500,000	25,722	1
912828-X4-7	US GOVERNMENT TREAS BILL 1.875% 04/30/22		08/14/2017	GOLDMAN SACHS		8,049,375	8,000,000	43,614	1
912828-X8-8	US GOVERNMENT TREAS BILL 2.375% 05/15/27		07/26/2017	Various		93,077,082	92,275,000	391,493	1
912828-XR-6	US GOVERNMENT TREAS BILL NOTES 1.750% 05/31/22		08/16/2017	GOLDMAN SACHS		4,985,547	5,000,000	18,648	1
912828-XV-7	US GOVERNMENT TREAS BILL NOTES 1.250% 06/30/19		07/06/2017	GOLDMAN SACHS		4,984,961	5,000,000	1,189	1
0599999. Subtotal - Bonds - U.S. Governments						921,133,320	904,145,000	5,627,203	XXX
13063D-AY-4	CALIFORNIA ST GENERAL OBLIGATION 5.000% 11/01/47		09/27/2017	Various		11,786,220	10,000,000	5,556	1FE
13063D-CK-2	CALIFORNIA ST GENERAL OBLIGATION 5.000% 11/01/37		08/30/2017	GOLDMAN SACHS		4,787,360	4,000,000		1FE
363658-JM-8	GALLATIN CNTY MT HIGH SCH DIST SCHOOL DISTRICT 4.000% 06/01/37		07/14/2017	D.A. DAVIDSON		1,681,972	1,570,000		1FE
392274-X5-0	GTR ORLANDO FL AVIATION AUTH A AIRPORT 5.000% 10/01/52		08/30/2017	RBC CAPITAL MARKETS		4,552,960	4,000,000		1FE
455054-AJ-5	INDIANA ST FIN AUTH ENVRNMNTL POLLUTION 0.610% 12/01/39		08/16/2017	KEY BANK		1,200,000	1,200,000	300	1FE
717813-VW-6	PHILADELPHIA PA GENERAL OBLIGATION 5.000% 08/01/37		07/12/2017	CITICORP SECURITIES		2,975,738	2,650,000		1FE
73358W-H3-1	PORT AUTH NEW YORK NEW JERSEY TRANSPORTATION 5.250% 10/15/57		08/31/2017	JEFFERIES & COMPANY INC.		5,932,900	5,000,000	85,313	1FE
73358W-P4-0	PORT AUTH NEW YORK NEW JERSEY TRANSPORTATION 5.000% 05/15/57		07/13/2017	GOLDMAN SACHS		5,728,800	5,000,000		1FE
79875Y-CY-5	SAN MARCOS CA SCH FING AUTH LE EDUCATION 5.250% 08/15/40		07/12/2017	RBC CAPITAL MARKETS		4,073,174	3,450,000		1FE
85732G-VV-9	STATE PUBLIC SCH BLDG AUTH PAL EDUCATION 5.000% 06/01/36		09/20/2017	Tax Free Exchange		219,130	200,000	3,028	1
85732G-VW-7	STATE PUBLIC SCH BLDG AUTH PAL EDUCATION 5.000% 06/01/36		09/20/2017	Tax Free Exchange		5,259,126	4,800,000	72,667	1
91412G-2N-4	UNIV OF CALIFORNIA CA REVENUES HIGHER EDUCATION 5.000% 05/15/52		09/20/2017	BARCLAYS CAPITAL		14,626,225	12,660,000		1
944514-WD-6	WAYNE CNTY MICH ARPT AIRPORT 5.000% 12/01/47		09/28/2017	MERRILL LYNCH - RS TRADES - MU		2,849,625	2,500,000		1
1799999. Subtotal - Bonds - U.S. States, Territories and Possessions						65,673,230	57,030,000	166,864	XXX
228130-FD-7	CROWLEY TX INDEP SCH DIST SCHOOL DISTRICT 5.000% 02/01/47		08/23/2017	BOSC INC		14,909,570	13,000,000		1FE
36005G-AX-1	FULTON CNTY GA DEV AUTH HOSP MEDICAL 5.000% 04/01/47		07/14/2017	MERRILL LYNCH - RS TRADES - MU		3,899,700	3,500,000		1FE
59333P-Z9-2	MIAMI DADE CNTY FLA AVIATION AIRPORT 5.000% 10/01/40		08/11/2017	GOLDMAN SACHS		4,009,144	3,485,000		1
64577B-L6-9	NEW JERSEY ST ECON DEV AUTH RE GENERAL 5.000% 06/15/42		09/28/2017	MERRILL LYNCH - RS TRADES - MU		2,132,780	2,000,000		1
3199999. Subtotal - Bonds - U.S. Special Revenues						24,951,194	21,985,000		XXX
00115A-AG-4	AEP TRANSMISSION CO LLC BASIC 3.750% 12/01/47		09/25/2017	CITICORP SECURITIES		14,963,850	15,000,000		1FE
00165A-AF-5	AMC ENTERTAINMENT HOLDINGS INC BASIC 5.875% 02/15/22		08/02/2017	CITICORP SECURITIES		5,137,500	5,000,000	140,347	4FE
00165C-AD-6	AMC ENTERTAINMENT HOLDINGS INC BASIC 6.125% 05/15/27		07/12/2017	Tax Free Exchange		5,018,095	5,000,000	97,830	5FE
00206R-CL-4	AT&T INC 2.450% 06/30/20		07/26/2017	WELLS FARGO SECURITIES LLC		3,026,190	3,000,000	6,125	2FE
00206R-CP-5	AT&T INC BASIC 4.500% 05/15/35		07/27/2017	MARKET AXESS		1,966,920	2,000,000	19,000	2FE
00206R-EM-0	AT&T INC BASIC 3.900% 08/14/27		07/27/2017	J.P. MORGAN		19,965,400	20,000,000		2FE
00206R-EP-3	AT&T INC BASIC 5.150% 02/14/50		07/27/2017	J.P. MORGAN		34,922,650	35,000,000		2FE
00234P-AK-8	AV HOMES INC 6.625% 05/15/22		08/04/2017	Tax Free Exchange		2,500,000	2,500,000	34,965	4FE
003009-B*-7	ABERDEEN ASIA-PACIFIC INCOME ABERDEEN ASIA-PACIFIC INCOME 3.700% 08/10/32		08/18/2017	Tax Free Exchange		14,000,000	14,000,000	11,511	1FE
004375-EX-5	Accredited Mortgage Loan Trust SERIES 20061 CLASS M1 1.567% 04/25/36		08/25/2017	MORGAN STANLEY		2,025,497	2,414,000	525	4AM
00440E-AW-7	ACE INA HOLDINGS 4.35% Due 11/3/2045 MN3 4.350% 11/03/45		08/07/2017	J.P. MORGAN		11,133,700	10,000,000	117,208	1FE
00817Y-AZ-1	AETNA INC-NEW BASIC 3.875% 08/15/47		08/07/2017	BANK OF AMERICA		19,936,400	20,000,000		2FE
013093-AB-5	ALBERTSONS COS LLC/SAFEW 6 5/8% Due 6/15/2024 JD15 6.625% 06/15/24		08/08/2017	Tax Free Exchange		8,600,114	8,500,000	82,905	4FE
023135-BA-3	AMAZON.COM INC. BASIC 3.150% 08/22/27		08/15/2017	J.P. MORGAN		24,955,250	25,000,000		1FE
023135-BG-0	AMAZON.COM INC. BASIC 4.050% 08/22/47		08/15/2017	J.P. MORGAN		24,815,250	25,000,000		1FE
02361@-AA-5	Ameren Transmission Company AMEREN TRANSMISSION COMPANY 3.430% 08/31/50		09/12/2017	Tax Free Exchange		10,000,000	10,000,000	43,733	1FE
02361D-AN-0	AMEREN ILLINOIS CO 4.3% Due 7/1/2044 JJ1 4.300% 07/01/44		08/11/2017	SUSQUEHANNA		5,427,100	5,000,000	26,875	1FE
030288-A#-1	AMERICAN TRANSMISSION SY AMERICAN TRANSMISSION SYSTEMS 3.660% 09/01/32		09/01/2017	Tax Free Exchange		10,000,000	10,000,000	1,017	2FE
03040W-AR-6	AMERICAN WATER CAP CORP BASIC 3.750% 09/01/47		08/16/2017	Various		36,831,145	37,000,000	9,479	1FE
04317@-AV-0	ARTHUR J GALLAGHER Arthur J Gallagher &Co Sr Unsc 4.090% 06/27/27		07/03/2017	Tax Free Exchange		7,500,000	7,500,000	5,113	2Z
04317@-AW-8	ARTHUR J GALLAGHER ARTHUR J GALLAGHER & CO 4.090% 08/02/27		08/02/2017	Tax Free Exchange		7,500,000	7,500,000	153,375	2Z
04542B-FA-5	Asset Backed Funding Certifica SERIES 20040PT1 CLASS M1 2.287% 08/25/33		09/25/2017	Various		3,498,977	3,537,727	450	3AM
049560-AM-7	ATMOS ENERGY CORP BASIC 4.125% 10/15/44		08/15/2017	Various		18,128,570	17,000,000	234,094	1FE
05526D-AU-9	BAT CAPITAL CORP BASIC 2.764% 08/15/22		08/08/2017	HSBC SECURITIES INC.		7,000,000	7,000,000		2FE
05526D-BA-2	BAT CAPITAL CORP BASIC 3.557% 08/15/27		08/08/2017	DEUTSCHE BANK		25,000,000	25,000,000		2FE
05526D-BE-4	BAT CAPITAL CORP BASIC 4.540% 08/15/47		08/08/2017	BANK OF AMERICA		30,000,000	30,000,000		2FE
060352-AF-8	BANK SERIES 2017BNK6 CLASS A5 3.518% 07/15/60		07/14/2017	BANK OF AMERICA		16,478,890	16,000,000	40,652	1FE
060352-AJ-0	BANK SERIES 2017BNK6 CLASS AS 3.741% 07/15/60		07/14/2017	BANK OF AMERICA		3,089,882	3,000,000	8,106	1FE
06051G-EC-9	BAFC 2004-2 5 5/8% Due 7/1/2020 JJ1 5.625% 07/01/20		07/06/2017	HSBC SECURITIES INC.		1,788,625	1,635,000	2,555	2FE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
06051G-EM-7	BAFC 2004-2 5.7% Due 1/24/2022 JJ24 5.700% 01/24/22		07/19/2017	GOLDMAN SACHS		2,264,960	2,000,000		2FE
06051G-GF-0	BAFC 2004-2 3.824% 01/20/28		09/26/2017	Various		24,180,365	23,500,000	134,212	2FE
06051G-GS-2	BAFC 2004-2 BASIC 2.328% 10/01/21		09/13/2017	BANK OF AMERICA		3,000,000	3,000,000		2FE
06406Y-AA-0	BANK OF NY MELLON CORP BASIC 3.300% 08/23/29		08/16/2017	CREDIT SUISSE FIRST BOSTON		20,000,000	20,000,000		1FE
06541X-AF-7	BANK SERIES 2017BNK7 CLASS A5 3.435% 09/15/60		09/19/2017	WELLS FARGO SECURITIES LLC		7,724,978	7,500,000	19,322	1FE
06541X-AJ-9	BANK SERIES 2017BNK7 CLASS AS 3.748% 09/15/60		09/19/2017	WELLS FARGO SECURITIES LLC		5,149,830	5,000,000	14,055	1FE
07556Q-BQ-7	BEAZER HOMES USA BASIC 5.875% 10/15/27		09/26/2017	CREDIT SUISSE FIRST BOSTON		10,008,750	10,000,000		4FE
075887-BR-9	BECTON DICKINSON & CO BASIC 2.404% 06/05/20		07/31/2017	GOLDMAN SACHS		1,007,520	1,000,000	3,806	2FE
100743-AK-9	HOME DEPOT INC BASIC 3.150% 08/01/27		07/31/2017	GOLDMAN SACHS		9,990,600	10,000,000		1FE
110122-AU-2	BRISTOL-MYERS SQUIBB CO 3 1/4% Due 8/1/2042 FA1 3.250% 08/01/42		08/18/2017	Various		7,375,210	8,000,000	11,646	1FE
11283*-AA-3	BROOKFIELD WHITE PINE HYDRO BROOKFIELD WHITE PINE HYDRO 4.398% 07/10/32		07/14/2017	Tax Free Exchange		12,000,000	12,000,000	20,524	2FE
12479R-AD-9	CAUTO 2017-1A 3.870% 04/15/47		09/21/2017	GUGGENHEIM CAPITAL		100,486	99,583	107	1FE
12532L-AA-3	CGGS 2016-RNDA 2.757% Due 2/10/2033 Mo-1 2.757% 02/10/33		07/01/2017	Interest Capitalization					1FM
125333-AA-2	CITIGROUP COMMERCIAL MORTGAGE SERIES 2017MDRA CLASS A 3.656% 07/10/22		07/24/2017	CITICORP SECURITIES		3,604,861	3,500,000	10,663	1FE
12559Q-AH-5	CIT MORTGAGE LOAN TRUST SERIES 20071 CLASS 1M2 2.987% 10/25/37		09/26/2017	KEY BANK		25,303,750	31,000,000	7,717	6FE
12595E-AD-7	COMM MORTGAGE TRUST SERIES 2017COR2 CLASS A3 3.510% 09/10/50		09/21/2017	DEUTSCHE BANK		9,269,351	9,000,000	23,693	1FE
126117-AT-7	CNA FINANCIAL 4 1/2% Due 3/1/2026 MS1 4.500% 03/01/26		08/01/2017	J.P. MORGAN		5,420,710	5,000,000	95,250	2FE
126117-AU-4	CNA FINANCIAL BASIC 3.450% 08/15/27		08/07/2017	BARCLAYS		9,977,300	10,000,000		2FE
12686C-BB-4	CABLEVISION SYSTEMS NY GRP A 5.875% 09/15/22		09/27/2017	Various		10,447,500	10,000,000	219,823	4FE
12701#-AA-1	CRG ISSUER 2017-1 CRG ISSUER 2017-1 4.700% 01/10/24		08/04/2017	Tax Free Exchange		17,000,000	17,000,000	53,267	1FE
128125-*2-9	CALAMOS STRATEGIC TOTAL RET FD CALAMOS STRATEGIC TOTAL RET FD 3.700% 09/06/22		09/20/2017	Tax Free Exchange		14,000,000	14,000,000	20,144	1FE
128125-*3-7	CALAMOS STRATEGIC TOTAL RET FD CALAMOS STRATEGIC TOTAL RET FD 4.000% 09/06/24		09/19/2017	Tax Free Exchange		2,000,000	2,000,000	2,889	1FE
128125-*4-5	CALAMOS STRATEGIC TOTAL RET FD CALAMOS STRATEGIC TOTAL RET FD 4.240% 09/06/27		09/14/2017	Tax Free Exchange		2,000,000	2,000,000	1,884	1FE
144141-CU-0	CAROLINA POWER & LIGHT CO CALL @ MKE WHOLE +20BP 6.125% 09/15/33		08/02/2017	SUSQUEHANNA		635,495	500,000	12,080	1FE
144531-EH-9	CARR 2006-NC1 SERIES 2005FRE1 CLASS M3 1.747% 12/25/35		08/30/2017	KEY BANK		10,818,186	16,094,000	8,578	6FE
14456#-AA-4	CARRIX, INC CARRIX, INC GTD SEN SEC NOTES 4.960% 07/31/27		07/25/2017	Tax Free Exchange		15,000,000	15,000,000	361,667	2Z
14456#-AB-2	CARRIX, INC CARRIX, INC GTD SR SEC NOTES 5.060% 07/31/29		07/25/2017	Tax Free Exchange		10,000,000	10,000,000	245,972	2Z
152314-JY-7	CXHE 2003-B SERIES 2004B CLASS M4 2.624% 03/25/34		09/20/2017	PIERPONT SECURITIES		1,710,018	1,711,301	3,490	5AM
152314-PS-3	CXHE 2003-B Flt % Due 10/25/2035 Mo-25 1.937% 10/25/35		07/21/2017	JANNEY MONTGOMERY/SCOTT		1,155,268	1,409,132	75	1FM
152314-PS-3	CXHE 2003-B Flt % Due 10/25/2035 Mo-25 1.937% 10/25/35		06/26/2017	Interest Capitalization					1FM
161175-BD-5	CAHRTER COMM OPT LLC/CAP 5.375% 05/01/47		08/03/2017	BARCLAYS		10,343,200	10,000,000	161,250	2FE
161175-BG-8	CAHRTER COMM OPT LLC/CAP BASIC 4.200% 03/15/28		09/18/2017	RBC CAPITAL MARKETS		7,610,775	7,500,000	1,750	3FE
171340-AN-2	CHURCH & DWIGHT CO., INC. BASIC 3.150% 08/01/27		07/20/2017	BANK OF AMERICA		4,994,850	5,000,000		2FE
172967-FF-3	CITIGROUP INC 5 3/8% Due 8/9/2020 FA9 5.375% 08/09/20		07/06/2017	CREDIT SUISSE FIRST BOSTON		2,176,840	2,000,000	45,389	2FE
172967-HU-8	CITIGROUP INC BASIC 2.500% 07/29/19		07/24/2017	BANK OF NY		2,021,180	2,000,000	24,722	2FE
172967-KY-6	CITIGROUP INC BASIC 3.200% 10/21/26		07/24/2017	NOMURA SECURITIES INTERNATIONA		1,957,420	2,000,000	17,067	2FE
17312B-AG-7	Citigroup Mortgage Loan Trust SERIES 2007WFH2 CLASS M3 1.707% 03/25/37		07/14/2017	MORGAN STANLEY		11,825,803	14,291,000	15,395	6FE
17325G-AD-8	CGCMT 2016-C3 3.154% Due 11/15/2049 Mo-1 3.154% 11/15/49		09/29/2017	BANK OF AMERICA		3,018,633	3,000,000	526	1FM
17326C-AZ-7	CITIGROUP COMMERCIAL MORTGAGE SERIES 2017B1 CLASS A4 3.458% 08/15/27		08/15/2017	CITICORP SECURITIES		9,269,712	9,000,000	24,206	1FE
195869-AN-2	COLONIAL PIPELINE CO 4.2% Due 4/15/2043 AO15 4.200% 04/15/43		07/05/2017	J.P. MORGAN		15,449,250	15,000,000	148,750	1FE
20030N-BQ-3	COMCAST CORP. 4.6% Due 8/15/2045 FA15 4.600% 08/15/45		07/31/2017	MORGAN STANLEY		5,467,000	5,000,000	107,333	1FE
207597-EG-6	CONNECTICUT LIGHT & POWER CO 4.3% Due 4/15/2044 AO15 4.300% 04/15/44		08/08/2017	MIZUHO SECURITIES		11,523,645	10,500,000	153,008	1FE
209111-EL-3	CONSOLIDATED EDISON INC 5.85% Due 3/15/2036 MS15 5.850% 03/15/36		07/06/2017	US BANCORP INC		907,381	725,000	13,666	1FE
209111-FC-2	CONSOLIDATED EDISON INC 3.95% Due 3/1/2043 MS1 3.950% 03/01/43		08/08/2017	SUSQUEHANNA		5,182,950	5,000,000	87,778	1FE
209111-FH-1	CONSOLIDATED EDISON INC 3.85% Due 6/15/2046 JD15 3.850% 06/15/46		07/27/2017	SUSQUEHANNA		2,043,140	2,000,000	9,839	1FE
210518-CZ-7	CONSUMER ENERGY 3 1/4% Due 8/15/2046 FA15 3.250% 08/15/46		07/05/2017	KEY BANK		1,378,545	1,500,000	19,635	1FE
21870P-AA-5	CORE INDUSTRIAL TRUST SERIES 2015TEXW CLASS A 3.077% 02/10/34		07/18/2017	J.P. MORGAN		10,290,625	10,000,000	17,094	1FE
22279#-AA-2	COUSINS PROPERTIES COUSINS PROPERTIES 3.910% 07/06/25		07/13/2017	Tax Free Exchange		10,000,000	10,000,000	7,603	2
22964*-AC-2	CSOLAR IV WEST, LLC CSOLAR IV WEST, LLC 3.850% 03/31/41		09/12/2017	Tax Free Exchange		30,000,000	30,000,000	231,000	2Z
233331-AT-4	DTE ENERGY COMPANY 2.4% Due 12/1/2019 JD1 2.400% 12/01/19		07/05/2017	KEY BANK		1,638,313	1,630,000	4,238	2FE
23338V-AE-6	DTE ELECTRIC CO 3.7% Due 3/15/2045 MS15 3.700% 03/15/45		07/07/2017	Various		14,736,210	15,000,000	180,375	1FE
23338V-AF-3	DTE ELECTRIC CO 3.7% Due 6/1/2046 JD1 3.700% 06/01/46		07/07/2017	MORGAN STANLEY		980,290	1,000,000	4,214	1FE
23338V-AG-1	DTE ELECTRIC CO BASIC 3.750% 08/15/47		07/31/2017	BANK OF AMERICA		9,994,600	10,000,000		1FE
23355L-AA-4	DXC TECHNOLOGY COMPANY 4.45% Due 9/30/2022 MS15 4.450% 09/30/22		08/09/2017	Tax Free Exchange		10,376,417	10,000,000	178,000	2FE
235851-AR-3	DANAHER CORP 4 3/8% Due 9/15/2045 MS15 4.375% 09/15/45		09/27/2017	CREDIT SUISSE FIRST BOSTON		24,152,480	22,000,000	304,488	1FE
25470D-AJ-8	DISCOVERY COMMUNICATIONS 4 7/8% Due 4/1/2043 AO1 4.875% 04/01/43		09/19/2017	MORGAN STANLEY		4,820,950	5,000,000	115,104	2FE
25470D-AN-9	DISCOVERY COMMUNICATIONS BASIC 2.200% 09/20/19		09/07/2017	GOLDMAN SACHS		2,998,830	3,000,000		2FE
25470D-AQ-2	DISCOVERY COMMUNICATIONS BASIC 2.950% 03/20/23		09/07/2017	GOLDMAN SACHS		4,993,700	5,000,000		2FE
25470D-AR-0	DISCOVERY COMMUNICATIONS BASIC 3.950% 03/20/28		09/19/2017	RBC CAPITAL MARKETS		7,459,875	7,500,000		2FE
25470D-AS-8	DISCOVERY COMMUNICATIONS BASIC 5.000% 09/20/37		09/07/2017	GOLDMAN SACHS		6,993,000	7,000,000		2FE
260543-CG-6	DOW CHEMICAL 4 3/8% Due 11/15/2042 MN15 4.375% 11/15/42		07/10/2017	BARCLAYS		5,311,910	5,171,000	36,448	2FE
26441C-AD-7	DUKE POWER BASIC 5.050% 09/15/19		07/24/2017	GOLDMAN SACHS		2,609,372	2,448,000	45,329	2FE

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Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
26441C-AY-1	DUKE POWER BASIC 3.950% 08/15/47		08/07/2017	BANK OF AMERICA		9,959,800	10,000,000		2FE
26442U-AD-6	DUKE ENERGY PROGRESS LLC BASIC 1.497% 09/08/20		09/05/2017	GOLDMAN SACHS		5,000,000	5,000,000		1FE
269246-BQ-6	E Trade Group Inc BASIC 3.800% 08/24/27		08/15/2017	CREDIT SUISSE FIRST BOSTON		4,992,600	5,000,000		1F
27965#-AS-1	EDENS & AVANT INVESTMENT LTD P 3.840% 07/31/27		08/04/2017	Tax Free Exchange		20,000,000	20,000,000	8,533	2
29364D-AR-1	ENTERGY ARKANSAS INC BASIC 3.050% 06/01/23		08/02/2017	MARKET AXESS		2,054,200	2,000,000	11,183	1FE
29379V-AU-7	ENTERPRISE PRODUCTS OPER BASIC 4.050% 02/15/22		07/24/2017	FTN FINANCIAL SECURITIES CORP		1,064,440	1,000,000	18,225	2FE
29445F-BM-9	Equifirst Mortgage Loan Trust SERIES 20042 CLASS M5 3.112% 10/25/34		09/06/2017	CITICORP SECURITIES		958,903	961,306	1,162	3AM
29736R-AG-5	ESTEE LAUDER CO INC 4 3/8% Due 6/15/2045 JD15 4.375% 06/15/45		07/31/2017	CITICORP SECURITIES		9,691,110	9,000,000	52,500	1FE
29736R-AK-6	ESTEE LAUDER CO INC 4.150% 03/15/47		08/30/2017	CREDIT SUISSE FIRST BOSTON		5,335,300	5,000,000	118,736	1FE
30231G-AN-2	EXXON MOBIL CORP BASIC 3.567% 03/06/45		07/27/2017	MORGAN STANLEY		6,788,950	7,000,000	100,570	1FE
30231G-AW-2	EXXON MOBIL CORP 4.114% Due 3/1/2046 MS1 4.114% 03/01/46		07/07/2017	MORGAN STANLEY		10,405,100	10,000,000	149,704	1FE
30290X-AN-3	FREMF MORTGAGE TRUST SERIES 2013K24 CLASS B 3.501% 11/25/45		08/08/2017	RAYMOND JAMES		5,186,523	5,000,000	4,863	1FE
30291E-AE-4	FREMF 2013-K712 3.365% 05/25/45		08/21/2017	Various		5,116,590	5,000,000	10,926	1FM
3137BR-QK-4	FHMS K057 SERIES K057 CLASS AM 2.624% 08/25/26		07/26/2017	STIFEL NICOLAUS		9,864,063	10,000,000	21,867	1
3137F2-LJ-3	FHLMC MULTIFAMILY STRUCTURED P SERIES K066 CLASS A2 3.117% 06/25/27		08/09/2017	BANK OF AMERICA		15,449,265	15,000,000	27,274	1
341099-CR-8	FLORIDA POWER CORP 3.85% Due 11/15/2042 MN15 3.850% 11/15/42		09/01/2017	ROBERT W. BAIRD & CO.		6,116,220	6,000,000	71,867	1FE
35877#-AA-0	FRISCO HQ OPERATIONS LLC FRISCO HQ OPERATIONS LLC 4.130% 12/15/37		08/30/2017	Tax Free Exchange		20,000,000	20,000,000	172,083	2Z
36254J-AA-3	GS MORTGAGE SECURITIES TRUST SERIES 2017375H CLASS A 3.475% 09/10/37		09/19/2017	GOLDMAN SACHS		5,149,683	5,000,000	12,549	1FE
36254J-AG-0	GS MORTGAGE SECURITIES TRUST SERIES 2017375H CLASS B 3.483% 09/10/37		09/19/2017	GOLDMAN SACHS		5,001,586	5,000,000	12,578	1FE
37045X-AN-6	GENERAL MOTORS FINL CO BASIC 3.500% 07/10/19		07/17/2017	CITICORP SECURITIES		3,073,740	3,000,000	2,917	2FE
37045X-AR-7	GENERAL MOTORS FINL CO BASIC 3.150% 01/15/20		07/05/2017	GOLDMAN SACHS		3,048,510	3,000,000	45,938	2FE
373334-JW-2	GEORGIA POWER CO 4.3% Due 3/15/2042 MS15 4.300% 03/15/42		07/27/2017	MITSUBISHI SECURITIES		7,324,450	7,000,000	113,711	1FE
373334-KJ-9	GEORGIA POWER CO BASIC 2.000% 09/08/20		08/03/2017	SCOTIA CAPITAL		2,998,980	3,000,000		1FE
375558-BK-8	GILEAD SCIENCES INC 4.15% Due 3/1/2047 MS1 4.150% 03/01/47		08/03/2017	Various		23,332,930	23,000,000	412,233	1FE
377372-AJ-6	GLAXOSMITHKLINE PLC 4.2% Due 3/18/2043 MS18 4.200% 03/18/43		09/13/2017	JEFFERIES & COMPANY INC.		10,798,400	10,000,000	206,500	1FE
38013B-AD-2	GM Financial Automobile Leasin SERIES 20173 CLASS A3 2.010% 11/20/20		09/12/2017	J.P. MORGAN		8,999,553	9,000,000		1FE
38141G-FD-1	GOLDMAN SACHS GROUP INC 6 3/4% Due 10/1/2037 A01 6.750% 10/01/37		07/13/2017	J.P. MORGAN		13,013,300	10,000,000	200,625	2FE
38141G-VS-0	GOLDMAN SACHS GROUP INC 4 3/4% Due 10/21/2045 A021 4.750% 10/21/45		08/04/2017	GOLDMAN SACHS		12,292,170	11,000,000	156,750	1FE
38141G-WB-6	GOLDMAN SACHS GROUP INC 3.850% 01/26/27		08/09/2017	GOLDMAN SACHS		4,071,360	4,000,000	7,700	1FE
38141G-WL-4	GOLDMAN SACHS GROUP INC 3.691% 06/05/28		08/03/2017	NOMURA SECURITIES INTERNATIONA		13,170,950	13,000,000	83,970	1FE
40465@-AA-0	HSRE CORE HOLDING, I, LLC HSRE CORE HOLDING I, LLC 4.130% 07/05/25		07/12/2017	Tax Free Exchange		5,000,000	5,000,000	4,015	2Z
40465@-AB-8	HSRE CORE HOLDING, I, LLC HSRE CORE HOLDING I, LLC 4.230% 07/05/26		07/12/2017	Tax Free Exchange		5,000,000	5,000,000	4,113	2Z
418056-AV-9	HASBRO INC BASIC 3.500% 09/15/27		09/08/2017	BANK OF AMERICA		14,981,100	15,000,000		2FE
428040-CT-4	HERTZ CORP BASIC 7.625% 06/01/22		09/05/2017	BARCLAYS		4,590,000	4,500,000	86,734	4FE
437076-BP-6	HOME DEPOT INC 3 1/2% Due 9/15/2056 MS15 3.500% 09/15/56		07/11/2017	SEAPORT GROUP		4,543,100	5,000,000	57,847	1FE
437076-BS-0	HOME DEPOT INC BASIC 3.900% 06/15/47		08/07/2017	Various		20,317,200	20,000,000	135,958	1FE
44416*-AE-6	HUDSON TRANSMISSION HUDSON TRANSMISSION 4.440% 11/30/32		09/01/2017	Tax Free Exchange		895,714	895,714	110	2FE
44644A-AB-3	HUNTINGTON NATIONAL BANK BASIC 2.500% 08/07/22		08/02/2017	BANK OF AMERICA		1,995,240	2,000,000		1FE
458140-AT-7	INTEL CORP. 4.9% Due 7/29/2045 JJ29 4.900% 07/29/45		07/19/2017	MORGAN STANLEY		5,884,150	5,000,000	119,097	1FE
458140-AY-6	INTEL CORP. BASIC 4.100% 05/11/47		07/17/2017	CREDIT SUISSE FIRST BOSTON		15,603,600	15,000,000	117,875	1FE
460146-CS-0	INTERNATIONAL PAPER CO. BASIC 4.350% 08/15/48		07/31/2017	BANK OF AMERICA		24,974,500	25,000,000		2FE
46115H-AZ-0	INTESA SANPAOLO-SPON ADR BASIC 3.125% 07/14/22		07/10/2017	J.P. MORGAN		4,992,200	5,000,000		2FE
46115H-BB-2	INTESA SANPAOLO-SPON ADR BASIC 3.875% 07/14/27		07/10/2017	J.P. MORGAN		24,946,500	25,000,000		2FE
46361T-AC-6	ICOT 2013-IRV SERIES 2013IRV CLASS A2 3.173% 05/15/48		07/26/2017	CITICORP SECURITIES		7,719,727	7,500,000	13,882	1FE
46590M-AR-1	JP MORGAN CHASE COMMERCIAL MOR SERIES 2016JP2 CLASS A4 2.822% 08/15/49		07/14/2017	J.P. MORGAN		9,872,713	10,075,000	14,215	1FE
465968-AE-5	JP MORGAN CHASE COMMERCIAL MOR SERIES 2017JP7 CLASS A5 3.454% 09/15/50		07/21/2017	J.P. MORGAN		15,449,955	15,000,000	43,175	1FE
46625H-RY-8	JP MORGAN CHASE & CO 3.782% 02/01/28		07/17/2017	J.P. MORGAN		7,149,030	7,000,000	124,281	1FE
46626L-EQ-9	JP Morgan Mortgage Acquisition SERIES 20050PT2 CLASS M5 1.887% 12/25/35		09/29/2017	MORGAN STANLEY		1,860,313	2,000,000	839	5FE
46634S-AC-9	JPMCC 2012-C6 3.5074% Due 5/15/2045 Mo-1 3.507% 05/15/45		07/01/2017	Interest Capitalization					1FM
46645J-AD-4	JPMBB 2015-C33 3.7697% Due 12/15/2048 Mo-1 3.770% 12/15/48		07/18/2017	J.P. MORGAN		4,391,563	4,158,000	8,708	1FM
46647P-AJ-5	JPMORGAN CHASE & CO BASIC 3.882% 07/24/38		07/20/2017	GOLDMAN SACHS		1,007,080	1,000,000	108	1FE
48021P-A*-9	Jones Lang LaSalle Fin B.V. Jones Lang LaSalle Fin B.V. 1.960% 06/27/27		07/11/2017	Tax Free Exchange		23,628,000	23,628,000	72,039	2FE
494368-BW-2	KIMBERLY-CLARK CORP BASIC 3.900% 05/04/47		09/21/2017	Various		7,225,380	7,000,000	91,325	1FE
49446R-AU-3	KIMCO REALTY BASIC 3.300% 02/01/25		08/01/2017	BANK OF AMERICA		4,992,150	5,000,000		2FE
49456B-AJ-0	KINDER MORGAN INC 5.05% Due 2/15/2046 FA15 5.050% 02/15/46		09/28/2017	BARCLAYS		7,408,784	7,270,000	47,932	2FE
49727@-AA-5	HMS 850 BARGE FLEETING HMS 850 BARGE FLEETING 4.410% 03/15/42		08/29/2017	Tax Free Exchange		6,907,000	6,907,000	11,846	2FE
501044-DG-3	KROGER CO. 4.450% 02/01/47		07/19/2017	Various		25,846,145	26,500,000	578,809	2FE
532457-BJ-6	LILLY (ELI) & CO 3.7% Due 3/1/2045 MS1 3.700% 03/01/45		09/15/2017	Various		11,969,800	12,000,000	124,361	1FE
532457-BR-8	LILLY (ELI) & CO BASIC 3.950% 05/15/47		07/26/2017	JEFFERIES & COMPANY INC.		3,127,230	3,000,000	26,992	1FE
53621@-AF-3	LION INDUSTRIAL PROPERTIES LP 3.99% Due 5/16/2026 MN16 3.990% 05/16/26		09/12/2017	Tax Free Exchange		3,000,000	3,000,000	38,570	2
548661-DJ-3	LOWE'S COMPANIES 4.375% 09/15/45		07/11/2017	JEFFERIES & COMPANY INC.		5,337,050	5,000,000	72,309	1FE
548661-DQ-7	LOWE'S COMPANIES 4.050% 05/03/47		08/07/2017	Various		13,265,150	13,000,000	133,763	1FE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
55279H-AQ-3	MANUF & TRADERS TRUST CO BASIC 3.400% 08/17/27		08/14/2017	J.P. MORGAN		6,997,620	7,000,000		1FE
55282M-AA-2	MADISON AVENUE TRUST SERIES 2017330M CLASS A 3.294% 08/15/34		07/28/2017	WELLS FARGO SECURITIES LLC		6,089,976	6,000,000	7,687	1FE
55282M-AE-4	MADISON AVENUE TRUST SERIES 2017330M CLASS B 3.478% 08/15/34		07/28/2017	WELLS FARGO SECURITIES LLC		5,074,975	5,000,000	6,763	1FE
55354J-AA-2	MSDB TRUST SERIES 2017712F CLASS A 3.427% 07/11/39		07/13/2017	MORGAN STANLEY		10,089,824	10,000,000	22,844	1FE
559080-AM-8	MAGELLAN MIDSTREAM PRTNRS BASIC 4.200% 10/03/47		09/26/2017	WELLS FARGO SECURITIES LLC		9,934,100	10,000,000		1
576436-BY-4	MASD 2006-1 SERIES 20051 CLASS M2 2.337% 06/25/43		07/12/2017	HILLTOP SECURITIES		1,060,137	1,127,805	1,524	1FM
576436-BY-4	MASD 2006-1 SERIES 20051 CLASS M2 2.337% 06/25/43		08/26/2017	Interest Capitalization					1FM
58933Y-AT-2	MERCK & COMPANY, INC. 3.7% Due 2/10/2045 FA10 3.700% 02/10/45		08/22/2017	Various		14,948,550	15,000,000	7,708	1FE
594918-BE-3	MICROSOFT CORP 4% Due 2/12/2055 FA12 4.000% 02/12/55		07/11/2017	CITICORP SECURITIES		5,102,400	5,000,000	84,444	1FE
617446-7X-1	MORGAN STANLEY 5% Due 11/24/2025 MN24 5.000% 11/24/25		07/27/2017	Various		6,518,380	6,000,000	44,028	2FE
61746B-EF-9	MORGAN STANLEY 3.625% 01/20/27		08/09/2017	J.P. MORGAN		5,038,950	5,000,000	12,083	1FE
61766N-BB-0	MSBAM 2016-C30 SERIES 2016C30 CLASS A5 2.860% 09/15/49		07/13/2017	Various		14,134,262	14,455,000	19,522	1FE
63636#-AB-2	NATIONAL HOCKEY LEAGUE NATIONAL HOCKEY LEAGUE 3.610% 08/10/27		08/15/2017	Tax Free Exchange		10,000,000	10,000,000	60,167	2Z
64352V-KD-2	NEW CENTURY HOME EQ LOAN TRUST 2.302% 03/25/35		08/25/2017	Interest Capitalization					6FE
64760@-AA-2	NEW ORLEANS ENERGY PARTNERS NEW ORLEANS ENERGY PARTNERS LL 4.270% 08/15/32		07/11/2017	Tax Free Exchange		20,693,000	20,693,000	29,453	1FE
651639-AP-1	NEWMONT MINING CORP 4 7/8% Due 3/15/2042 MS15 4.875% 03/15/42		07/24/2017	STIFEL NICOLAUS		6,511,950	6,000,000	104,813	2FE
654106-AE-3	NIKE, INC. CL B 3.875% 11/01/45		08/14/2017	Various		15,401,625	15,000,000	144,290	1FE
654106-AG-8	NIKE, INC. CL B 3 3/8% Due 11/1/2046 MN1 3.375% 11/01/46		09/19/2017	Various		13,165,700	14,000,000	161,250	1FE
654740-AX-7	NISSAN MOTOR ACCEPTANCE BASIC 2.150% 07/13/20		07/10/2017	CITICORP SECURITIES		4,996,550	5,000,000		1FE
655844-BQ-0	NORFOLK SOUTHERN CORP 4.45% Due 6/15/2045 JD15 4.450% 06/15/45		08/08/2017	BARCLAYS		11,974,160	11,000,000	76,144	2FE
668138-AA-8	NORTHWESTERN MUTUAL LIFE BASIC 3.850% 09/30/47		09/25/2017	Various		39,972,200	40,000,000	1,604	1
678858-BS-9	OKLAHOMA GAS AND ELECTRIC BASIC 3.850% 08/15/47		08/08/2017	MITSUBISHI SECURITIES		5,980,920	6,000,000		1FE
68233J-BC-7	ONCOR ELECTRIC DELIVERY BASIC 3.800% 09/30/47		09/18/2017	MITSUBISHI SECURITIES		19,971,400	20,000,000		1FE
682680-AS-2	ONEOK INC BASIC 4.000% 07/13/27		07/10/2017	Various		9,996,230	10,000,000		2FE
682680-AT-0	ONEOK INC BASIC 4.950% 07/13/47		09/28/2017	Various		52,021,688	52,200,000	258,913	2FE
69351U-AU-7	PPL ELECTRIC UTILITIES BASIC 3.950% 06/01/47		07/07/2017	JEFFERIES & COMPANY INC.		4,621,815	4,500,000	30,119	1FE
694308-HR-1	PACIFIC GAS & ELECTRIC CO 4.000% 12/01/46		07/10/2017	BANK OF AMERICA		5,128,100	5,000,000	23,333	1FE
713448-DP-0	PEPSI CO INC 3.45% Due 10/6/2046 A06 3.450% 10/06/46		07/27/2017	BARCLAYS		12,231,960	13,000,000	143,271	1FE
713448-DV-7	PEPSI CO INC BASIC 4.000% 05/02/47		08/04/2017	STIFEL NICOLAUS		6,242,750	6,000,000	64,667	1FE
717081-ED-1	PFIZER, INC. 4.125% 12/15/46		07/27/2017	DEUTSCHE BANK		5,300,550	5,000,000	26,354	1FE
72650R-BL-5	PLAINS ALL AMER PIPELINE BASIC 4.500% 12/15/26		08/08/2017	BARCLAYS		10,055,500	10,000,000	70,000	2FE
737679-DE-7	PEPCO HOLDINGS INC 4.15% Due 3/15/2043 MS15 4.150% 03/15/43		07/07/2017	DEUTSCHE BANK		10,457,300	10,000,000	134,875	1FE
743315-AS-2	PROGRESSIVE CORP OH 4.125% 04/15/47		08/22/2017	Various		41,206,650	39,000,000	571,313	1FE
744448-CH-2	PUBLIC SERVICE CO OF COLO BASIC 2.500% 03/15/23		08/02/2017	JANNEY MONTGOMERY/SCOTT		827,393	825,000	8,135	1FE
745332-CG-9	PUGET SOUND ENERGY BASIC 4.300% 05/20/45		09/06/2017	Various		31,235,100	28,500,000	296,581	1FE
75915Q-AC-2	REGIONALCARE HOSPITAL PR 8 1/4% Due 5/1/2023 MN1 8.250% 05/01/23		09/18/2017	JEFFERIES & COMPANY INC.		7,968,750	7,500,000	238,906	4FE
785592-AU-0	SABINE PASS LIQUEFACTION BASIC 4.200% 03/15/28		07/18/2017	Tax Free Exchange		29,479,245	30,000,000	462,000	2FE
797440-BV-5	SAN DIEGO GAS & ELECTRIC BASIC 3.750% 06/01/47		07/05/2017	Various		5,734,312	5,725,000	19,083	1FE
805564-QL-8	SAST 2004-2 Flt % Due 8/25/2035 Mo-25 3.037% 08/25/35		06/26/2017	Interest Capitalization					1FM
83088G-B*-5	SKYWAY CONCESSION COMPANY SKYWAY CONCESSION COMPANY LLC 3.660% 07/10/24		07/13/2017	Tax Free Exchange		15,000,000	15,000,000	19,825	2Z
83088G-B@-3	SKYWAY CONCESSION COMPANY SKYWAY CONCESSION COMPANY 4.010% 07/10/29		07/13/2017	Tax Free Exchange		10,000,000	10,000,000	14,481	2Z
837004-CJ-7	SOUTH CAROLINA ELECTRIC & GAS BASIC 5.100% 06/01/65		07/28/2017	Various		7,457,458	6,630,000	57,294	1FE
837004-CK-4	SOUTH CAROLINA ELECTRIC & GAS BASIC 4.100% 06/15/46		08/01/2017	J.P. MORGAN		19,569,665	18,950,000	105,752	1FE
838518-C#-3	South Jersey Industries Inc South Jersey Industries Inc 3.220% 08/16/24		08/29/2017	Tax Free Exchange		5,000,000	5,000,000	5,814	2Z
838518-D*-6	South Jersey Industries Inc South Jersey Industries Inc 3.460% 08/16/27		08/29/2017	Tax Free Exchange		4,000,000	4,000,000	4,998	2Z
845743-BQ-5	SOUTHWESTERN PUBLIC SERV 3.4% Due 8/15/2046 FA15 3.400% 08/15/46		07/13/2017	BANK OF AMERICA		7,275,762	7,800,000	112,710	1FE
845743-BR-3	SOUTHWESTERN PUBLIC SERV BASIC 3.700% 08/15/47		08/16/2017	Various		22,403,775	22,500,000	6,938	1FE
855244-AH-2	STARBUCKS CORP. 4.3% Due 6/15/2045 JD15 4.300% 06/15/45		09/27/2017	DEUTSCHE BANK		7,640,150	7,000,000	86,956	1FE
858271-A*-0	STEELRIVER TRANSMISSION STEELRIVER TRANSMISSION COMPA 3.820% 06/30/47		07/11/2017	Tax Free Exchange		16,000,000	16,000,000	18,676	2FE
86359A-ZE-6	SASC 2003-31A 3.358% 06/25/33		08/18/2017	CITICORP SECURITIES		1,204,541	1,282,279	2,637	1FM
86765B-AV-1	SUNOCO LOGISTICS PARTNER BASIC 5.400% 10/01/47		09/28/2017	Various		10,993,300	11,000,000	1,650	2FE
87318*-AA-2	TWE USA Partnership TWE USA Partnership Gtd Sr Nt 3.720% 06/27/27		07/03/2017	Tax Free Exchange		11,000,000	11,000,000	6,820	2FE
87612E-BF-2	TARGET CORP 3 5/8% Due 4/15/2046 A015 3.625% 04/15/46		07/27/2017	BARCLAYS		5,677,560	6,000,000	64,042	1FE
881561-PB-4	TMTS 2005-8HE 2.737% 12/25/34		08/25/2017	Interest Capitalization					5FE
881609-BC-4	TESORO PETROLEUM CORP BASIC 5.125% 12/15/26		07/19/2017	BANK OF AMERICA		5,418,750	5,000,000	27,760	2FE
88579Y-AZ-4	3M CO BASIC 3.625% 10/15/47		09/28/2017	Various		9,858,300	10,000,000		1FE
887389-E@-9	THE TIMKEN COMPANY THE TIMKEN COMPANY 2.020% 09/07/27		09/14/2017	Tax Free Exchange		12,995,400	12,995,400	5,104	2FE
902494-BD-4	TYSON FOODS BASIC 4.550% 06/02/47		08/07/2017	BARCLAYS		15,984,750	15,000,000	128,917	2FE
90276C-AE-1	UBS COMMERCIAL MORTGAGE TRUST SERIES 2017C2 CLASS A4 3.487% 08/15/50		07/31/2017	UBS WARBURG CONVERTIBLES		12,359,813	12,000,000	18,597	1FE
90276G-AS-1	UBS COMMERCIAL MORTGAGE TRUST SERIES 2017C3 CLASS A4 3.426% 08/15/50		08/17/2017	UBS WARBURG CONVERTIBLES		10,299,734	10,000,000	28,550	1FE
90276G-AW-2	UBS COMMERCIAL MORTGAGE TRUST SERIES 2017C3 CLASS AS 3.739% 08/15/50		08/17/2017	UBS WARBURG CONVERTIBLES		5,149,600	5,000,000	15,579	1FE
90276R-BE-7	UBS COMMERCIAL MORTGAGE TRUST SERIES 2017C4 CLASS A4 3.563% 10/15/50		09/29/2017	UBS WARBURG CONVERTIBLES		10,299,538	10,000,000	16,825	1FE

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
906548-CJ-9	UNION ELECTRIC COMPANY 3.9% Due 9/15/2042 MS15 3.900% 09/15/42		07/27/2017	MORGAN STANLEY		1,027,850	1,000,000	14,733	1FE
906548-CL-4	UNION ELECTRIC COMPANY BASIC 3.650% 04/15/45		07/27/2017	Various		10,774,340	11,000,000	102,808	1FE
907818-EN-4	UNION PACIFIC CORP BASIC 4.000% 04/15/47		07/31/2017	BANK OF AMERICA		19,077,406	18,255,000	234,398	1FE
907818-EP-9	UNION PACIFIC CORP BASIC 3.000% 04/15/27		08/07/2017	BANK OF AMERICA		10,089,300	10,000,000	104,167	1FE
907818-EQ-7	UNION PACIFIC CORP BASIC 3.600% 09/15/37		09/12/2017	MORGAN STANLEY		4,995,050	5,000,000		1FE
91159H-HP-8	US BANCORP BASIC 2.625% 01/24/22		07/25/2017	US BANCORP INC		3,034,350	3,000,000	875	1FE
91159H-HR-4	US BANCORP 3.150% 04/27/27		09/19/2017	US BANCORP INC		13,126,680	13,000,000	127,925	1FE
912803-EV-1	STRIP PRINC STRIPS 0.000% 11/15/46		07/31/2017	Various		65,911,520	158,000,000		1
91324P-CZ-3	UNITED HEALTHCARE BASIC 4.250% 04/15/47		08/09/2017	Various		24,762,090	23,000,000	397,021	1FE
927804-FK-5	VIRGINIA ELECTRIC POWER BASIC 2.950% 01/15/22		07/24/2017	Various		1,423,475	1,385,000	1,362	2FE
927804-FN-9	VIRGINIA ELECTRIC POWER BASIC 2.750% 03/15/23		09/11/2017	SUNTRUST EQUITABLE		3,052,050	3,000,000	40,792	2FE
927804-FW-9	VIRGINIA ELECTRIC POWER 4% Due 11/15/2046 MN15 4.000% 11/15/46		08/30/2017	Various		15,695,300	15,000,000	161,111	1FE
927804-FY-5	VIRGINIA ELECTRIC POWER BASIC 3.800% 09/15/47		09/11/2017	SUNTRUST EQUITABLE		9,955,600	10,000,000		1FE
928563-AB-1	VMWARE INC BASIC 2.950% 08/21/22		08/16/2017	J.P. MORGAN		4,989,600	5,000,000		1FE
928563-AC-9	VMWARE INC BASIC 3.900% 08/21/27		08/16/2017	J.P. MORGAN		9,966,400	10,000,000		1FE
93884P-DW-7	WASHINGTON GAS LIGHT CO BASIC 3.796% 09/15/46		09/14/2017	Various		17,806,120	18,000,000	5,061	1FE
94974B-GU-8	WELLS FARGO & COMPANY 4 3/4% Due 12/7/2046 JD7 4.750% 12/07/46		08/15/2017	Various		18,446,960	17,000,000	147,382	1FE
94989A-AW-5	WFCM 2014-LC18 3.808% Due 12/15/2047 Mo-1 3.808% 12/15/47		09/13/2017	BREAN CAPITAL LLC		1,687,774	1,620,000	2,399	1FM
95709T-AP-5	WESTAR ENERGY INC BASIC 3.100% 04/01/27		07/14/2017	SCOTIA CAPITAL		7,036,400	7,000,000	80,169	1FE
958254-AD-6	WESTERN GAS PARTNERS LP BASIC 5.450% 04/01/44		07/24/2017	Various		12,454,370	12,000,000	195,897	2FE
96950F-AN-4	WILLIAMS PARTNERS LP 5.4% Due 3/4/2044 MS4 5.400% 03/04/44		09/28/2017	MORGAN STANLEY		2,843,998	2,639,000	11,084	2FE
97381W-AT-1	WINDSTREAM CORP BASIC 7.750% 10/01/21		09/28/2017	J.P. MORGAN		2,555,000	3,500,000	753	4FE
976656-CE-6	WISCONSIN ELECTRIC POWER BASIC 3.650% 12/15/42		09/11/2017	SEAPORT GROUP		3,707,100	3,750,000	33,458	1FE
BK0927-17-2	CVS HEALTH CORPORATION CVS HEALTH CORPORATION 3.901% 10/10/39		08/02/2017	BARCLAYS		14,703,557	14,703,557		2FE
G6093#-AB-0	APTARGROUP UK HOLDINGS APTARGROUP UK HOLDINGS LIMITED 1.170% 07/19/24		07/25/2017	Tax Free Exchange		17,721,000	17,721,000	3,456	2Z
G8967#-AV-5	TRITON CONTAINER INTERNATIONAL TRITON CONTAINER INTERNATIONAL 4.640% 06/30/29		07/19/2017	Tax Free Exchange		10,000,000	10,000,000	24,489	2FE
LX1325-71-6	HUB INTERATIONAL HUB INTL LTD 1ST LIEN +300 10/02/20		09/19/2017	NOMURA SECURITIES INTERNATIONA		3,000,000	3,000,000		4FE
LX1549-92-7	CONSOLIDATED COMMUNICATIONS CONSOLIDATED COMM TLB +300 10/05/23		07/24/2017	MORGAN STANLEY		10,025,000	10,000,000		3FE
LX1550-86-7	WINDSTREAM CORP WINDSTREAM TLB-6 +400 03/16/21		09/28/2017	J.P. MORGAN		8,950,000	10,000,000		4FE
LX1597-34-8	GREENWAY MEDICAL TECH GREENWAY MED TECH 1L TL +425 02/15/24		08/08/2017	JEFFERIES & COMPANY INC.		4,020,000	4,000,000		4FE
LX1645-97-2	ALBERTSONS ALBERTSON'S LLC TB5 +300 12/22/22		08/23/2017	Various		7,916,250	8,000,000		3FE
LX1652-94-5	SURGERY CENTER HOLDINGS SURGERY CENTER HLDGS 1L TL+325 06/19/24		06/20/2017	JEFFERIES & COMPANY INC.		2,992,500	3,000,000		4FE
LX1662-23-3	NEXSTAR BROADCASTING NEXSTAR BROADCASTING TLB +250 01/17/24		07/27/2017	Tax Free Exchange		1,713,630	1,720,967		3FE
LX1666-14-3	NEXSTAR BROADCASTING NEXSTAR (MISSION)STRP TLB +250 01/17/24		07/19/2017	Tax Free Exchange		209,491	210,382		3FE
LX1669-37-8	DURAVANT DURAVANT 1ST LIEN TL +325 07/24/24		07/25/2017	JEFFERIES & COMPANY INC.		1,765,487	1,769,912		4FE
LX1669-39-4	DURAVANT DURAVANT 2ND LIEN TL +725 07/24/25		08/07/2017	JEFFERIES & COMPANY INC.		3,619,149	3,574,468		5FE
LX1671-83-8	DURAVANT DURAVANT 1ST LIEN TL DD +325 07/24/24		07/25/2017	JEFFERIES & COMPANY INC.		229,513	230,088		4FE
LX1671-84-6	DURAVANT DURAVANT 2ND LIEN TL DD +725 07/24/25		08/07/2017	JEFFERIES & COMPANY INC.		430,851	425,532		5FE
LX1672-79-4	PAREXEL INTERNATIONAL PAREXEL INTL TLB +300 09/27/24		08/14/2017	Various		10,303,250	10,300,000		4FE
LX1675-94-6	ROBERTSHAW HOLDINGS ROBERTSHAW HLDGS 1ST LIEN +450 08/02/24		08/04/2017	J.P. MORGAN		6,451,250	6,500,000		4FE
LX1676-77-9	SCIENTIFIC GAMES SCIENTIFIC GAMES TLB4 +325 08/14/24		07/31/2017	BANK OF AMERICA		5,970,000	6,000,000		4FE
LX1677-92-6	ASURION LLC ASURION TLB-4 +275 08/04/22		07/31/2017	BANK OF AMERICA		2,811,995	2,811,995		4FE
LX1678-39-5	CULLIGAN CULLIGAN TLB +350 12/13/23		07/28/2017	MAGNA SECURITIES CORP		998,750	1,000,000		4FE
LX1678-66-8	NBTY INC NBTY 1ST LIEN TL +350 09/15/24		08/15/2017	CREDIT SUISSE FIRST BOSTON		10,368,000	10,400,000		4FE
LX1678-68-4	NBTY INC NBTY 2ND LIEN TL +775 09/15/25		08/15/2017	CREDIT SUISSE FIRST BOSTON		6,108,500	6,150,000		5FE
LX1679-16-1	DIMORA BRANDS INC DIMORA BRANDS 1ST LIEN TL +400 08/15/24		08/24/2017	DEUTSCHE BANK		2,835,689	2,844,203		4FE
LX1679-56-7	PHARMERICA CORP PHARMERICA 1ST LIEN TL +350 09/26/24		09/26/2017	GOLDMAN SACHS		997,500	1,000,000		4FE
LX1680-01-1	US LBM US LBM 1ST LIEN TL +450 08/20/22		08/14/2017	Tax Free Exchange		6,989,883	6,922,222		4FE
LX1681-24-1	TRANSDIGM TRANSDIGM TLG +300 08/15/24		08/16/2017	CREDIT SUISSE FIRST BOSTON		2,793,000	2,800,000		4FE
LX1685-59-8	WILSHIRE GRAND WILSHIRE GRAND TLB +250 09/20/20		09/20/2017	MORGAN STANLEY		997,500	1,000,000		4FE
LX1686-03-4	AVANTOR INC AVANTOR INC TLB +400 09/20/24		09/22/2017	GOLDMAN SACHS		1,970,000	2,000,000		4FE
LX1686-39-8	AIR MEDICAL AIR MEDICAL TLB +425 09/25/24		09/26/2017	MAGNA SECURITIES CORP		1,985,000	2,000,000		4FE
LX1687-00-8	ANVIL INTERNATIONAL LLC ANVIL INTL TLB +450 08/02/24		09/28/2017	J.P. MORGAN		3,960,000	4,000,000		4FE
LX1687-99-0	RING CONTAINER TECH RING CONTAINER 1ST LIEN +275 09/27/24		09/29/2017	BANK OF AMERICA		4,975,000	5,000,000		4FE
136385-AY-7	CANADIAN NATURAL RESOURCES 4.950% 06/01/47	A	07/10/2017	BARCLAYS		1,007,060	1,000,000	5,913	2FE
13645R-AU-8	CANADIAN PACIFIC RR 4.8% Due 8/1/2045 FA1 4.800% 08/01/45	A	07/18/2017	STIFEL NICOLAUS		2,298,800	2,000,000	45,333	2FE
349553-AM-9	FORTIS INC BASIC 3.055% 10/04/26	A	07/07/2017	Tax Free Exchange		31,476,140	31,655,000	249,824	2FE
C9716#-AB-5	WASTE CONNECTION INC. SENIOR UNSECURED NOTES 2.750% 06/01/23	A	08/23/2017	Tax Free Exchange		10,000,000	10,000,000	62,639	2FE
EB0920-17-4	KEYERA ENERGY LTD PARTNERSHIP KEYERA ENERGY LTD PARTNERSHIP 3.680% 09/20/27		08/20/2017	RBC CAPITAL MARKETS		12,026,940	12,026,940		2Z
046353-AM-0	ASTRAZENECA 4 3/8% Due 11/16/2045 MN16 4.375% 11/16/45	D	07/13/2017	MORGAN STANLEY		5,405,750	5,000,000	37,674	2FE
055451-AR-9	BHP BILLITON FIN USA BASIC 4.125% 02/24/42	D	07/05/2017	Various		15,411,039	15,000,000	233,750	1FE
05565Q-DM-7	BP CAPITAL MARKETS PLC 3.588% 04/14/27	D	08/07/2017	GOLDMAN SACHS		7,764,000	7,500,000	131,560	1FE

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Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
05565Q-DN-5	BP CAPITAL MARKETS PLC BASIC 3.279% 09/19/27	D	09/14/2017	CREDIT SUISSE FIRST BOSTON		5,000,000	5,000,000		1FE
2027A0-JN-0	COMMONWEALTH BANK AUST BASIC 3.900% 07/12/47	D	09/13/2017	Various		63,553,775	63,500,000	119,654	1FE
225401-AC-2	CREDIT SUISSE GROUP 4.282% 01/09/28	D	07/26/2017	CREDIT SUISSE FIRST BOSTON		10,419,500	10,000,000	24,978	2FE
85771P-AE-2	STATOILHYDRO ASA- SPON ADR 4 1/4% Due 11/23/2041 MN23 4.250% 11/23/41	D	08/25/2017	MORGAN STANLEY		10,556,300	10,000,000	113,333	1FE
87938W-AU-7	TELEFONICA EMISIONES SAU 5.213% 03/08/47	D	08/08/2017	BARCLAYS		10,911,400	10,000,000	221,553	2FE
90351D-AA-5	UBS GROUP FUNDING 2.950% 09/24/20	D	08/14/2017	BANK OF AMERICA		3,061,830	3,000,000	35,154	1FE
90352J-AC-7	UBS GROUP FUNDING SWITZE 4.253% 03/23/28	D	08/09/2017	UBS WARBURG CONVERTIBLES		10,564,400	10,000,000	166,576	1FE
91911T-AM-5	VALE OVERSEAS LIMITED 4 3/8% Due 1/11/2022 JJ11 4.375% 01/11/22	D	07/17/2017	J.P. MORGAN		1,025,660	1,000,000	1,094	2FE
98420E-AC-9	XLIT LTD 4.45% Due 3/31/2025 MS31 4.450% 03/31/25	D	07/25/2017	J.P. MORGAN		3,123,510	3,000,000	43,758	2FE
98625U-AY-8	York CLO Ltd. Adj % Due 10/20/2029 JAJO20 3.757% 10/20/29	D	07/21/2017	CITICORP SECURITIES		7,731,250	7,731,250		1FE
A3158#-AC-3	HOFER FINANCIAL SERVICES HOFER FINANCIAL SERVICES 3.410% 07/25/24	D	08/04/2017	Tax Free Exchange		18,000,000	18,000,000	15,345	1FE
BK0922-17-3	CORPORACION INMOBILIARIA CORPORACION INMOBILIARIA 5.310% 09/15/27	D	08/22/2017	CITICORP SECURITIES		20,000,000	20,000,000		2Z
BS0928-17-3	INVERSIONES LATIN AMERICA INVERSIONES LATIN AMERICA 5.350% 03/31/33	D	07/27/2017	JEFFERIES & COMPANY INC.		27,000,000	27,000,000		2FE
EB0928-17-7	JACKSON SQUARE AVIATION JACKSON SQUARE AVIAITION 3.840% 09/28/27	C	08/03/2017	CITICORP SECURITIES		20,000,000	20,000,000		2Z
F1068#-AF-4	BONDUELLE S.A. BONDUELLE SA 3.850% 07/06/27	D	07/12/2017	Tax Free Exchange		20,000,000	20,000,000	12,833	2FE
G0827#-BK-5	BARRATT DEVLOPMENTS PLC BARRATT DEVELOPMENTS PLC 2.770% 08/23/27	B	08/29/2017	Tax Free Exchange		20,097,000	20,097,000	10,824	2Z
G2616#-AM-3	DCC TREASURY 2014 LIMITED DCC TREASURY 2014 LIMITED 1.960% 09/13/27	B	09/19/2017	Tax Free Exchange		18,902,400	18,902,400	6,175	2Z
G2765*-AC-8	DIONYSUS AVIATION DESIGNATED DIONYSUS AVIATION DESIGNATED 4.220% 07/19/26	D	07/28/2017	Tax Free Exchange		10,000,000	10,000,000	10,550	2FE
G5560@-AC-6	London Luton Airport Holdings London Luton Airport Holdings 3.230% 08/17/29	B	08/29/2017	Tax Free Exchange		46,893,000	46,893,000	50,488	2Z
G6363#-AA-5	NAC AVIATION 29 DAC NAC AVIATION 29 DAC SR UNSECUR 4.170% 06/29/22	D	07/11/2017	Tax Free Exchange		18,000,000	18,000,000	25,020	2Z
G6363#-AB-3	NAC AVIATION 29 DAC NAC AVIATIOIN 29 DAC SENIOR 4.500% 06/29/24	D	07/11/2017	Tax Free Exchange		2,000,000	2,000,000	3,000	2Z
G7996#-AA-8	SEGRO plc SEGRO plc 1.770% 08/17/27	B	09/24/2017	BARCLAYS BLOCK		21,265,200	21,265,200		2Z
G9605#-AJ-8	WHITBREAD GROUP PLC Whitbread Group plc 2.630% 08/16/27	B	09/16/2017	HSBC SECURITIES INC.		21,436,800	21,436,800		2Z
G9766#-AE-4	Workspace Group plc Workspace Group plc 3.190% 08/16/27	B	07/13/2017	NATWEST MARKETS		20,097,000	20,097,000		2Z
L5115#-AC-8	INGENIUM FINANCING S.A. (ALLSE SERIES C SENIOR SECURED NOTES 4.970% 09/26/22	D	08/29/2017	COWEN & CO		22,138,160	22,000,000	346,243	2
N5224#-AH-3	Lekkerland Finance B.V. Lekkerland Finance B.V. 1.870% 08/16/27	B	08/22/2017	DEUTSCHE BANK		35,442,000	35,442,000		2Z
Q0697#-AA-4	AUSGRID FINANCE PTY LTD AUSGRID FINANCE PTY LTD 3.500% 10/01/27	D	09/15/2017	Tax Free Exchange		23,000,000	23,000,000	366,722	2FE
Q0697#-AB-2	AUSGRID FINANCE PTY LTD AUSGRID FINANCE PTY LTD 3.600% 10/01/29	D	09/15/2017	Tax Free Exchange		11,000,000	11,000,000	180,400	2FE
Q0697#-AC-0	AUSGRID FINANCE PTY LTD AUSGRID FINANCE PTY LTD 3.750% 10/01/32	D	09/15/2017	Tax Free Exchange		6,000,000	6,000,000	102,500	2FE
Q4352#-AA-2	GROWTHPOINT PROPERTIES GROWTHPOINT PROPERTIES AUSTRAL 4.230% 06/15/27	D	09/15/2017	NATIONAL AUSTRALIA BANK		10,000,000	10,000,000		2FE
Q5011#-AB-0	HOTEL PROPERTIES INVESTMENT HOTEL PROPERTIES LIMITED 5.070% 08/11/27	B	08/22/2017	CITICORP SECURITIES		23,502,000	23,502,000		2FE
Q7795#-AB-8	QIC FINANCE QIC FINANCE (SHOPPING CTR FD) 3.960% 07/11/29	D	07/28/2017	Tax Free Exchange		27,000,000	27,000,000	50,490	1Z
Q8718#-AC-8	STAR ENTERTAINMENT FINANCE STAR ENTERTAINMENT FINANCE 5.270% 08/22/25	D	09/01/2017	Tax Free Exchange		10,000,000	10,000,000	111,256	2Z
R1895#-AC-7	E-CO ENERGI HOLDING AS E-CO ENERGI HOLDING AS 2.960% 07/27/27	B	08/02/2017	Tax Free Exchange		30,768,815	30,768,815	12,649	1Z
3899999. Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						3,210,883,414	3,278,294,978	16,583,230	XXX
464288-51-3	ISHARES NASDAQ BIOTECH INDX COMMON STOCK		08/03/2017	J.P. MORGAN	0.000	54,937,483			4
8199999. Subtotal - Bonds - SVO Identified Funds						54,937,483			XXX
8399997. Total - Bonds - Part 3						4,277,578,641	4,261,454,978	22,377,297	XXX
8399998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX
8399999. Total - Bonds						4,277,578,641	4,261,454,978	22,377,297	XXX
8999997. Total - Preferred Stocks - Part 3							XXX		XXX
8999998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX
8999999. Total - Preferred Stocks							XXX		XXX
00206R-10-2	AT&T INC FORMERLY SBC COMMUNICATIONS, I		09/27/2017	WEEDEN & CO LP	60.000	2,304			L
002824-10-0	ABBOTT LABORATORIES COMMON STOCK		09/27/2017	WEEDEN & CO LP	26.000	1,327			L
00287Y-10-9	ABBVIE INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	25.000	1,993			L
00507V-10-9	ACTIVISION BLIZZARD COMMON STOCK		09/27/2017	WEEDEN & CO LP	142.000	8,960			L
007903-10-7	ADVANCED MICRO DEVICES COMMON STOCK		09/27/2017	WEEDEN & CO LP	90.000	1,154			L
00817Y-10-8	AETNA INC-NEW COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	1,238			L
00846U-10-1	AGILENT TECHNOLOGIES INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	482			L
00971T-10-1	AKAMAI TECHNOLOGIES COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	380			L
015271-10-9	ALEXANDRIA REAL EST EQUITIES COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	723			L
018802-10-8	ALLIANT ENERGY CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	32.000	1,323			L
020002-10-1	ALLSTATE CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	753			L
02079K-10-7	ALPHABET INC-CL-C COMMON STOCK		09/27/2017	WEEDEN & CO LP	13.000	12,279			L
02079K-30-5	ALPHABET INC-CL-C COMMON STOCK		09/27/2017	WEEDEN & CO LP	6.000	5,735			L
02209S-10-3	ALTRIA GROUP INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	14.000	918			L
023135-10-6	AMAZON.COM INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	9.000	8,648			L
023608-10-2	AMEREN CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	397			L
025816-10-9	AMERICAN EXPRESS COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	512			L

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Show All Long-Term Bonds and Stock Acquired During the Current Quarter

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026874-78-4	AIG COMMON STOCK		09/27/2017	WEEDEN & CO LP	62.000	3,798			L
03027X-10-0	AMERICAN TOWER CORP - CL A COMMON STOCK		09/27/2017	WEEDEN & CO LP	18.000	2,445			L
03073E-10-5	AMERISOURCEBERGEN CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	548			L
031100-10-0	AMETEK INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	385			L
036752-10-3	ANTHEM INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	1,323			L
03748R-10-1	APARTMENT INVT & MGMT CO - A COMMON STOCK		08/02/2017	WEEDEN & CO LP	10.000	455			L
037833-10-0	APPLE COMPUTER INC FORMERLY APPLE COMPUTER INC.		08/02/2017	WEEDEN & CO LP	31.000	4,872			L
038222-10-5	APPLIED MATERIALS INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	20.000	855			L
03965L-10-0	ALCOA INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	13.000	324			L
052769-10-6	AUTODESK INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	56.000	6,270			L
053015-10-3	AUTOMATIC DATA PROCESSING COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	922			L
05722G-10-0	BAKER HUGHES A GE CO LLC COMMON		08/02/2017	WEEDEN & CO LP	20.000	707			L
05722G-10-0	BAKER HUGHES A GE CO LLC COMMON		07/06/2017	Tax Free Exchange	962.000	48,896			L
058498-10-6	BALL CORP. 5% DIVIDEND DISCOUNT		08/02/2017	WEEDEN & CO LP	29.000	1,215			L
060505-10-4	BANK OF AMERICA CORP. COMMON STOCK		08/02/2017	WEEDEN & CO LP	88.000	2,165			L
064058-10-0	BANK OF NEW YORK MELLON CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	324			L
071813-10-9	BAXTER INTERNATIONAL INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	35.000	2,186			L
084670-70-2	BERKSHIRE HATHAWAY-CAL COMMON STOCK		09/27/2017	WEEDEN & CO LP	85.000	15,519			L
09247X-10-1	BLACKROCK INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	8.000	3,507			L
093671-10-5	BLOCK H & R INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	274			L
099724-10-6	BORG-WARNER AUTOMOTIVE INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	12.000	554			L
101137-10-7	BOSTON SCIENTIFIC CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	81.000	2,174			L
10922N-10-3	BRIGHTHOUSE FINANCIAL IN COMMON		08/07/2017	Spin Off	222.910	12,965			L
110122-10-8	BRISTOL-MYERS SQUIBB CO COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	497			L
110448-10-7	BRIT AMER TO RECEIPTS		07/25/2017	MERGER	984.150	68,113			L
115637-20-9	BROWN-FORMAN COMMON STOCK		09/27/2017	WEEDEN & CO LP	46.000	2,461			L
12503M-10-8	CBOE HOLDINGS INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	48.000	5,122			L
12504L-10-9	CB RICHARD ELLIS GROUP COMMON STOCK		08/02/2017	WEEDEN & CO LP	15.000	567			L
125269-10-0	CF INDUSTRIES HOLDINGS INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	12.000	345			L
125720-10-5	CHICAGO MERCANTILE EXCHANGE COMMON STOCK		08/02/2017	WEEDEN & CO LP	11.000	1,366			L
125896-10-0	CMS ENERGY CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	13.000	606			L
126408-10-3	CSX CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	337			L
12650T-10-4	CSRA INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	59.000	1,900			L
126650-10-0	CVS CAREMARK CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	12.000	957			L
12673P-10-5	CA INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	25.000	772			L
127387-10-8	Cadence Design Systems Inc COMMON		09/27/2017	WEEDEN & CO LP	665.000	25,888			L
14149Y-10-8	CARDINAL HEALTH INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	639			L
149123-10-1	CATERPILLAR INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	11.000	1,370			L
151020-10-4	CELGENE CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	13.000	1,859			L
15189T-10-7	CENTERPOINT ENERGY INC (FORMERLY HOUSTON IND)		09/27/2017	WEEDEN & CO LP	28.000	805			L
156782-10-4	CERNER CORP. COMMON STOCK		09/27/2017	WEEDEN & CO LP	56.000	3,925			L
16119P-10-8	CHARTER COMMUNICATIONS COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	2,313			L
165167-10-7	CHESAPEAKE ENERGY COMMON STOCK		09/27/2017	WEEDEN & CO LP	342.000	1,515			L
166764-10-0	CHEVRON CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	27.000	3,074			L
17275R-10-2	CISCO SYSTEMS INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	65.000	2,096			L
172967-42-4	CITIGROUP INC (TRAVELERS/CITICORP MERGE)		08/02/2017	WEEDEN & CO LP	16.000	1,111			L
174610-10-5	CITIZENS FINANCIAL GROUP COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	249			L
189754-10-4	COACH INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	14.000	647			L
191216-10-0	COCA-COLA CO COMMON STOCK		08/02/2017	WEEDEN & CO LP	39.000	1,778			L
192446-10-2	COGNIZANT TECH SOLUTIONS COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	719			L
20030N-10-1	COMCAST CORP. COMMON STOCK		08/02/2017	WEEDEN & CO LP	56.000	2,241			L
200340-10-7	COMERICA INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	508			L
205887-10-2	CONAGRA FOODS INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	32.000	1,067			L
20825C-10-4	PHILLIPS PETROLEUM COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	365			L
209115-10-4	CONSOLIDATED EDISON INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	22.000	1,795			L
219350-10-5	CORNING, INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	16.000	476			L
222070-20-3	COTY COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	182			L
22822V-10-1	CROWN CASTLE INTL CORP. COMMON STOCK		09/27/2017	WEEDEN & CO LP	95.000	9,647			L
231021-10-6	CUMMINS ENGINE CO COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	1,684			L
23331A-10-9	DR HORTON COMMON STOCK		08/02/2017	WEEDEN & CO LP	15.000	547			L
233331-10-7	DTE ENERGY COMPANY COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	646			L
23355L-10-6	DXC TECHNOLOGY COMPANY COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	469			L

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235851-10-2	DANAHER CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	11.000	940			L
244199-10-5	DEERE & CO. COMMON STOCK		09/27/2017	WEEDEN & CO LP	59.000	7,276			L
253868-10-3	DIGITAL REALTY TRUST, INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	103.000	11,872			L
254687-10-6	DISNEY WALT PRODUCTIONS COMMON STOCK		09/27/2017	WEEDEN & CO LP	210.000	20,927			L
25470F-10-4	DISCOVERY COMMUNICATIONS COMMON STOCK		08/02/2017	WEEDEN & CO LP	13.000	325			L
25470M-10-9	DISH NETWORK CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	384			L
256677-10-5	DOLLAR GENERAL COMMON STOCK		09/27/2017	WEEDEN & CO LP	21.000	1,679			L
256746-10-8	DOLLAR TREE INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	511			L
25746U-10-9	DOMINION RESOURCES INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	38.000	2,925			L
260543-10-3	DOW CHEMICAL COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	450			L
26078J-10-0	DowDuPont Inc COMMON		09/27/2017	Various	2,772.000	186,644			L
26078J-10-0	DowDuPont Inc COMMON		09/05/2017	Tax Free Exchange	2,549.000	112,653			L
264411-50-5	Duke Realty Corp REIT		09/27/2017	WEEDEN & CO LP	830.000	23,992			L
26441C-20-4	DUKE POWER COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	840			L
26875P-10-1	EOG RESOURCES INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	973			L
269246-40-1	E Trade Group Inc COMMON STOCK		09/27/2017	WEEDEN & CO LP	28.000	1,182			L
278642-10-3	EBAY INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	12.000	431			L
281020-10-7	EDISON INTERNATIONAL, INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	630			L
29414D-10-0	ENVISION HEALTHCARE HOLDINGS COMMON STOCK		09/27/2017	WEEDEN & CO LP	18.000	771			L
29444U-70-0	EQUINIX INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	3.000	1,326			L
29476L-10-7	EQUITY RESIDENTIAL PROP TRUST COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	610			L
30040W-10-8	NORTHEAST UTILITIES COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	489			L
30161N-10-1	PECO ENERGY COMMON STOCK		09/27/2017	WEEDEN & CO LP	76.000	2,824			L
30231G-10-2	EXXON MOBIL CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	57.000	4,618			L
302445-10-1	FLIR SYSTEMS INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	298			L
30303M-10-2	FACEBOOK INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	48.000	8,072			L
311900-10-4	FASTENAL COMPANY COMMON STOCK		08/02/2017	WEEDEN & CO LP	14.000	602			L
31428X-10-6	FEDEX CORPORATION COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	1,886			L
337932-10-7	FIRSTENERGY CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	258			L
34354P-10-5	FLOWSERVE CORPORATION COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	377			L
345370-86-0	FORD MOTOR COMPANY COMMON STOCK		09/27/2017	WEEDEN & CO LP	54.000	628			L
34959J-10-8	FORTIVE CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	18.000	1,233			L
354613-10-1	FRANKLIN RESOURCES INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	352			L
35671D-85-7	FREEPORT-MCMORAN COPPER COMMON STOCK		09/27/2017	WEEDEN & CO LP	56.000	788			L
36174X-10-1	GPP INC REIT COMMON STOCK		09/27/2017	WEEDEN & CO LP	113.000	2,355			L
364760-10-8	GAP INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	211			L
369604-10-3	GENERAL ELECTRIC COMMON STOCK		08/02/2017	WEEDEN & CO LP	68.000	1,736			L
370334-10-4	GENERAL MILLS INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	336			L
375558-10-3	GILEAD SCIENCES INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	531			L
382550-10-1	GOODYEAR TIRE & RUBBER CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	13.000	433			L
40414L-10-9	HCP INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	270			L
40434L-10-5	HEWLETT PACKARD INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	15.000	287			L
410345-10-2	HANES BRANDS INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	16.000	403			L
42824C-10-9	HEWLETT PACKARD ENTERPRISE COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	104			L
436440-10-1	HOLOGIC INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	42.000	1,835			L
437076-10-2	HOME DEPOT INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	903			L
440452-10-0	HORMEL FOODS CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	13.000	444			L
44107P-10-4	HOST MARRIOT CORP. COMMON STOCK		08/02/2017	WEEDEN & CO LP	14.000	261			L
446150-10-4	HUNTINGTON BANCSHARES INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	26.000	351			L
45337C-10-2	INCYTE PHARMACEUTICALS INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	754			L
458140-10-0	INTEL CORP. COMMON STOCK		09/27/2017	WEEDEN & CO LP	39.000	1,439			L
45866F-10-4	INTERCONTINENTALEXCHANGE INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	469			L
459200-10-1	INTL BUSINESS MACH COMMON STOCK		09/27/2017	WEEDEN & CO LP	35.000	5,098			L
460690-10-0	INTERPUBLIC GROUP COMMON STOCK		08/02/2017	WEEDEN & CO LP	19.000	412			L
461202-10-3	INTUIT INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	819			L
46120E-60-2	INTUITIVE SURGICAL INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	1.000	1,024			L
46284V-10-1	IRON MOUNTAIN COMMON STOCK		09/27/2017	WEEDEN & CO LP	58.000	2,198			L
46590V-10-0	JBG SMITH Properties REIT		07/18/2017	Spin Off	193.000	6,555			U
46625H-10-0	JP MORGAN CHASE & CO COMMON STOCK		08/02/2017	WEEDEN & CO LP	21.000	1,956			L
478160-10-4	JOHNSON & JOHNSON COMMON STOCK		08/02/2017	WEEDEN & CO LP	16.000	2,115			L
48203R-10-4	JUNIPER NETWORKS INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	169			L
493267-10-8	KEYCORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	24.000	434			L

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494368-10-3	KIMBERLY-CLARK CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	850			L
49446R-10-9	KIMCO REALTY COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	160			L
49456B-10-1	KINDER MORGAN INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	32.000	651			L
501797-10-4	LIMITED INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	29.000	1,254			L
501889-20-8	LKQ CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	18.000	615			L
52729N-30-8	LEVEL 3 COMMUNICATIONS COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	474			L
532457-10-8	LILLY (ELI) & CO COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	491			L
539830-10-9	LOCKHEED MARTIN CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	9.000	2,730			L
540424-10-8	LOEWS CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	295			L
548661-10-7	LOWE'S COMPANIES COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	467			L
552953-10-1	MGM MIRAGE MGM INC COMMON		09/27/2017	WEEDEN & CO LP	1,195.000	38,271			L
55616P-10-4	MACY'S INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	162			L
565849-10-6	MARATHON OIL COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	137			L
574599-10-6	MASCO COMMON STOCK		08/02/2017	WEEDEN & CO LP	19.000	728			L
57636Q-10-4	MASTERCARD INC-CL A COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	784			L
577081-10-2	MATTEL INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	13.000	255			L
579780-20-6	MCCORMICK & CO COMMON STOCK		09/27/2017	WEEDEN & CO LP	14.000	1,350			L
58933Y-10-5	MERCK & COMPANY, INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	34.000	2,178			L
59156R-10-8	METLIFE INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	444			L
594918-10-4	MICROSOFT CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	59.000	4,285			L
595017-10-4	MICROCHIP TECHNOLOGY INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	889			L
595112-10-3	MICRON TECHNOLOGY COMMON STOCK		09/27/2017	WEEDEN & CO LP	186.000	6,824			L
609207-10-5	MONDELEZ INTERNATIONAL INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	18.000	794			L
61174X-10-9	HANSEN NATURAL CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	30.000	1,647			L
617446-44-8	MORGAN STANLEY COMMON STOCK		08/02/2017	WEEDEN & CO LP	21.000	994			L
61945C-10-3	MOSAIC CO/THE COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	200			L
629377-50-8	NRG ENERGY, INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	12.000	294			L
64110D-10-4	NETAPP INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	12.000	521			L
651229-10-6	NEWELL RUBBERMAID INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	28.000	1,165			L
65249B-10-9	NEW CORP-CLASS A COMMON STOCK		09/27/2017	WEEDEN & CO LP	14.000	186			L
65249B-20-8	NEW CORP-CLASS A COMMON STOCK		09/27/2017	WEEDEN & CO LP	16.000	217			L
654106-10-3	NIKE, INC. CL B COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	478			L
65473P-10-5	NISOURCE INC FORMALLY NIPSCO IND.		09/27/2017	WEEDEN & CO LP	30.000	778			L
655044-10-5	NOBLE ENERGY INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	79.000	2,237			L
655664-10-0	NORDSTROM INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	12.000	569			L
655844-10-8	NORFOLK SOUTHERN CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	787			L
665859-10-4	NORTHERN TRUST CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	617			L
670346-10-5	NUCOR CORP. COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	455			L
67066G-10-4	NVDIA CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	18.000	3,163			L
682680-10-3	ONEOK INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	393.000	21,765			L
68389X-10-5	ORACLE SYSTEMS CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	87.000	4,218			L
69331C-10-8	PG&E CORPORATION COMMON STOCK		09/27/2017	WEEDEN & CO LP	11.000	748			L
693475-10-5	PNC BANK CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	915			L
69351T-10-6	PPL CORPORATION COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	351			L
693718-10-8	PACCAR INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	11.000	742			L
695156-10-9	Packaging Corp of America COMMON		09/27/2017	WEEDEN & CO LP	214.000	23,647			L
703395-10-3	PATTERSON COS INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	15.000	587			L
704326-10-7	PAYCHEX, INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	453			L
70450Y-10-3	PAYPAL HOLDINGS INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	42.000	2,635			L
713448-10-8	PEPSI CO INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	20.000	2,267			L
717081-10-3	PFIZER, INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	107.000	3,612			L
718172-10-9	PHILIP MORRIS COMMON STOCK		09/27/2017	WEEDEN & CO LP	22.000	2,481			L
723787-10-7	PIONEER NATURAL RESOURCE COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	874			L
73936B-40-8	POWERSHARES DB AGRICULTURE F COMMON STOCK		09/27/2017	WALLACHBETH CAPITAL	114,714.000	2,178,419			L
74005P-10-4	PRAXAIR COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	1,045			L
74251V-10-2	PRINCIPAL FINANCIAL GROUP INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	10.000	667			L
742718-10-9	PROCTOR & GAMBLE CO. COMMON STOCK		08/02/2017	WEEDEN & CO LP	18.000	1,639			L
743315-10-3	PROGRESSIVE CORP OH COMMON STOCK		08/02/2017	WEEDEN & CO LP	25.000	1,181			L
74340W-10-3	PROLOGIS INC REIT USD COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	629			L
744320-10-2	PRUDENTIAL FINANCIAL INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	10.000	1,152			L
74460D-10-9	PUBLIC STORAGE INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	5.000	1,060			L
745867-10-1	PULTE CORP. COMMON STOCK		08/02/2017	WEEDEN & CO LP	15.000	378			L

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747525-10-3	QUALCOMM INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	479			L
74762E-10-2	Quanta Serv COMMON STOCK		09/27/2017	WEEDEN & CO LP	18.000	677			L
74876Y-10-1	Quintiles IMS Holdings Inc COMMON		09/27/2017	WEEDEN & CO LP	327.000	31,137			L
75281A-10-9	RANGE RESOURCES CORP. COMMON STOCK		09/27/2017	WEEDEN & CO LP	88.000	1,797			L
75886F-10-7	REGENERON PHARMACEUTICALS INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	3.000	1,306			L
7591EP-10-0	REGIONS FINANCIAL CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	119			L
761152-10-7	ResMed Inc COMMON		09/27/2017	WEEDEN & CO LP	322.000	23,413			L
770323-10-3	ROBERT HALF INTERNATIONAL INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	11.000	490			L
78410G-10-4	SBA Communications Corp REIT		09/27/2017	WEEDEN & CO LP	260.000	37,177			L
78463V-10-7	SPDR GOLD TRUST COMMON STOCK		09/27/2017	WALLACHBETH CAPITAL	55,482.000	6,779,568			L
79466L-30-2	SALESFORCE.COM INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	39.000	3,636			L
806407-10-2	HENRY SCHEIN INC COMMON STOCK		09/15/2017	Stock Split	178.000				L
806857-10-8	SCHLUMBERGER LTD COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	553			L
808513-10-5	SCHWAB, CHARLES CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	25.000	1,076			L
81211K-10-0	SEALED AIR CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	11.000	479			L
816851-10-9	SEMPRA ENERGY COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	690			L
824348-10-6	SHERWIN-WILLIAMS CO COMMON STOCK		09/27/2017	WEEDEN & CO LP	4.000	1,399			L
831865-20-9	AO Smith Corp COMMON		09/27/2017	WEEDEN & CO LP	332.000	18,143			L
842587-10-7	SOUTHERN COMPANY COMMON STOCK		09/27/2017	WEEDEN & CO LP	23.000	1,125			L
855244-10-9	STARBUCKS CORP. COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	499			L
857477-10-3	STATE STREET CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	43.000	4,109			L
863667-10-1	STRYKER CORP. COMMON STOCK		09/27/2017	WEEDEN & CO LP	36.000	5,113			L
871503-10-8	SYMANTEC CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	33.000	1,048			L
87165B-10-3	SYNCHRONY FINANCIAL COMMON STOCK		08/02/2017	WEEDEN & CO LP	12.000	361			L
882508-10-4	TEXAS INSTRUMENTS IN COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	651			L
883556-10-2	THERMO ELECTRON CORP (FORMERLY THERMO ELECTRON CORP		09/27/2017	WEEDEN & CO LP	24.000	4,524			L
88579Y-10-1	3M CO COMMON STOCK		09/27/2017	WEEDEN & CO LP	6.000	1,257			L
887317-30-3	TIME WARNER INC. COM COMMON STOCK		09/27/2017	WEEDEN & CO LP	14.000	1,434			L
891906-10-9	TOTAL SYSTEM SERVICES COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	651			L
89417E-10-9	THE TRAVELERS COMPANIES INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	772			L
90130A-10-1	NEWS AMERICA CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	14.000	402			L
90130A-20-0	NEWS AMERICA CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	11.000	311			L
902653-10-4	UDR INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	31.000	1,195			L
902973-30-4	U.S. BANCORP(SUPER REGIONAL) COMMON STOCK		09/27/2017	WEEDEN & CO LP	34.000	1,830			L
904311-10-7	UNDER ARMOUR, INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	11.000	204			L
904311-20-6	UNDER ARMOUR, INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	10.000	165			L
907818-10-8	UNION PACIFIC CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	921			L
913017-10-9	UNITED TECH CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	10.000	1,204			L
91324P-10-2	UNITED HEALTHCARE COMMON STOCK		09/27/2017	WEEDEN & CO LP	18.000	3,501			L
918204-10-8	VF CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	17.000	1,072			L
92276F-10-0	VENTAS INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	594			L
92343V-10-4	VERIZON COMMUNICATIONS COMMON STOCK		09/27/2017	WEEDEN & CO LP	51.000	2,494			L
92532F-10-0	VERTEX PHARMACEUTICALS INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	1,103			L
92553P-20-1	VIACOM INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	205			L
92826C-83-9	Visa Lnd Dev(Visa Int) COMMON STOCK		08/02/2017	WEEDEN & CO LP	11.000	1,114			L
92939U-10-6	WEC ENERGY CORP INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	509			L
931142-10-3	WAL-MART STORES COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	644			L
931427-10-8	WALGREEN CO COMMON STOCK		09/27/2017	WEEDEN & CO LP	154.000	12,037			L
949746-10-1	WELLS FARGO & CO COMMON STOCK		08/02/2017	WEEDEN & CO LP	27.000	1,448			L
95040Q-10-4	WELLTOWER INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	699			L
958102-10-5	WESTERN DIGITAL CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	12.000	1,065			L
96145D-10-5	WESTROCK CO COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	461			L
962166-10-4	WEYERHAEUSER COMMON STOCK		08/02/2017	WEEDEN & CO LP	19.000	615			L
966837-10-6	WHOLE FOODS MARKET, INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	293			L
969457-10-0	WILLIAMS COMPANIES COMMON STOCK		08/02/2017	WEEDEN & CO LP	21.000	665			L
98389B-10-0	XCEL ENERGY INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	10.000	477			L
988498-10-1	YUM! BRANDS, INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	28.000	2,047			L
989701-10-7	ZION BANCORPORATION COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	412			L
98978V-10-3	ZOETIS INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	9.000	554			L
G29183-10-3	EATON CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	445			L
G491BT-10-8	INVESCO PLC COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	277			L
N53745-10-0	LYONDELLBASELL INDU-CL A COMMON STOCK		08/02/2017	WEEDEN & CO LP	8.000	707			L

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
N59465-10-9	MYLAN LABORATORIES COMMON STOCK		09/27/2017	WEEDEN & CO LP	187.000	6,038			L
V7780T-10-3	ROYAL CARIBBEAN CRUISES LTD. COMMON STOCK		09/27/2017	WEEDEN & CO LP	14.000	1,621			L
Y09827-10-9	BROADCOM LTD COMMON STOCK		09/27/2017	WEEDEN & CO LP	17.000	4,141			L
G1151C-10-1	ACCENTURE PLC-CL A COMMON STOCK	D	08/02/2017	WEEDEN & CO LP	11.000	1,415			L
G47567-10-5	IHS MARKIT LTD COMMON	D	09/27/2017	WEEDEN & CO LP	122.000	5,428			L
G51502-10-5	JOHNSON CONTROLS INTERNATIONAL COMMON STOCK	D	08/02/2017	WEEDEN & CO LP	25.000	985			L
G5960L-10-3	MEDTRONIC PLC COMMON STOCK	D	08/02/2017	WEEDEN & CO LP	8.000	666			L
G6518L-10-8	NIELSEN HOLDINGS NV COMMON STOCK	D	08/02/2017	WEEDEN & CO LP	14.000	606			L
G96629-10-3	WILLIS TOWERS WATSON PLC COMMON STOCK	D	09/27/2017	WEEDEN & CO LP	21.000	3,273			L
H84989-10-4	TE CONNECTIVITY LTD COMMON STOCK	D	08/02/2017	WEEDEN & CO LP	8.000	645			L
9099999. Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						10,065,167	XXX		XXX
9799997. Total - Common Stocks - Part 3						10,065,167	XXX		XXX
9799998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX
9799999. Total - Common Stocks						10,065,167	XXX		XXX
9899999. Total - Preferred and Common Stocks						10,065,167	XXX		XXX
9999999 - Totals						4,287,643,808	XXX	22,377,297	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 1

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value 11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
3137BR-QJ-7	FHMS K057 2.57% Due 7/25/2026 Mo-1 2.570% 07/25/26		07/26/2017	STIFEL NICOLAUS		12,863,398	13,000,000	13,388,986	13,378,678		(24,493)		(24,493)		13,354,185		(490,787)	(490,787)	222,733	07/25/2026	1
36207E-NA-8	GOVERNMENT NATIONAL MORTGAGE A 6% Due 12/15/2033 Mo-1 6.000% 12/15/33		09/01/2017	Paydown		58,329	58,329	61,200	60,319		(1,989)		(1,989)		58,329				2,335	12/15/2033	1
912810-DZ-8	US TREASURY N/B 8 7/8% Due 8/15/2017 FA15 8.875% 08/15/17		08/15/2017	Maturity		150,000	150,000	138,938	149,304		696		696		150,000				13,313	08/15/2017	1
912810-FE-3	US TREASURY N/B 5 1/2% Due 8/15/2028 FA15 5.500% 08/15/28		08/10/2017	Various		30,260,617	23,200,000	30,581,477	30,520,848		(310,428)		(310,428)		30,210,420		50,197	50,197	1,200,884	08/15/2028	1
912810-FT-0	US TREASURY N/B 4 1/2% Due 2/15/2036 FA15 4.500% 02/15/36		07/18/2017	Various		3,849,180	3,000,000	4,073,789	4,066,267		(23,768)		(23,768)		4,042,499		(193,319)	(193,319)	121,948	02/15/2036	1
912810-QY-7	US TREASURY N/B 2 3/4% Due 11/15/2042 MN15 2.750% 11/15/42		08/17/2017	CITICORP SECURITIES		6,512,441	6,500,000	6,269,199	6,269,832		3,904		3,904		6,273,736		238,706	238,706	135,520	11/15/2042	1
912810-RD-2	US TREASURY N/B 3 3/4% Due 11/15/2043 MN15 3.750% 11/15/43		08/15/2017	GOLDMAN SACHS		6,373,836	5,415,000	5,661,213	5,647,748		(3,140)		(3,140)		5,644,609		729,227	729,227	152,849	11/15/2043	1
912810-RH-3	US TREASURY N/B 3 1/8% Due 8/15/2044 FA15 3.125% 08/15/44		09/13/2017	GOLDMAN SACHS		1,928,109	1,800,000	1,825,875			(383)		(383)		1,825,492		102,618	102,618	60,836	08/15/2044	1
912810-RS-9	US TREASURY N/B 2 1/2% Due 5/15/2046 MN15 2.500% 05/15/46		09/28/2017	Various		14,093,721	15,150,000	13,551,672	2,735,032		21,257		21,257		13,573,585		520,136	520,136	284,297	05/15/2046	1
912810-RT-7	US TREASURY N/B 2 1/4% Due 8/15/2046 FA15 2.250% 08/15/46		08/08/2017	BARCLAYS		12,298,125	14,000,000	11,667,726	11,473,657		29,826		29,826		11,699,953		598,172	598,172	311,519	08/15/2046	1
912810-RU-4	US TREASURY N/B 2 7/8% Due 11/15/2046 MN15 2.875% 11/15/46		09/25/2017	Various		57,697,656	57,500,000	54,716,095			24,700		24,700		54,740,795		2,956,861	2,956,861	1,205,078	11/15/2046	1
912810-RV-2	US TREASURY N/B 3.000% 02/15/47		08/31/2017	Various		175,120,472	170,645,000	175,410,252			(1,608)		(1,608)		175,408,644		(288,172)	(288,172)	2,166,991	02/15/2047	1
912810-RX-8	US TREASURY N/B BONDS 3.000% 05/15/47		09/28/2017	Various		123,962,741	119,520,000	123,690,945			(5,849)		(5,849)		123,685,096		277,646	277,646	1,097,566	05/15/2047	1
912828-2P-4	US GOVERNMENT TREAS BILL NOTES 1.875% 07/31/22		09/07/2017	Various		9,477,082	9,400,000	9,430,227			(177)		(177)		9,430,050		47,032	47,032	14,918	07/31/2022	1
912828-2R-0	US GOVERNMENT TREAS BILL NOTES 2.250% 08/15/27		09/25/2017	Various		51,955,242	51,640,000	51,782,878			(829)		(829)		51,782,049		173,193	173,193	75,315	08/15/2027	1FE
912828-2S-8	US GOVERNMENT TREAS BILL NOTES 1.625% 08/31/22		09/29/2017	Various		6,951,836	7,000,000	6,957,511			146		146		6,957,657		(5,821)	(5,821)	3,097	08/31/2022	1
912828-P4-6	US GOVERNMENT TREAS BILL 1 5/8% Due 2/15/2026 FA15 1.625% 02/15/26		07/18/2017	BANK OF AMERICA		2,098,078	2,200,000	2,051,328			6,980		6,980		2,058,308		39,770	39,770	33,281	02/15/2026	1
912828-R3-6	US GOVERNMENT TREAS BILL 1 5/8% Due 5/15/2026 MN15 1.625% 05/15/26		08/16/2017	BARCLAYS		1,902,188	2,000,000	2,027,578	2,026,496		(1,649)		(1,649)		2,024,848		(122,660)	(122,660)	24,552	05/15/2026	1
912828-ST-8	US GOVERNMENT TREAS BILL 1.250% 04/30/19		08/30/2017	J.P. MORGAN		8,989,805	9,000,000	8,986,289			2,148		2,148		8,988,437		1,368	1,368	37,602	04/30/2019	1
912828-V9-8	US GOVERNMENT TREAS BILL 2.250% 02/15/27		08/21/2017	GOLDMAN SACHS		15,998,529	16,030,000	15,856,410			5,186		5,186		15,861,597		136,933	136,933	165,813	02/15/2027	1
912828-X4-7	US GOVERNMENT TREAS BILL 1.875% 04/30/22		08/16/2017	Various		19,423,904	19,350,000	19,405,557			(2,171)		(2,171)		19,403,386		20,518	20,518	102,486	04/30/2022	1
912828-X8-8	US GOVERNMENT TREAS BILL 2.375% 05/15/27		08/09/2017	Various		103,030,076	102,325,000	103,412,402			(3,577)		(3,577)		103,408,826		(378,750)	(378,750)	504,954	05/15/2027	1
912828-XR-6	US GOVERNMENT TREAS BILL NOTES 1.750% 05/31/22		08/16/2017	Various		36,202,392	36,300,000	36,360,801			(1,388)		(1,388)		36,359,413		(157,021)	(157,021)	120,431	05/31/2022	1
912828-XT-2	US GOVERNMENT TREAS BILL 2.000% 05/31/24		09/13/2017	Various		10,779,133	10,800,000	10,800,219			44		44		10,800,263		(21,130)	(21,130)	44,798	05/31/2024	1
912828-XU-9	US GOVERNMENT TREAS BILL NOTES 1.500% 06/15/20		08/15/2017	Various		9,993,477	10,000,000	10,010,938			(428)		(428)		10,010,510		(17,033)	(17,033)	17,828	06/15/2020	1
912828-XV-7	US GOVERNMENT TREAS BILL NOTES 1.250% 06/30/19		07/18/2017	BARCLAYS		4,990,430	5,000,000	4,984,961			249		249		4,985,210		5,219	5,219	3,227	06/30/2019	1
0599999. Subtotal - Bonds - U.S. Governments						726,960,797	710,983,329	723,104,466	76,328,181		(286,741)		(286,741)		722,737,897		4,222,903	4,222,903	8,124,171	XXX	XXX
91086Q-BB-3	UNITED MEXICAN STATES 4 3/4% Due 3/8/2044 MS8 4.750% 03/08/44	D	09/25/2017	NOMURA SECURITIES INTERNATIONA		7,732,500	7,500,000	6,825,000	6,856,331		8,547		8,547		6,864,877		867,623	867,623	375,052	03/08/2044	2FE
1099999. Subtotal - Bonds - All Other Governments						7,732,500	7,500,000	6,825,000	6,856,331		8,547		8,547		6,864,877		867,623	867,623	375,052	XXX	XXX
452151-LF-8	ILLINOIS ST 5.1% Due 6/1/2033 JD1 5.100% 06/01/33		07/14/2017	Various		5,281,185	5,500,000	4,786,051	4,917,561		26,429		26,429		4,943,989		337,196	337,196	175,950	06/01/2033	2FE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Ident-ification	2 Description	3 For-eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid-eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change In Book/Adjusted Carrying Value: 11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amor-tization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recog-nized	14 Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	15 Total Foreign Exchange Change in Book /Adjusted Carrying Value	16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received DuringYear	21 Stated Con-tractual Maturity Date	22 NAIC Desig-nation or Market In-dicator (a)
57582R-JJ-6	MASSACHUSETTS ST 4% Due 4/1/2042 A01 4.000% 04/01/42		07/12/2017	Various		2,180,558	2,100,000	2,141,811	2,141,341		(2,270)		(2,270)		2,139,071		41,487	41,487	66,700	04/01/2042	1FE
882723-TC-3	TEXAS ST 5% Due 10/1/2044 A01 5.000% 10/01/44		09/28/2017	Various		10,229,448	8,850,000	10,331,402	10,058,288		(93,738)		(93,738)		9,964,549		264,899	264,899	362,993	10/01/2044	1FE
1799999. Subtotal - Bonds - U.S. States, Territories and Possessions						17,691,191	16,450,000	17,259,264	17,117,190		(69,579)		(69,579)		17,047,609		643,582	643,582	605,643	XXX	XXX
514014-KL-2	LANCHASTER CNTY NEB SCH DIST 5% Due 1/15/2035 JJ15 5.000% 01/15/35		07/10/2017	ROBERT W. BAIRD & CO.		6,497,885	6,135,000	6,081,871	6,091,250		1,255		1,255		6,092,505		405,380	405,380	305,046	01/15/2035	1FE
959214-EL-7	WSTRN PLACER CA UNIF SCH DIST 4.000% 08/01/47		09/19/2017	PIPELINE TRADING SYSTEMS		470,547	450,000	463,995			(90)		(90)		463,905		6,642	6,642	4,900	08/01/2047	1FE
2499999. Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						6,968,432	6,585,000	6,545,866	6,091,250		1,165		1,165		6,556,410		412,022	412,022	309,946	XXX	XXX
15504R-GG-8	CENTRAL PUGET SOUND WA REGL TR 5% Due 11/1/2045 MN1 5.000% 11/01/45		09/14/2017	Aegis Capital Corp		9,443,804	8,120,000	9,654,355	9,620,733		2,774		2,774		9,623,507		(179,703)	(179,703)	357,506	11/01/2045	1FE
161045-KS-7	CHARLOTTE NC WTR & SWR SYS REV 5% Due 7/1/2033 JJ1 5.000% 07/01/33		08/15/2017	BOSC INC		833,063	750,000	788,310	764,695		(2,489)		(2,489)		762,206		70,857	70,857	42,396	07/01/2033	1FE
235036-F7-0	DALLAS FORT WORTH TEX INTL ARP 5% Due 11/1/2038 MN1 5.000% 11/01/38		08/30/2017	MERRILL LYNCH - RS TRADES - MU		10,902,700	10,000,000	10,117,200	4,870,428		(1,676)		(1,676)		10,124,803		777,897	777,897	422,222	11/01/2038	1FE
235036-R3-6	DALLAS FORT WORTH TEX INTL ARP 5 1/4% Due 11/1/2031 MN1 5.250% 11/01/31		07/13/2017	JEFFERIES & COMPANY INC.		12,417,598	10,520,000	10,903,244	10,798,609		(18,520)		(18,520)		10,780,089		1,637,509	1,637,509	394,281	11/01/2031	1FE
31283H-Q8-1	FREDDIE MAC 7 1/2% Due 2/1/2032 Mo-1 7.500% 02/01/32		09/01/2017	Paydown		432	432	452	446		(14)		(14)		432				22	02/01/2032	1
31287Q-7G-0	FREDDIE MAC 6 1/2% Due 4/1/2032 Mo-1 6.500% 04/01/32		09/01/2017	Paydown		1,100	1,100	1,145	1,127		(27)		(27)		1,100				48	04/01/2032	1
31287U-AX-0	FREDDIE MAC 7 1/2% Due 6/1/2032 Mo-1 7.500% 06/01/32		09/01/2017	Paydown		1,908	1,908	1,999	1,961		(53)		(53)		1,908				96	06/01/2032	1
31287U-JM-5	FREDDIE MAC 7 1/2% Due 6/1/2032 Mo-1 7.500% 06/01/32		09/01/2017	Paydown		904	904	947	932		(28)		(28)		904				45	06/01/2032	1
31287U-JN-3	FREDDIE MAC 7 1/2% Due 6/1/2032 Mo-1 7.500% 06/01/32		09/01/2017	Paydown		42,358	42,358	44,370	43,539		(1,181)		(1,181)		42,358				2,373	06/01/2032	1
31288D-CE-7	FREDDIE MAC 7 1/2% Due 12/1/2032 Mo-1 7.500% 12/01/32		09/01/2017	Paydown		49	49	51	50		(1)		(1)		49				2	12/01/2032	1
31288J-ZU-3	FREDDIE MAC 6 1/2% Due 4/1/2033 Mo-1 6.500% 04/01/33		09/01/2017	Paydown		2,080	2,080	2,174	2,143		(62)		(62)		2,080				90	04/01/2033	1
3128M6-RR-1	FREDDIE MAC 7% Due 9/1/2038 Mo-1 7.000% 09/01/38		09/01/2017	Paydown		4,754	4,754	4,953	4,914		(160)		(160)		4,754				219	09/01/2038	1
31292G-GS-9	FREDDIE MAC 7 1/2% Due 2/1/2023 Mo-1 7.500% 02/01/23		09/01/2017	Paydown		28	28	30	29						28				1	02/01/2023	1
31292H-PJ-7	FREDDIE MAC 7 1/2% Due 1/1/2032 Mo-1 7.500% 01/01/32		09/01/2017	Paydown		322	322	337	331		(9)		(9)		322				16	01/01/2032	1
31292K-6A-0	FREDDIE MAC 4% Due 12/1/2040 Mo-1 4.000% 12/01/40		09/01/2017	Paydown		114,047	114,047	114,323	114,082		(34)		(34)		114,047				2,678	12/01/2040	1
312943-UG-6	FREDDIE MAC 4% Due 11/1/2040 Mo-1 4.000% 11/01/40		09/01/2017	Paydown		195,145	195,145	195,618	195,464		(319)		(319)		195,145				5,243	11/01/2040	1
312943-WG-4	FREDDIE MAC 4% Due 11/1/2040 Mo-1 4.000% 11/01/40		09/01/2017	Paydown		24,990	24,990	25,051	25,004		(14)		(14)		24,990				593	11/01/2040	1
312946-L6-1	FREDDIE MAC 4% Due 3/1/2041 Mo-1 4.000% 03/01/41		09/01/2017	Paydown		408,874	408,874	395,713	398,120		10,754		10,754		408,874				10,626	03/01/2041	1
31296R-H8-4	FREDDIE MAC 6 1/2% Due 12/1/2033 Mo-1 6.500% 12/01/33		09/01/2017	Paydown		4,094	4,094	4,227	4,179		(85)		(85)		4,094				177	12/01/2033	1
31296S-YF-7	FREDDIE MAC 6 1/2% Due 1/1/2034 Mo-1 6.500% 01/01/34		09/01/2017	Paydown		368	368	380	375		(8)		(8)		368				16	01/01/2034	1
31298M-7F-8	FREDDIE MAC 7 1/2% Due 5/1/2031 Mo-1 7.500% 05/01/31		09/01/2017	Paydown		178	178	186	185		(8)		(8)		178				9	05/01/2031	1
313626-ZH-9	FANNIE MAE 9 3/4% Due 8/1/2019 Mo-1 9.750% 08/01/19		09/01/2017	Paydown		22	22	22	22						22				2	08/01/2019	1
31362K-CT-7	FANNIE MAE 9 3/4% Due 6/1/2018 Mo-1 9.750% 06/01/18		09/01/2017	Paydown		104	104	104	104						104				7	06/01/2018	1

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Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
313637-FB-1	FANNIE MAE 6.64% Due 3/1/2028 Mo-1 6.640% 03/01/28		09/01/2017	Paydown		237	237	237	237						237				10	03/01/2028	1
313637-FH-8	FANNIE MAE 6.64% Due 7/1/2028 Mo-1 6.640% 07/01/28		09/01/2017	Paydown		231	231	231	231						231				10	07/01/2028	1
313637-LM-0	FANNIE MAE 6.24% Due 7/1/2029 Mo-1 6.240% 07/01/29		09/01/2017	Paydown		216	216	216	216						216				9	07/01/2029	1
31363C-BZ-1	FANNIE MAE 9 1/2% Due 10/1/2019 Mo-1 9.500% 10/01/19		09/01/2017	Paydown		32	32	32	32						32				2	10/01/2019	1
31371G-2Y-5	FANNIE MAE 7% Due 8/1/2028 Mo-1 7.000% 08/01/28		09/01/2017	Paydown		6,221	6,221	6,572	6,427		(206)		(206)		6,221				291	08/01/2028	1
31371G-4T-4	FANNIE MAE 7% Due 9/1/2028 Mo-1 7.000% 09/01/28		09/01/2017	Paydown		1,297	1,297	1,370	1,347		(50)		(50)		1,297				55	09/01/2028	1
31371H-BY-3	FANNIE MAE 7% Due 10/1/2028 Mo-1 7.000% 10/01/28		09/01/2017	Paydown		2,983	2,983	3,152	3,104		(120)		(120)		2,983				139	10/01/2028	1
31371H-D9-6	FANNIE MAE 7% Due 12/1/2028 Mo-1 7.000% 12/01/28		09/01/2017	Paydown		7,294	7,294	7,706	7,543		(249)		(249)		7,294				340	12/01/2028	1
31371H-F2-9	FANNIE MAE 7% Due 12/1/2028 Mo-1 7.000% 12/01/28		09/01/2017	Paydown		240	240	254	250		(10)		(10)		240				11	12/01/2028	1
31371H-HL-5	FANNIE MAE 7% Due 2/1/2029 Mo-1 7.000% 02/01/29		09/01/2017	Paydown		100	100	106	104		(4)		(4)		100				5	02/01/2029	1
31371H-KX-5	FANNIE MAE 7% Due 3/1/2029 Mo-1 7.000% 03/01/29		09/01/2017	Paydown		1,931	1,931	2,039	1,997		(66)		(66)		1,931				90	03/01/2029	1
31371H-PB-8	FANNIE MAE 7% Due 5/1/2029 Mo-1 7.000% 05/01/29		09/01/2017	Paydown		796	796	841	828		(32)		(32)		796				37	05/01/2029	1
31371H-YB-8	FANNIE MAE 7 1/2% Due 10/1/2029 Mo-1 7.500% 10/01/29		09/01/2017	Paydown		664	664	700	692		(28)		(28)		664				32	10/01/2029	1
31371K-BU-4	FANNIE MAE 7 1/2% Due 9/1/2031 Mo-1 7.500% 09/01/31		09/01/2017	Paydown		307	307	324	318		(11)		(11)		307				16	09/01/2031	1
31371K-NJ-6	FANNIE MAE 7 1/2% Due 4/1/2032 Mo-1 7.500% 04/01/32		09/01/2017	Paydown		874	874	936	915		(41)		(41)		874				43	04/01/2032	1
31371K-P8-8	FANNIE MAE 7% Due 6/1/2032 Mo-1 7.000% 06/01/32		09/01/2017	Paydown		7,209	7,209	7,511	7,426		(217)		(217)		7,209				359	06/01/2032	1
31371K-R4-5	FANNIE MAE 7% Due 8/1/2032 Mo-1 7.000% 08/01/32		09/01/2017	Paydown		6,520	6,520	6,805	6,520						6,520				322	08/01/2032	1
31375H-E5-9	FANNIE MAE 7% Due 2/1/2026 Mo-1 7.000% 02/01/26		09/01/2017	Paydown		121	121	117	119		2		2		121				6	02/01/2026	1
31384W-K5-8	FANNIE MAE 8% Due 5/1/2031 Mo-1 8.000% 05/01/31		09/01/2017	Paydown		1,621	1,621	1,622	1,620		1		1		1,621				88	05/01/2031	1
31385H-XF-4	FANNIE MAE 7 1/2% Due 11/1/2031 Mo-1 7.500% 11/01/31		09/01/2017	Paydown		65	65	69	68		(3)		(3)		65				3	11/01/2031	1
31385X-N9-4	FANNIE MAE 6 1/2% Due 4/1/2018 Mo-1 6.500% 04/01/18		09/01/2017	Paydown		3,551	3,551	3,715	3,564		(13)		(13)		3,551				153	04/01/2018	1
31387X-2G-9	FANNIE MAE 8% Due 9/1/2031 Mo-1 8.000% 09/01/31		09/01/2017	Paydown		582	582	582	581		1		1		582				31	09/01/2031	1
31387X-GX-7	FANNIE MAE 8% Due 8/1/2031 Mo-1 8.000% 08/01/31		09/01/2017	Paydown		3,105	3,105	3,107	3,101		5		5		3,105				143	08/01/2031	1
31388J-W9-2	FANNIE MAE 8% Due 9/1/2031 Mo-1 8.000% 09/01/31		09/01/2017	Paydown		3,500	3,500	3,501	3,495		5		5		3,500				185	09/01/2031	1
31388Q-VX-4	FANNIE MAE 7% Due 7/1/2029 Mo-1 7.000% 07/01/29		09/01/2017	Paydown		444	444	470	452		(7)		(7)		444				21	07/01/2029	1
3138A1-J3-6	FANNIE MAE 4% Due 12/1/2040 Mo-1 4.000% 12/01/40		09/01/2017	Paydown		134,093	134,093	142,966	142,675		(8,583)		(8,583)		134,093				3,560	12/01/2040	1
3138E6-VW-3	FANNIE MAE 3 1/2% Due 2/1/2042 Mo-1 3.500% 02/01/42		09/01/2017	Paydown		55,163	55,163	56,017	55,963		(799)		(799)		55,163				1,031	02/01/2042	1
3138E9-D9-8	FANNIE MAE 3 1/2% Due 7/1/2042 Mo-1 3.500% 07/01/42		09/01/2017	Paydown		7,861	7,861	7,983	7,972		(111)		(111)		7,861				161	07/01/2042	1
3138EJ-TK-4	FANNIE MAE 3 1/2% Due 8/1/2042 Mo-1 3.500% 08/01/42		09/01/2017	Paydown		38,489	38,489	39,084	39,028		(539)		(539)		38,489				794	08/01/2042	1

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Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
3138EP-AM-6	FANNIE MAE 4 1/2% Due 11/1/2044 Mo-1 4.500% 11/01/44		09/01/2017	Paydown		504,332	504,332	543,833	535,230		(30,898)		(30,898)		504,332				16,012	11/01/2044	1
3138LU-VL-6	FANNIE MAE 3 1/2% Due 7/1/2042 Mo-1 3.500% 07/01/42		09/01/2017	Paydown		3,573	3,573	3,628	3,622		(49)		(49)		3,573				73	07/01/2042	1
3138LW-DV-0	FANNIE MAE 3 1/2% Due 7/1/2042 Mo-1 3.500% 07/01/42		09/01/2017	Paydown		4,020	4,020	4,082	4,076		(57)		(57)		4,020				82	07/01/2042	1
3138M5-3B-3	FANNIE MAE 4% Due 8/1/2042 Mo-1 4.000% 08/01/42		09/01/2017	Paydown		115,858	115,858	123,525	122,660		(6,802)		(6,802)		115,858				3,459	08/01/2042	1
3138M9-PP-0	FANNIE MAE 3 1/2% Due 11/1/2042 Mo-1 3.500% 11/01/42		09/01/2017	Paydown		6,604	6,604	6,706	6,694		(90)		(90)		6,604				135	11/01/2042	1
3138MJ-7G-8	FANNIE MAE 3 1/2% Due 11/1/2042 Mo-1 3.500% 11/01/42		09/01/2017	Paydown		9,922	9,922	10,075	10,059		(137)		(137)		9,922				201	11/01/2042	1
3138ML-B4-5	FANNIE MAE 3 1/2% Due 12/1/2042 Mo-1 3.500% 12/01/42		09/01/2017	Paydown		30,951	30,951	31,429	31,380		(429)		(429)		30,951				611	12/01/2042	1
3138W6-GB-6	FANNIE MAE 3% Due 5/1/2043 Mo-1 3.000% 05/01/43		09/01/2017	Paydown		109,801	109,801	106,940	107,056		2,746		2,746		109,801				1,959	05/01/2043	1
3138W7-5S-9	FANNIE MAE 3% Due 4/1/2043 Mo-1 3.000% 04/01/43		09/01/2017	Paydown		27,300	27,300	26,592	26,606		693		693		27,300				459	04/01/2043	1
3138W7-NW-0	FANNIE MAE 3 1/2% Due 6/1/2043 Mo-1 3.500% 06/01/43		09/01/2017	Paydown		4,094	4,094	4,157	4,150		(56)		(56)		4,094				84	06/01/2043	1
3138W9-2G-4	FANNIE MAE 3% Due 10/1/2043 Mo-1 3.000% 10/01/43		09/01/2017	Paydown		98,505	98,505	95,951	96,029		2,475		2,475		98,505				1,762	10/01/2043	1
3138W9-KP-4	FANNIE MAE 3% Due 8/1/2043 Mo-1 3.000% 08/01/43		09/01/2017	Paydown		93,979	93,979	91,530	91,640		2,339		2,339		93,979				1,614	08/01/2043	1
3138W9-KT-6	FANNIE MAE 3% Due 8/1/2043 Mo-1 3.000% 08/01/43		09/01/2017	Paydown		114,354	114,354	111,374	111,509		2,846		2,846		114,354				2,026	08/01/2043	1
3138W9-PA-2	FANNIE MAE 4% Due 9/1/2043 Mo-1 4.000% 09/01/43		09/01/2017	Paydown		1,598,350	1,598,350	1,700,058	1,697,746		(99,396)		(99,396)		1,598,350				37,429	09/01/2043	1
3138WA-RV-1	FANNIE MAE 3 1/2% Due 12/1/2043 Mo-1 3.500% 12/01/43		09/01/2017	Paydown		10,156	10,156	10,313	10,273		(117)		(117)		10,156				218	12/01/2043	1
3138WB-3A-1	FANNIE MAE 3 1/2% Due 6/1/2044 Mo-1 3.500% 06/01/44		09/01/2017	Paydown		39,000	39,000	39,664	39,549		(548)		(548)		39,000				841	06/01/2044	1
3138WD-5T-4	FANNIE MAE 3 1/2% Due 2/1/2045 Mo-1 3.500% 02/01/45		09/01/2017	Paydown		2,798,064	2,798,064	2,935,125	2,909,011		(110,947)		(110,947)		2,798,064				58,597	02/01/2045	1
3138WD-BH-3	FANNIE MAE 4% Due 10/1/2044 Mo-1 4.000% 10/01/44		09/01/2017	Paydown		99,116	99,116	105,469	104,184		(5,068)		(5,068)		99,116				2,315	10/01/2044	1
3138WD-LV-1	FANNIE MAE 3 1/2% Due 12/1/2044 Mo-1 3.500% 12/01/44		09/01/2017	Paydown		216,429	216,429	220,993	219,277		(2,848)		(2,848)		216,429				4,444	12/01/2044	1
3138WD-LW-9	FANNIE MAE 3 1/2% Due 12/1/2044 Mo-1 3.500% 12/01/44		09/01/2017	Paydown		261,116	261,116	266,623	264,509		(3,393)		(3,393)		261,116				5,284	12/01/2044	1
3138WD-LZ-2	FANNIE MAE 3 1/2% Due 12/1/2044 Mo-1 3.500% 12/01/44		09/01/2017	Paydown		1,037,824	1,037,824	1,059,712	1,051,835		(14,010)		(14,010)		1,037,824				21,846	12/01/2044	1
3138WD-Y8-8	FANNIE MAE 3% Due 1/1/2045 Mo-1 3.000% 01/01/45		09/01/2017	Paydown		32,181	32,181	31,421	31,535		646		646		32,181				563	01/01/2045	1
3138WD-Y9-6	FANNIE MAE 3% Due 1/1/2045 Mo-1 3.000% 01/01/45		09/01/2017	Paydown		21,558	21,558	21,049	21,118		440		440		21,558				377	01/01/2045	1
3138WE-JX-8	FANNIE MAE 3 1/2% Due 4/1/2045 Mo-1 3.500% 04/01/45		09/01/2017	Paydown		332,403	332,403	349,699	348,426		(16,023)		(16,023)		332,403				6,708	04/01/2045	1
3138WE-KS-7	FANNIE MAE 3 1/2% Due 4/1/2045 Mo-1 3.500% 04/01/45		09/01/2017	Paydown		1,254,372	1,254,372	1,315,817	1,300,197		(45,825)		(45,825)		1,254,372				25,973	04/01/2045	1
3138WE-Q3-6	FANNIE MAE 3% Due 5/1/2045 Mo-1 3.000% 05/01/45		09/01/2017	Paydown		9,355	9,355	9,113	9,151		204		204		9,355				170	05/01/2045	1
3138WF-D8-6	FANNIE MAE 3 1/2% Due 7/1/2045 Mo-1 3.500% 07/01/45		09/01/2017	Paydown		648,167	648,167	679,917	674,012		(25,845)		(25,845)		648,167				13,247	07/01/2045	1
3138WF-KF-2	FANNIE MAE 3% Due 8/1/2045 Mo-1 3.000% 08/01/45		09/01/2017	Paydown		18,612	18,612	18,130	18,179		433		433		18,612				305	08/01/2045	1
3138WF-LC-8	FANNIE MAE 3 1/2% Due 9/1/2045 Mo-1 3.500% 09/01/45		09/01/2017	Paydown		790,658	790,658	825,289	815,147		(24,489)		(24,489)		790,658				16,513	09/01/2045	1

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1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
3138WF-XF-8	FANNIE MAE 3 1/2% Due 10/1/2045 Mo-1 3.500% 10/01/45		09/01/2017	Paydown		263,226	263,226	276,922	275,251		(12,025)		(12,025)		263,226				5,530	10/01/2045	1
3138WG-A6-1	FANNIE MAE 3 1/2% Due 12/1/2045 Mo-1 3.500% 12/01/45		09/01/2017	Paydown		166,736	166,736	175,411	174,479		(7,743)		(7,743)		166,736				3,399	12/01/2045	1
3138WH-YE-6	FANNIE MAE 3% Due 9/1/2046 Mo-1 3.000% 09/01/46		09/01/2017	Paydown		3,237,712	3,237,712	3,163,261	3,163,294		74,418		74,418		3,237,712				57,786	09/01/2046	1
3138WM-SR-3	FANNIE MAE 3% Due 8/1/2043 Mo-1 3.000% 08/01/43		09/01/2017	Paydown		228,560	228,560	222,603	222,907		5,653		5,653		228,560				3,745	08/01/2043	1
3138WP-LH-5	FANNIE MAE 3% Due 4/1/2043 Mo-1 3.000% 04/01/43		09/01/2017	Paydown		98,781	98,781	96,207	96,300		2,481		2,481		98,781				1,677	04/01/2043	1
3138WV-BK-6	FANNIE MAE 3% Due 8/1/2043 Mo-1 3.000% 08/01/43		09/01/2017	Paydown		70,933	70,933	69,085	69,184		1,749		1,749		70,933				1,267	08/01/2043	1
3138X0-3Q-9	FANNIE MAE 3% Due 8/1/2043 Mo-1 3.000% 08/01/43		09/01/2017	Paydown		30,395	30,395	29,603	29,646		749		749		30,395				535	08/01/2043	1
3138X0-Y9-3	FANNIE MAE 3 1/2% Due 7/1/2043 Mo-1 3.500% 07/01/43		09/01/2017	Paydown		89,020	89,020	89,841	89,705		(685)		(685)		89,020				1,811	07/01/2043	1
3138X0-ZA-9	FANNIE MAE 3 1/2% Due 7/1/2043 Mo-1 3.500% 07/01/43		09/01/2017	Paydown		22,714	22,714	23,065	23,000		(286)		(286)		22,714				458	07/01/2043	1
3138X1-AR-7	FANNIE MAE 3% Due 8/1/2043 Mo-1 3.000% 08/01/43		09/01/2017	Paydown		19,796	19,796	19,280	19,309		487		487		19,796				350	08/01/2043	1
3138X1-FH-4	FANNIE MAE 3% Due 7/1/2043 Mo-1 3.000% 07/01/43		09/01/2017	Paydown		92,106	92,106	89,705	89,814		2,292		2,292		92,106				1,774	07/01/2043	1
3138X2-RR-7	FANNIE MAE 3% Due 8/1/2043 Mo-1 3.000% 08/01/43		09/01/2017	Paydown		113,237	113,237	110,286	110,419		2,818		2,818		113,237				2,008	08/01/2043	1
3138X2-T9-5	FANNIE MAE 3 1/2% Due 8/1/2043 Mo-1 3.500% 08/01/43		09/01/2017	Paydown		3,021	3,021	3,073	3,067		(45)		(45)		3,021				62	08/01/2043	1
3138X3-GV-8	FANNIE MAE 3% Due 8/1/2043 Mo-1 3.000% 08/01/43		09/01/2017	Paydown		6,890	6,890	6,712	6,717		173		173		6,890				114	08/01/2043	1
3138X3-L7-5	FANNIE MAE 3% Due 8/1/2043 Mo-1 3.000% 08/01/43		09/01/2017	Paydown		26,254	26,254	25,570	25,603		651		651		26,254				458	08/01/2043	1
3138X3-YK-2	FANNIE MAE 3% Due 8/1/2043 Mo-1 3.000% 08/01/43		09/01/2017	Paydown		33,937	33,937	33,052	33,095		841		841		33,937				597	08/01/2043	1
3138X5-JZ-1	FANNIE MAE 3% Due 9/1/2043 Mo-1 3.000% 09/01/43		09/01/2017	Paydown		32,188	32,188	31,349	31,390		798		798		32,188				561	09/01/2043	1
3138X5-SG-3	FANNIE MAE 3% Due 9/1/2043 Mo-1 3.000% 09/01/43		09/01/2017	Paydown		102,964	102,964	100,280	100,414		2,550		2,550		102,964				1,890	09/01/2043	1
3138X6-PV-1	FANNIE MAE 3% Due 10/1/2043 Mo-1 3.000% 10/01/43		09/01/2017	Paydown		127,780	127,780	124,450	124,632		3,148		3,148		127,780				2,192	10/01/2043	1
3138X7-W3-3	FANNIE MAE 3% Due 9/1/2043 Mo-1 3.000% 09/01/43		09/01/2017	Paydown		192,974	192,974	187,945	188,252		4,722		4,722		192,974				3,480	09/01/2043	1
3138XH-MC-2	FANNIE MAE 3 1/2% Due 12/1/2043 Mo-1 3.500% 12/01/43		09/01/2017	Paydown		7,586	7,586	7,703	7,670		(85)		(85)		7,586				155	12/01/2043	1
3138Y2-3J-0	FANNIE MAE 3% Due 11/1/2044 Mo-1 3.000% 11/01/44		09/01/2017	Paydown		412	412	402	403		9		9		412				7	11/01/2044	1
3138Y5-YH-3	FANNIE MAE 3% Due 2/1/2045 Mo-1 3.000% 02/01/45		09/01/2017	Paydown		25,870	25,870	25,260	25,331		539		539		25,870				451	02/01/2045	1
3138Y6-NT-7	FANNIE MAE 3 1/2% Due 12/1/2044 Mo-1 3.500% 12/01/44		09/01/2017	Paydown		1,372,282	1,372,282	1,401,223	1,391,265		(18,983)		(18,983)		1,372,282				28,138	12/01/2044	1
3138Y8-HE-3	FANNIE MAE 3 1/2% Due 12/1/2044 Mo-1 3.500% 12/01/44		09/01/2017	Paydown		369,320	369,320	377,109	374,073		(4,753)		(4,753)		369,320				7,732	12/01/2044	1
3138Y9-EJ-3	FANNIE MAE 3% Due 9/1/2044 Mo-1 3.000% 09/01/44		09/01/2017	Paydown		53,899	53,899	52,627	52,732		1,167		1,167		53,899				919	09/01/2044	1
3138YB-Q5-5	FANNIE MAE 4% Due 1/1/2045 Mo-1 4.000% 01/01/45		09/01/2017	Paydown		69,684	69,684	74,150	72,895		(3,211)		(3,211)		69,684				1,678	01/01/2045	1
3138YD-DQ-9	FANNIE MAE 3% Due 1/1/2045 Mo-1 3.000% 01/01/45		09/01/2017	Paydown		204,441	204,441	199,616	200,170		4,271		4,271		204,441				3,387	01/01/2045	1
3138YD-F4-6	FANNIE MAE 3% Due 12/1/2044 Mo-1 3.000% 12/01/44		09/01/2017	Paydown		4,837	4,837	4,723	4,732		105		105		4,837				85	12/01/2044	1

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Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
3138YF-AZ-7	FANNIE MAE 3% Due 1/1/2045 Mo-1 3.000% 01/01/45		09/01/2017	Paydown		18,599	18,599	18,160	18,217		381		381		18,599				306	01/01/2045	1
3138YF-GV-0	FANNIE MAE 4% Due 2/1/2045 Mo-1 4.000% 02/01/45		09/01/2017	Paydown		3,794	3,794	4,037	3,967		(173)		(173)		3,794				89	02/01/2045	1
3138YJ-MR-4	FANNIE MAE 3% Due 6/1/2045 Mo-1 3.000% 06/01/45		09/01/2017	Paydown		52,765	52,765	51,400	51,697		1,068		1,068		52,765				917	06/01/2045	1
3138YN-PE-1	FANNIE MAE 3% Due 7/1/2045 Mo-1 3.000% 07/01/45		09/01/2017	Paydown		18,832	18,832	18,388	18,442		390		390		18,832				321	07/01/2045	1
3138YP-AY-8	FANNIE MAE 3% Due 5/1/2045 Mo-1 3.000% 05/01/45		09/01/2017	Paydown		21,080	21,080	20,535	20,644		437		437		21,080				363	05/01/2045	1
3138YS-BR-6	FANNIE MAE 3% Due 8/1/2045 Mo-1 3.000% 08/01/45		09/01/2017	Paydown		67,238	67,238	65,498	65,869		1,369		1,369		67,238				1,044	08/01/2045	1
3138YT-4Q-4	FANNIE MAE 3% Due 9/1/2045 Mo-1 3.000% 09/01/45		09/01/2017	Paydown		21,406	21,406	20,852	20,951		455		455		21,406				333	09/01/2045	1
3138YU-HS-3	FANNIE MAE 3 1/2% Due 9/1/2045 Mo-1 3.500% 09/01/45		09/01/2017	Paydown		563,144	563,144	586,286	581,475		(18,330)		(18,330)		563,144				11,754	09/01/2045	1
3138YV-ZN-2	FANNIE MAE 3% Due 7/1/2045 Mo-1 3.000% 07/01/45		09/01/2017	Paydown		21,325	21,325	20,773	20,890		435		435		21,325				331	07/01/2045	1
3138YX-4Z-5	FANNIE MAE 3% Due 9/1/2045 Mo-1 3.000% 09/01/45		09/01/2017	Paydown		4,431	4,431	4,316	4,339		93		93		4,431				78	09/01/2045	1
3138YX-RQ-0	FANNIE MAE 3% Due 9/1/2045 Mo-1 3.000% 09/01/45		09/01/2017	Paydown		57,747	57,747	56,253	56,512		1,235		1,235		57,747				1,051	09/01/2045	1
3138YX-Y6-6	FANNIE MAE 3% Due 9/1/2045 Mo-1 3.000% 09/01/45		09/01/2017	Paydown		4,891	4,891	4,764	4,808		82		82		4,891				82	09/01/2045	1
31390A-G4-6	FANNIE MAE 7% Due 2/1/2032 Mo-1 7.000% 02/01/32		09/01/2017	Paydown		451	451	477	465		(14)		(14)		451				21	02/01/2032	1
31390F-QJ-1	FANNIE MAE 7% Due 5/1/2032 Mo-1 7.000% 05/01/32		09/01/2017	Paydown		699	699	723	710		(11)		(11)		699				31	05/01/2032	1
31390N-PR-7	FANNIE MAE 6 1/2% Due 7/1/2017 Mo-1 6.500% 07/01/17		07/01/2017	Paydown		256	256	268	256						256				10	07/01/2017	1
31392F-4F-1	FNR 2002-77 5 1/2% Due 12/25/2032 Mo-1 5.500% 12/25/32		09/01/2017	Paydown		106,595	106,595	120,034	115,277		(8,681)		(8,681)		106,595				4,001	12/25/2032	1FE
31397F-Y3-0	FHR 3291 5 1/2% Due 3/15/2037 Mo-1 5.500% 03/15/37		09/01/2017	Paydown		388,794	388,794	373,257	382,863		5,931		5,931		388,794				13,992	03/15/2037	1FE
31402C-UJ-9	FANNIE MAE 5% Due 2/1/2019 Mo-1 5.000% 02/01/19		09/01/2017	Paydown		35,758	35,758	36,237	35,794		(36)		(36)		35,758				1,194	02/01/2019	1
31407J-DD-1	FANNIE MAE 6 1/2% Due 9/1/2036 Mo-1 6.500% 09/01/36		09/01/2017	Paydown		38,625	38,625	43,061	42,907		(4,282)		(4,282)		38,625				1,766	09/01/2036	1
31407S-EK-4	FANNIE MAE 5 1/2% Due 11/1/2035 Mo-1 5.500% 11/01/35		09/01/2017	Paydown		8,732	8,732	8,550	8,586		146		146		8,732				321	11/01/2035	1
31408H-PN-9	FANNIE MAE 6% Due 1/1/2036 Mo-1 6.000% 01/01/36		09/01/2017	Paydown		823	823	831	828		(5)		(5)		823				33	01/01/2036	1
3140E1-4J-9	FANNIE MAE 3% Due 9/1/2045 Mo-1 3.000% 09/01/45		09/01/2017	Paydown		247,436	247,436	241,034	243,198		4,238		4,238		247,436				4,325	09/01/2045	1
3140E1-BU-6	FANNIE MAE 3% Due 9/1/2045 Mo-1 3.000% 09/01/45		09/01/2017	Paydown		120,154	120,154	117,045	117,877		2,277		2,277		120,154				2,378	09/01/2045	1
3140E1-SF-1	FANNIE MAE 3% Due 9/1/2045 Mo-1 3.000% 09/01/45		09/01/2017	Paydown		251,786	251,786	245,271	246,562		5,224		5,224		251,786				4,620	09/01/2045	1
3140EU-LG-2	FANNIE MAE 3 1/2% Due 12/1/2045 Mo-1 3.500% 12/01/45		09/01/2017	Paydown		337,349	337,349	354,902	353,270		(15,921)		(15,921)		337,349				6,970	12/01/2045	1
3140EY-R2-9	FANNIE MAE 3 1/2% Due 2/1/2046 Mo-1 3.500% 02/01/46		09/01/2017	Paydown		566,728	566,728	596,215	592,967		(26,239)		(26,239)		566,728				10,850	02/01/2046	1
31410X-VS-2	FANNIE MAE 6% Due 8/1/2021 Mo-1 6.000% 08/01/21		09/01/2017	Paydown		21,084	21,084	21,268	21,108		(23)		(23)		21,084				879	08/01/2021	1
31411G-JU-7	FANNIE MAE Flt % Due 12/1/2036 Mo-1 3.372% 12/01/36		09/01/2017	Paydown		3,322	3,322	3,342	3,359		(37)		(37)		3,322				72	12/01/2036	1
31412S-RC-1	FANNIE MAE 6 1/2% Due 3/1/2038 Mo-1 6.500% 03/01/38		09/01/2017	Paydown		1,846	1,846	2,058	2,059		(213)		(213)		1,846				80	03/01/2038	1

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1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value 11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
31412X-4V-3	FANNIE MAE 5 1/2% Due 7/1/2022 Mo-1 5.500% 07/01/22		09/01/2017	Paydown		62,414	62,414	63,779	62,977		(563)		(563)		62,414				2,219	07/01/2022	1
31413D-S5-7	FANNIE MAE 6 1/2% Due 8/1/2037 Mo-1 6.500% 08/01/37		09/01/2017	Paydown		5,831	5,831	6,501	6,389		(558)		(558)		5,831				253	08/01/2037	1
31413F-5A-6	FANNIE MAE 6 1/2% Due 7/1/2037 Mo-1 6.500% 07/01/37		09/01/2017	Paydown		1,333	1,333	1,486	1,486		(153)		(153)		1,333				58	07/01/2037	1
31413L-LL-1	FANNIE MAE 6% Due 8/1/2037 Mo-1 6.000% 08/01/37		09/01/2017	Paydown		4,103	4,103	4,527	4,505		(402)		(402)		4,103				149	08/01/2037	1
31413T-T9-3	FANNIE MAE 6 1/2% Due 11/1/2037 Mo-1 6.500% 11/01/37		09/01/2017	Paydown		13,136	13,136	14,644	14,536		(1,400)		(1,400)		13,136				570	11/01/2037	1
31414P-U3-1	FANNIE MAE 6 1/2% Due 2/1/2038 Mo-1 6.500% 02/01/38		09/01/2017	Paydown		36,600	36,600	40,803	40,588		(3,989)		(3,989)		36,600				1,405	02/01/2038	1
31414R-CN-3	FANNIE MAE 5% Due 3/1/2038 Mo-1 5.000% 03/01/38		09/01/2017	Paydown		120,879	120,879	131,900	131,500		(10,621)		(10,621)		120,879				3,757	03/01/2038	1
31414R-PN-9	FANNIE MAE 5% Due 4/1/2038 Mo-1 5.000% 04/01/38		09/01/2017	Paydown		51,796	51,796	56,518	56,242		(4,447)		(4,447)		51,796				1,463	04/01/2038	1
31416V-R9-7	FANNIE MAE 6 1/2% Due 11/1/2038 Mo-1 6.500% 11/01/38		09/01/2017	Paydown		151,722	151,722	169,146	168,638		(16,917)		(16,917)		151,722				5,770	11/01/2038	1
31417B-NC-7	FANNIE MAE 3 1/2% Due 4/1/2042 Mo-1 3.500% 04/01/42		09/01/2017	Paydown		3,367	3,367	3,419	3,415		(48)		(48)		3,367				69	04/01/2042	1
31417E-MS-7	FANNIE MAE 3% Due 1/1/2043 Mo-1 3.000% 01/01/43		09/01/2017	Paydown		22,705	22,705	22,117	22,129		576		576		22,705				397	01/01/2043	1
31417E-MU-2	FANNIE MAE 3% Due 1/1/2043 Mo-1 3.000% 01/01/43		09/01/2017	Paydown		110,982	110,982	108,105	108,171		2,811		2,811		110,982				1,898	01/01/2043	1
31417F-NR-5	FANNIE MAE 3% Due 2/1/2043 Mo-1 3.000% 02/01/43		09/01/2017	Paydown		11,091	11,091	10,803	10,810		281		281		11,091				193	02/01/2043	1
31417G-T5-5	FANNIE MAE 3 1/2% Due 6/1/2043 Mo-1 3.500% 06/01/43		09/01/2017	Paydown		31,773	31,773	32,264	32,198		(425)		(425)		31,773				613	06/01/2043	1
31418A-XY-9	FANNIE MAE 4 1/2% Due 9/1/2043 Mo-1 4.500% 09/01/43		09/01/2017	Paydown		595,161	595,161	641,777	640,455		(45,295)		(45,295)		595,161				16,843	09/01/2043	1
31418B-LF-1	FANNIE MAE 3 1/2% Due 12/1/2044 Mo-1 3.500% 12/01/44		09/01/2017	Paydown		713,678	713,678	728,729	724,352		(10,674)		(10,674)		713,678				14,656	12/01/2044	1
31418B-V5-2	FANNIE MAE 3% Due 10/1/2045 Mo-1 3.000% 10/01/45		09/01/2017	Paydown		33,712	33,712	32,839	33,000		711		711		33,712				601	10/01/2045	1
31418B-WF-9	FANNIE MAE 3 1/2% Due 11/1/2045 Mo-1 3.500% 11/01/45		09/01/2017	Paydown		415,003	415,003	435,267	428,154		(13,151)		(13,151)		415,003				8,467	11/01/2045	1
38122N-YJ-5	GOLDEN ST TOB 5% Due 6/1/2040 JD1 5.000% 06/01/40		08/10/2017	Various		13,487,149	11,795,000	13,056,950	12,924,576		(64,073)		(64,073)		12,860,503		626,647	626,647	372,568	06/01/2040	1FE
424682-BG-6	HEMPSTEAD TOWN NY LOCAL DEV CO MOLLOY COLLEGE PROJ 5.750% 07/01/39		08/16/2017	PIPELINE TRADING SYSTEMS		1,632,315	1,500,000	1,472,655	1,476,203		871		871		1,477,073		155,242	155,242	98,229	07/01/2039	2FE
452252-LG-2	ILLINOIS ST TOLL HIGHWAY AUTH 5% Due 12/1/2032 JD1 5.000% 12/01/32		08/11/2017	LOOP CAPTIAL		4,658,520	4,000,000	4,658,320	4,602,785		(36,680)		(36,680)		4,566,105		92,415	92,415	141,667	12/01/2032	1FE
49126K-KK-6	KENTUCKY ST ECON DEV FIN AUTH 4.000% 06/01/37		09/28/2017	Various		841,682	815,000	801,732			100		100		801,832		39,851	39,851	10,394	06/01/2037	1FE
544525-WJ-3	LOS ANGELES CA DEPT WTR & PWRR 5.000% 07/01/44		08/16/2017	WELLS FARGO SECURITIES LLC		5,872,600	5,000,000	5,732,250			(4,889)		(4,889)		5,727,361		145,239	145,239	69,444	07/01/2044	1FE
59259Y-5X-3	MET TRANS AUTH NY REV SER D 5% Due 11/15/2035 MN15 5.000% 11/15/35		09/21/2017	ROBERT W. BAIRD & CO.		5,887,000	5,000,000	5,654,400	5,579,227		(41,319)		(41,319)		5,537,908		349,092	349,092	215,278	11/15/2035	1FE
59261A-CW-5	MET TRANSPRTN AUTH NY REVENUE 5 1/4% Due 11/15/2056 MN15 5.250% 11/15/56		08/31/2017	JEFFERIES & COMPANY INC.		14,085,120	12,000,000	13,869,120	13,736,144		(106,668)		(106,668)		13,629,477		455,643	455,643	504,146	11/15/2056	1FE
59333P-Z9-2	MIAMI DADE CNTY FLA AVIATION AIRPORT 5.000% 10/01/40		08/14/2017	GOLDMAN SACHS		4,018,867	3,485,000	4,009,144							4,009,144		9,723	9,723		10/01/2040	1FE
628137-AG-6	MUSKOGEE OK INDL TRUST POLL CO 0.860% 06/01/27		07/13/2017	KEY BANK		3,000,000	3,000,000	3,000,000							3,000,000				7,322	06/01/2027	1FE
649519-CE-3	NEW YORK ST LIBERTY DEV CORP ENUE REF-7 WORLD TRADE CTR-CLA 5.000% 09/15/29		08/18/2017	RAMIREZ & CO INC		4,623,032	4,010,000	4,670,447	4,385,525		(42,915)		(42,915)		4,342,610		280,423	280,423	187,344	09/15/2029	1FE
66285W-TE-6	NORTH TEXAS TOLLWAY AUTHORITY REV UNREFUNDED 2016 1ST TIER S 5.625% 01/01/33		07/06/2017	Aegis Capital Corp		1,460,373	1,430,000	1,449,291	1,442,551		(6,555)		(6,555)		1,435,996		24,377	24,377	82,672	01/01/2033	1FE

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										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
71781X-CH-4	PHILADELPHIA PA AUTH FOR INDL 5.000% 09/01/37		07/05/2017	WELLS FARGO SECURITIES LLC		8,362,637	7,420,000	8,237,313			(28,554)		(28,554)		8,208,759		153,878	153,878	156,644	09/01/2037	1FE
85732G-UL-2	STATE PUBLIC SCH BLDG AUTH PAL 5% Due 6/1/2036 JD1 5.000% 06/01/36		09/20/2017	Tax Free Exchange		5,478,257	5,000,000	5,514,450	5,508,938		(30,681)		(30,681)		5,478,257				211,111	06/01/2036	1FE
91412G-RZ-0	UNIV OF CALIFORNIA CA REVENUES 5% Due 5/15/2036 MN15 5.000% 05/15/36		08/23/2017	RAMIREZ & CO INC		8,935,357	7,695,000	8,801,387	8,534,195		(79,139)		(79,139)		8,455,056		480,301	480,301	302,456	05/15/2036	1FE
944514-TL-2	WAYNE CNTY MICH ARPT 5% Due 12/1/2034 JD1 5.000% 12/01/34		08/29/2017	LOOP CAPTIAL		3,991,575	3,500,000	3,752,770	3,727,872		(14,233)		(14,233)		3,713,640		277,935	277,935	131,250	12/01/2034	1FE
3199999. Subtotal - Bonds - U.S. Special Revenues						143,748,338	128,856,689	140,542,871	112,258,364		(943,838)		(943,838)		138,351,015		5,397,326	5,397,326	4,220,286	XXX	XXX
000780-MP-8	AMAC 2003-11 5 1/2% Due 10/25/2033 Mo-1 5.500% 10/25/33		09/01/2017	Paydown		8,745	8,745	9,257	8,906		(161)		(161)		8,745				320	10/25/2033	1FM
00150*-AA-6	AIA COLCHIS LLC SENIOR SECURED NOTES 4.460% 12/31/31		08/10/2017	Redemption 100.0000		1,148,308	1,148,308	1,148,308							1,148,308				(17,549)	12/31/2031	2Z
00164V-AC-7	AMC NETWORKS INC 4 3/4% Due 12/15/2022 JD15 4.750% 12/15/22		07/26/2017	CREDIT SUISSE FIRST BOSTON		5,150,000	5,000,000	5,035,000	5,027,404		(3,543)		(3,543)		5,023,861		126,139	126,139	149,097	12/15/2022	3FE
00165C-AC-8	AMC ENTERTAINMENT HOLDINGS INC 6.125% 05/15/27		07/12/2017	Tax Free Exchange		5,018,095	5,000,000	5,018,750			(655)		(655)		5,018,095				97,830	05/15/2027	4FE
00165C-AD-6	AMC ENTERTAINMENT HOLDINGS INC BASIC 6.125% 05/15/27		08/02/2017	CITICORP SECURITIES		4,975,000	5,000,000	5,018,095			(202)		(202)		5,017,893		(42,893)	(42,893)	119,097	05/15/2027	5FE
00206R-AD-4	AT&T INC 6 1/2% Due 9/1/2037 MS1 6.500% 09/01/37		09/28/2017	WELLS FARGO SECURITIES LLC		2,378,580	2,000,000	1,991,360	1,992,341		365		365		1,992,706		385,874	385,874	141,194	09/01/2037	2FE
00206R-AR-3	AT&T INC 5.8% Due 2/15/2019 FA15 5.800% 02/15/19		08/01/2017	BANK OF AMERICA		3,178,170	3,000,000	3,278,850	3,254,974		(70,130)		(70,130)		3,184,844		(6,674)	(6,674)	168,683	02/15/2019	2FE
00206R-BH-4	AT&T INC 4.3% Due 12/15/2042 JD15 4.300% 12/15/42		09/26/2017	UBS WARBURG CONVERTIBLES		1,398,600	1,500,000	1,409,775	1,411,051		1,285		1,285		1,412,336		(13,736)	(13,736)	50,704	12/15/2042	2FE
00206R-DF-6	AT&T INC 6% Due 8/15/2040 FA15 6.000% 08/15/40		09/25/2017	J.P. MORGAN		3,085,048	2,740,000	2,875,575	2,862,589		(2,307)		(2,307)		2,860,282		224,766	224,766	183,580	08/15/2040	2FE
00206R-DJ-8	AT&T INC 4 1/2% Due 3/9/2048 MS9 4.500% 03/09/48		09/11/2017	WELLS FARGO SECURITIES LLC		13,579,550	15,000,000	14,887,350	14,887,961		1,134		1,134		14,889,095		(1,309,545)	(1,309,545)	686,250	03/09/2048	2FE
00234P-AH-5	AV HOMES INC 6.625% 05/15/22		08/04/2017	Tax Free Exchange		2,500,000	2,500,000	2,500,000							2,500,000				34,965	05/15/2022	4FE
002824-BC-3	ABBOTT LABORATORIES 2.350% 11/22/19		08/15/2017	BANK OF AMERICA		2,197,048	2,180,000	2,186,818			(1,163)		(1,163)		2,185,655		11,392	11,392	37,853	11/22/2019	2FE
004421-JM-6	ACE 2004-HE4 2.887% 12/25/34		09/25/2017	Paydown		475,515	475,515	408,645			66,869		66,869		475,515				7,531	12/25/2034	6FE
013093-AA-7	ALBERTSONS COS LLC/SAFEW 6 5/8% Due 6/15/2024 JD15 6.625% 06/15/24		08/08/2017	Tax Free Exchange		8,600,114	8,500,000	8,610,600	6,732,190		(8,876)		(8,876)		8,600,114				364,467	06/15/2024	4FE
021345-AA-1	ALTA WIND HOLDINGS LLC 7% Due 6/30/2035 JD31 7.000% 06/30/35		07/30/2017	STONECASTLE SECURITIES LLC		30,348	27,823	27,823	27,823						27,823		2,526	2,526	972	06/30/2035	2FE
023135-AQ-9	AMAZON.COM INC. 4.950% 12/05/44		08/18/2017	BARCLAYS		11,478,400	10,000,000	11,385,300			(14,785)		(14,785)		11,370,515		107,885	107,885	354,750	12/05/2044	1FE
025676-AL-1	AMERICAN EQUITY INVESTME 6 5/8% Due 7/15/2021 JJ15 6.625% 07/15/21		07/17/2017	Call 100.0000		2,100,000	2,100,000	2,100,000	2,100,000						2,100,000				139,908	07/15/2021	2FE
02582J-GW-4	AMXCA 2013-2 SERIES 20144 CLASS A 1.430% 06/15/20		08/29/2017	TD SECURITIES		25,004,883	25,000,000	25,015,625			(974)		(974)		25,014,651		(9,768)	(9,768)	105,264	06/15/2020	1FE
02587A-AJ-3	AMXCA 2017-1 1.930% 09/15/22		08/29/2017	BMO CAPITAL MARKETS		25,156,250	25,000,000	25,066,406			(6,900)		(6,900)		25,059,507		96,743	96,743	142,069	09/15/2022	1FE
026874-DB-0	AIG 4 3/8% Due 1/15/2055 JJ15 4.375% 01/15/55		07/24/2017	CITICORP SECURITIES		4,915,750	5,000,000	4,977,500	4,977,934		124		124		4,978,058		(62,308)	(62,308)	226,042	01/15/2055	2FE
03027X-AB-6	AMERICAN TOWER CORP - CL A 3 1/2% Due 1/31/2023 JJ31 3.500% 01/31/23		09/26/2017	Various		5,699,640	5,500,000	4,969,265	5,127,740		36,898		36,898		5,164,637		535,003	535,003	217,583	01/31/2023	2FE
03072S-FY-6	AMSI 2003-5 A3 AMSI 2003-5 A6 4.200% 04/25/33		09/01/2017	Paydown		113,839	113,839	115,280	114,571		(732)		(732)		113,839				3,422	04/25/2033	1FM
031162-CD-0	AMGEN INC 4.563% 06/15/48		08/10/2017	HSBC SECURITIES INC.		1,336,859	1,274,000	1,256,776			188		188		1,256,964		79,895	79,895	38,755	06/15/2048	2FE
037411-BC-8	APACHE CORP. 4 1/4% Due 1/15/2044 JJ15 4.250% 01/15/44		07/24/2017	J.P. MORGAN		2,849,430	3,000,000	2,933,790	2,934,396		698		698		2,935,094		(85,664)	(85,664)	131,750	01/15/2044	2FE
038522-AK-4	ARAMARK 5 1/8% Due 1/15/2024 JJ15 5.125% 01/15/24		07/26/2017	Various		6,898,125	6,500,000	6,579,929	5,025,582		(6,655)		(6,655)		6,568,855		329,270	329,270	306,361	01/15/2024	3FE
04316#-AD-9	ARTHUR J GALLAGHER & CO 6.44% Due 8/3/2017 FA3 6.440% 08/03/17		08/03/2017	Maturity		24,000,000	24,000,000	24,510,700	24,109,024		(109,024)		(109,024)		24,000,000				1,545,600	08/03/2017	2
04544R-AC-9	ABSHE 2007-HE1 Flt % Due 12/25/2036 Mo-25 1.377% 12/25/36		09/25/2017	Paydown		274,702	274,702	247,919	240,942		33,761		33,761		274,702				2,476	12/25/2036	1FM

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
										Change In Book/Adjusted Carrying Value											
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in Book/Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book/Adjusted Carrying Value	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
05522R-CU-0	BACCT 2017-A1 SERIES 2015A2 CLASS A 1.360% 09/15/20		08/29/2017	TD SECURITIES		19,993,750	20,000,000	19,992,188			446		446		19,992,633		1,117	1,117	80,089	09/15/2020	1FE
05526W-AA-1	BAMLL 2015-HAUL 3.418% Due 7/5/2043 Mo-1 3.418% 07/05/43		09/01/2017	Paydown		116,189	116,189	119,673	119,180		(2,990)		(2,990)		116,189				2,643	07/05/2043	1FM
05577@-AG-5	BNSF RAILWAY COMPANY (LESSEE) 6.55% Due 2/26/2021 FA26 6.550% 02/26/21		08/29/2017	Redemption 100.0000		92,908	92,908	92,908	92,908						92,908				6,085	02/26/2021	1
05577@-AH-3	BNSF RAILWAY COMPANY (LESSEE) 6.55% Due 2/26/2021 FA26 6.550% 02/26/21		08/29/2017	Redemption 100.0000		89,419	89,419	89,419	89,419						89,419				5,857	02/26/2021	1
05577@-AJ-9	BNSF RAILWAY COMPANY (LESSEE) 6.55% Due 2/26/2021 FA26 6.550% 02/26/21		08/29/2017	Redemption 100.0000		27,388	27,388	27,388	27,388						27,388				1,794	02/26/2021	1
05577@-AK-6	BNSF RAILWAY COMPANY (LESSEE) 6.55% Due 2/26/2021 FA26 6.550% 02/26/21		08/29/2017	Redemption 100.0000		27,928	27,928	27,928	27,928						27,928				1,829	02/26/2021	1
05577@-AM-2	BNSF RAILWAY COMPANY (LESSEE) 6.55% Due 2/26/2021 FA26 6.550% 02/26/21		08/29/2017	Redemption 100.0000		11,321	11,321	11,321	11,321						11,321				742	02/26/2021	1
05607B-AA-9	BXGNT 2017-A 2.950% 10/04/32		09/02/2017	Paydown		152,883	152,883	152,879			4		4		152,883				729	10/04/2032	1FE
05946X-R6-2	BAFC 2005-7 1.777% 11/25/35		09/25/2017	Paydown		150,120	150,120	136,328			16,440		16,440		150,120				937	11/25/2035	4AM
05948K-PW-3	BOAA 2004-4 4 3/4% Due 5/25/2034 Mo-1 4.750% 05/25/34		09/28/2017	ADJUSTMENT			454,600	449,627	449,675		94		94		449,769		(449,769)	(449,769)	10,152	05/25/2034	2FM
05948X-3D-1	BOAMS 2003-J 3.617% 03/25/34		08/15/2017	CREDIT SUISSE FIRST BOSTON		3,102,285	3,390,476	3,223,304			1,242		1,242		3,224,546		(122,261)	(122,261)	25,710	03/25/2034	1FM
05948X-3D-1	BOAMS 2003-J 3.617% 03/25/34		08/27/2017	Paydown		388,531	388,531	369,374			19,157		19,157		388,531				12,208	03/25/2034	1FM
05948X-3D-1	BOAMS 2003-J 3.617% 03/25/34		08/27/2017	Redemption 100.0000		83,211	83,211	79,108			4,103		4,103		83,211				10,984	03/25/2034	1FM
05948X-YD-7	BOAMS 2003-J Adj % Due 11/25/2033 Mo-1 3.448% 11/25/33		09/01/2017	Paydown		187,744	187,744	180,413	181,342		6,403		6,403		187,744				3,988	11/25/2033	1FM
05951U-AE-1	BAFC 2006-8T2 5.8341% Due 10/25/2036 Mo-1 5.834% 10/25/36		09/01/2017	Paydown		146,300	194,386	160,035	160,335		25,985		25,985		186,320		(40,021)	(40,021)	5,886	10/25/2036	1FM
05951V-AA-7	BAFC 2006-I Adj % Due 12/20/2036 Mo-1 3.322% 12/20/36		09/01/2017	Paydown		198,486	198,486	199,378	199,311		(825)		(825)		198,486				3,864	12/20/2036	1FM
05952A-AE-4	BACM 2008-1 6.22701% Due 2/10/2051 Mo-1 6.239% 02/10/51		09/01/2017	Paydown		4,103,032	4,103,032	4,953,369	4,200,960		(97,928)		(97,928)		4,103,032				165,795	02/10/2051	1FM
060077-J*-6	BANGOR HYDRO-ELECTRIC COMPANY SERIES 2007-A SENIOR NOTES TRA 5.870% 09/27/17		09/27/2017	Maturity		5,000,000	5,000,000	5,000,000	5,000,000						5,000,000				293,500	09/27/2017	2
06051G-DM-8	BAFC 2004-2 Adj % Due 5/25/2035 Mo-1 3.333% 05/25/35		09/01/2017	Paydown		102,581	102,581	103,126	103,053		(472)		(472)		102,581				2,121	05/25/2035	1FM
06051G-DZ-9	BAFC 2004-2 7 5/8% Due 6/1/2019 JD1 7.625% 06/01/19		07/24/2017	MARKET AXESS		2,201,220	2,000,000	2,314,880	2,275,113		(64,097)		(64,097)		2,211,016		(9,796)	(9,796)	99,972	06/01/2019	2FE
06406R-AB-3	BANK OF NY MELLON CORP 3.442% 02/07/28		08/16/2017	GOLDMAN SACHS		12,297,480	12,000,000	12,000,000							12,000,000		297,480	297,480	222,583	02/07/2028	1FE
07274E-AD-5	BAYER US FINANCE LLC 2 3/8% Due 10/8/2019 A08 2.375% 10/08/19		08/16/2017	Various		5,043,480	5,000,000	5,101,350	5,090,300		(19,564)		(19,564)		5,070,736		(27,256)	(27,256)	100,080	10/08/2019	1FE
07386H-CT-6	BALTA 2003-3 Adj % Due 10/25/2033 Mo-1 3.512% 10/25/33		09/01/2017	Paydown		245,128	245,128	247,012	246,750		(1,622)		(1,622)		245,128				5,033	10/25/2033	1FM
07386H-JU-6	BALTA 2003-3 Flt % Due 7/25/2034 Mo-25 1.877% 07/25/34		09/25/2017	Paydown		224,622	224,622	213,730	217,111		7,511		7,511		224,622				2,168	07/25/2034	1FM
07386H-KK-6	BALTA 2003-3 Adj % Due 8/25/2034 Mo-1 3.475% 08/25/34		09/01/2017	Paydown		167,676	167,676	169,312	169,139		(1,463)		(1,463)		167,676				3,730	08/25/2034	1FM
075887-BM-0	BECTON DICKINSON & CO 4 7/8% Due 5/15/2044 MN15 4.875% 05/15/44		07/24/2017	WELLS FARGO SECURITIES LLC		19,535,630	18,500,000	20,663,945	20,593,634		(23,231)		(23,231)		20,570,403		(1,034,773)	(1,034,773)	631,313	05/15/2044	2FE
075887-BX-6	BECTON DICKINSON & CO 4.669% 06/06/47		07/11/2017	CREDIT SUISSE FIRST BOSTON		2,087,840	2,000,000	1,995,200			8		8		1,995,208		92,632	92,632	9,857	06/06/2047	2FE
097023-AH-8	BOEING CORP. ISS PR 100 SPR@ISS 50VS T8 11/ 7.950% 08/15/24		09/15/2017	KEY BANK		2,652,780	2,000,000	2,021,194	2,014,285		(4,694)		(4,694)		2,009,591		643,189	643,189	174,017	08/15/2024	1FE
10117@-AA-5	BOSTONIA WAG TRUST 2009-1 6.942% Due 11/25/2018 Mo-25 6.942% 11/25/18		09/25/2017	Redemption 100.0000		316,667	316,667	331,728	320,547		(3,880)		(3,880)		316,667				16,526	11/25/2018	2
120111-BN-8	BUILDING MATERIALS CORP 6% Due 10/15/2025 AO15 6.000% 10/15/25		07/24/2017	SUNTRUST EQUITABLE		5,482,500	5,100,000	5,100,000	5,100,000						5,100,000		382,500	382,500	239,700	10/15/2025	3FE
120568-AX-8	BUNGE LTD 3 1/4% Due 8/15/2026 FA15 3.250% 08/15/26		08/15/2017	MORGAN STANLEY		11,509,200	12,000,000	12,040,140	12,038,710		(1,999)		(1,999)		12,036,711		(527,511)	(527,511)	393,250	08/15/2026	2FE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value 11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
12479R-AD-9	CAUTO 2017-1A 3.870% 04/15/47		09/15/2017	Paydown		20,000	20,000	19,994			6		6		20,000				255	04/15/2047	1FE
124857-AN-3	CBS CORP 4.6% Due 1/15/2045 JJ15 4.600% 01/15/45		07/14/2017	DEUTSCHE BANK		3,070,290	3,000,000	2,982,090	2,982,618		226		226		2,982,844		87,446	87,446	139,533	01/15/2045	2FE
12514A-AE-1	CD 2007-CD5 5.886% Due 11/15/2044 Mo-1 5.886% 11/15/44		07/01/2017	Paydown		624,430	624,430	719,630	635,082		(10,653)		(10,653)		624,430				21,440	11/15/2044	1FM
12527G-AH-6	CF INDUSTRIES INC 4 1/2% Due 12/1/2026 JD1 4.500% 12/01/26		09/20/2017	Various		6,841,955	6,500,000	6,533,425	4,472,369		152		152		6,533,621		308,334	308,334	244,438	12/01/2026	2FE
12532L-AA-3	CGGS 2016-RNDA 2.757% Due 2/10/2033 Mo-1 2.757% 02/10/33		08/01/2017	Paydown		914,351	914,351	916,100	915,863		(1,512)		(1,512)		914,351				14,705	02/10/2033	1FM
125509-BT-5	CIGNA CORP 5 3/8% Due 2/15/2042 FA15 5.375% 02/15/42		09/19/2017	TENDER		9,398,925	7,500,000	8,530,275	8,476,123		(15,181)		(15,181)		8,460,942		937,983	937,983	441,198	02/15/2042	2FE
125581-GH-5	CIT GROUP, INC. 5 1/2% Due 2/15/2019 FA15 5.500% 02/15/19		07/27/2017	MORGAN STANLEY		96,485	92,000	92,000	92,000						92,000		4,485	4,485	4,863	02/15/2019	3FE
126117-AP-5	CNA FINANCIAL 7.35% Due 11/15/2019 MN15 7.350% 11/15/19		09/11/2017	Call 100.0000		10,000,000	10,000,000	9,987,758	9,994,650		1,909		1,909		9,996,559		3,441	3,441	1,777,418	11/15/2019	2FE
126307-AQ-0	CSC HOLDINGS LLC 5 1/2% Due 4/15/2027 AO15 5.500% 04/15/27		08/16/2017	GOLDMAN SACHS		4,708,125	4,500,000	4,507,563	4,507,259		(294)		(294)		4,506,965		201,160	201,160	225,500	04/15/2027	3FE
126408-GT-4	CSX CORP 3.7% Due 10/30/2020 AO31 3.700% 10/30/20		09/13/2017	WELLS FARGO SECURITIES LLC		3,138,720	3,000,000	3,197,850	3,187,559		(35,923)		(35,923)		3,151,636		(12,916)	(12,916)	97,125	10/30/2020	2FE
126408-HF-3	CSX CORP 3.8% Due 11/1/2046 MN1 3.800% 11/01/46		07/24/2017	BARCLAYS		14,607,650	15,000,000	14,033,400			9,346		9,346		14,042,746		564,904	564,904	438,583	11/01/2046	2FE
12641L-BU-6	CSX CORP 6.8% Due 12/1/2028 JD1 6.800% 12/01/28		09/28/2017	BARCLAYS		7,654,500	6,000,000	6,540,080	6,349,223		(15,095)		(15,095)		6,334,128		1,320,372	1,320,372	341,133	12/01/2028	2FE
12646R-AB-1	CST BRANDS 5% Due 5/1/2023 MN1 5.000% 05/01/23		07/28/2017	Call 100.0000		5,000,000	5,000,000	5,055,243	5,032,366		(5,670)		(5,670)		5,026,696		(26,696)	(26,696)	431,717	05/01/2023	3FE
12649A-AC-3	CSMC 2014-USA 3.953% Due 9/15/2037 Mo-1 3.953% 09/15/37		07/25/2017	PERFORMANCE TRUST CAPITAL PART		2,715,883	2,600,000	2,677,979	2,663,671		(3,857)		(3,857)		2,659,814		56,069	56,069	67,662	09/15/2037	1FM
12650Y-AA-1	CSMC 2015-GLPB 3.6393% Due 11/15/2034 Mo-1 3.639% 11/15/34		07/26/2017	BANK OF AMERICA		2,932,552	2,790,000	2,873,697	2,861,448		(6,781)		(6,781)		2,854,667		77,885	77,885	67,691	11/15/2034	1FM
126650-BP-4	CVS CAREMARK CORP 6.036% Due 12/10/2028 Mo-10 6.036% 12/10/28		09/25/2017	RAYMOND JAMES		1,517,506	1,339,209	1,365,391	1,357,329		(3,041)		(3,041)		1,354,288		163,218	163,218	64,450	11/10/2028	3AM
126650-BP-4	CVS CAREMARK CORP 6.036% Due 12/10/2028 Mo-10 6.036% 12/10/28		09/10/2017	Redemption 100.1902		246,822	246,353	252,121	250,009		(3,188)		(3,188)		246,822				8,555	11/10/2028	3AM
12667G-F3-2	CWALT 2005-14 1A1 Flt % Due 7/25/2035 Mo-25 1.937% 07/25/35		09/25/2017	Paydown		440,218	440,218	313,655	315,005		125,213		125,213		440,218				4,825	07/25/2035	1FM
12668A-HE-8	CWALT 2005-56 Flt % Due 11/25/2035 Mo-25 1.557% 11/25/35		09/25/2017	Paydown		298,932	298,932	252,504	252,645		46,287		46,287		298,932				2,557	11/25/2035	1FM
12668A-VL-6	CWALT 2005-56 Flt % Due 12/25/2035 Mo-25 1.757% 12/25/35		09/25/2017	Paydown		257,605	257,605	226,853	232,115		25,490		25,490		257,605				2,853	12/25/2035	1FM
12668B-RC-9	CWALT 2006-OC2 1.437% 02/25/36		09/25/2017	Paydown		875,155	875,155	728,566			146,588		146,588		875,155				5,145	02/25/2036	1FM
12669E-CV-6	CWHL 2003-50 Adj % Due 5/25/2033 Mo-1 3.788% 05/25/33		07/01/2017	Paydown		1,606,954	1,606,954	1,634,072	1,629,608		(22,653)		(22,653)		1,606,954				32,466	05/25/2033	1FM
12669E-G6-7	CWHL 2003-50 Adj % Due 1/19/2034 Mo-1 3.270% 01/19/34		09/01/2017	Paydown		74,320	74,320	73,298	73,395		925		925		74,320				1,403	01/19/2034	1FM
12669F-WD-1	CWHL 2004-5 5 1/4% Due 5/25/2034 Mo-1 5.250% 05/25/34		09/01/2017	Paydown		33,618	33,618	34,426	34,374		(756)		(756)		33,618				1,226	05/25/2034	1FM
12680@-AG-5	CABELA'S INCORPORATED SENIOR NOTES 3.820% 12/02/22		09/25/2017	Redemption 100.0000		24,000,000	24,000,000	24,000,000	24,000,000						24,000,000				2,421,871	12/02/2022	2
12680@-AJ-9	CABELA'S INCORPORATED SENIOR NOTES 4.110% 12/03/25		09/25/2017	Redemption 100.0000		16,000,000	16,000,000	16,000,000	16,000,000						16,000,000				2,243,374	12/03/2025	2
12695*-AA-3	CVS HEALTH CORPORATION PASS-THROUGH CERTIFICATES 3.416% 10/10/38		09/11/2017	Redemption 100.0000		141,064	141,064	141,064	141,064						141,064				3,213	10/10/2038	2
144141-CU-0	CAROLINA POWER & LIGHT CO CALL @ MKE WHOLE +20BP 6.125% 09/15/33		09/20/2017	CANTOR FITZGERALD & CO INC		7,018,825	5,500,000	5,557,895	4,940,314		1,334		1,334		5,577,143		1,441,682	1,441,682	328,113	09/15/2033	1FE
144141-CY-2	CAROLINA POWER & LIGHT CO 6.3% Due 4/1/2038 A01 6.300% 04/01/38		09/01/2017	WELLS FARGO SECURITIES LLC		3,409,450	2,500,000	2,495,525	2,495,928		365		365		2,496,293		913,157	913,157	147,000	04/01/2038	1FE
144531-BE-9	CARR 2006-NC1 2.407% 02/25/35		08/25/2017	Paydown																02/25/2035	1FM

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Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
144531-DQ-0	CARR 2006-NC1 1.757% 10/25/35		07/19/2017	JANNEY MONTGOMERY/SCOTT		5,106,563	9,750,000	3,631,875			212,123		212,123		3,843,998		1,262,565	1,262,565	55,447	10/25/2035	6FE
14575H-AA-6	CAUTO 2016-1A 4.550% 02/15/46		09/15/2017	Paydown		14,197	14,197	14,779			(582)		(582)		14,197				213	02/15/2046	1FE
14916R-AD-6	CATHOLIC HEALTH INITIATI 4.35% Due 11/1/2042 MN1 4.350% 11/01/42		08/02/2017	Various		29,704,840	32,000,000	32,047,340	32,039,744		(116)		(116)		32,039,628		(2,334,788)	(2,334,788)	1,041,221	11/01/2042	2FE
14916R-AF-1	CATHOLIC HEALTH INITIATI 4.2% Due 8/1/2023 FA1 4.200% 08/01/23		07/24/2017	RAYMOND JAMES		9,206,370	9,000,000	8,979,120	8,984,713		1,105		1,105		8,985,818		220,552	220,552	373,800	08/01/2023	2FE
151020-AL-8	CELGENE CORP 5 1/4% Due 8/15/2043 FA15 5.250% 08/15/43		09/26/2017	CREDIT SUISSE FIRST BOSTON		8,120,650	7,000,000	6,959,530	6,961,691		680		680		6,962,370		1,158,280	1,158,280	410,958	08/15/2043	2FE
151020-AM-6	CELGENE CORP 4 5/8% Due 5/15/2044 MN15 4.625% 05/15/44		08/24/2017	Various		23,589,930	22,000,000	22,430,480	22,424,322		(4,384)		(4,384)		22,419,938		1,169,992	1,169,992	757,729	05/15/2044	2FE
152314-HD-5	CXHE 2003-B Flt % Due 6/25/2033 Mo-25 1.937% 06/25/33		09/25/2017	Paydown		74,930	74,930	68,350	68,414		6,516		6,516		74,930				949	06/25/2033	1FM
152314-JY-7	CXHE 2003-B SERIES 2004B CLASS M4 2.624% 03/25/34		09/25/2017	Paydown		51,082	51,082	51,044			38		38		51,082				115	03/25/2034	1FM
15911N-AA-3	CHANGE HEALTH / FIN INC 5.750% 03/01/25		07/25/2017	MORGAN STANLEY		3,101,250	3,000,000	3,006,875			(366)		(366)		3,006,509		94,741	94,741	78,104	03/01/2025	4FE
161175-BA-1	CAHRTER COMM OPT LLC/CAP 6.484% Due 10/23/2045 AO23 6.484% 10/23/45		08/03/2017	BARCLAYS		11,602,100	10,000,000	11,142,593	11,141,115		(9,352)		(9,352)		11,131,763		470,337	470,337	513,317	10/23/2045	2FE
161175-BD-5	CAHRTER COMM OPT LLC/CAP 5.375% 05/01/47		08/29/2017	MORGAN STANLEY		2,049,020	2,000,000	1,999,360			33		33		1,999,393		49,627	49,627	39,118	05/01/2047	2FE
161546-FX-9	CFAB 2003-4 5.159% Due 11/25/2032 Mo-1 5.159% 11/25/32		09/01/2017	Paydown		307,854	307,854	295,924	296,809		11,045		11,045		307,854				10,484	11/25/2032	1FM
161630-AE-8	CHASE 2007-A1 Adj % Due 2/25/2037 Mo-1 3.582% 02/25/37		09/01/2017	Paydown		121,047	121,047	118,829	119,010		2,037		2,037		121,047				2,735	02/25/2037	1FM
161630-AG-3	CHASE 2007-A1 Adj % Due 2/25/2037 Mo-1 3.679% 02/25/37		09/01/2017	Paydown		349,196	349,196	348,928	348,866		329		329		349,196				7,996	02/25/2037	1FM
161630-AU-2	CHASE 2007-A1 Adj % Due 2/25/2037 Mo-1 3.588% 02/25/37		09/01/2017	Paydown		145,646	145,646	141,374	141,777		3,869		3,869		145,646				3,188	02/25/2037	1FM
161630-AY-4	CHASE 2007-A1 Adj % Due 2/25/2037 Mo-1 3.556% 02/25/37		09/01/2017	Paydown		166,494	166,494	165,159	165,231		1,264		1,264		166,494				3,390	02/25/2037	1FM
16165M-AF-5	CFLX 2006-2 4.84837% Due 9/25/2036 Mo-1 4.816% 09/25/36		09/01/2017	Paydown		435,628	435,628	399,417	399,923		35,705		35,705		435,628				13,054	09/25/2036	1FM
16678R-AV-9	CCMFC 2004-1A 1.716% 01/25/35		09/01/2017	Paydown		100,967	100,967	90,870			10,097		10,097		100,967				475	01/25/2035	1FM
16725*-AE-0	CHICAGO BRIDGE & IRON COMPANY SENIOR NOTES 4.530% 07/30/25		07/28/2017	Redemption 100.0000		7,323,000	7,323,000	7,323,000							7,323,000				68,551	07/30/2025	2
172062-AF-8	CINCINNATI FINANCIAL CORP 6.92% Due 5/15/2028 MN15 6.920% 05/15/28		07/26/2017	ROBERT W. BAIRD & CO.		12,322,355	9,500,000	11,435,245	11,103,790		(61,783)		(61,783)		11,042,008		1,280,347	1,280,347	467,484	05/15/2028	1FE
17275R-AD-4	CISCO SYSTEMS INC 5.9% Due 2/15/2039 FA15 5.900% 02/15/39		07/19/2017	MORGAN STANLEY		6,542,700	5,000,000	4,749,450	4,778,083		3,113		3,113		4,781,195		1,761,505	1,761,505	277,792	02/15/2039	1FE
172967-KA-8	CITIGROUP INC 4.45% Due 9/29/2027 MS29 4.450% 09/29/27		07/24/2017	US BANCORP INC		2,104,760	2,000,000	2,012,140	2,012,120		(399)		(399)		2,011,721		93,039	93,039	73,672	09/29/2027	2FE
172967-KY-6	CITIGROUP INC BASIC 3.200% 10/21/26		08/16/2017	GOLDMAN SACHS		1,962,940	2,000,000	1,957,420			281		281		1,957,701		5,239	5,239	21,333	10/21/2026	2FE
172973-5E-5	CMSI 2006-1 5 1/2% Due 2/25/2036 Mo-1 5.500% 02/25/36		09/01/2017	Paydown		59,497	59,497	52,394	52,396						52,396		7,101	7,101	2,265	02/25/2036	1FM
18055#-AD-4	CLARION LION FUND HOLDING LP SERIES D 5.320% 08/23/17		08/23/2017	Maturity		6,000,000	6,000,000	6,441,660	6,101,102		(101,102)		(101,102)		6,000,000				319,200	08/23/2017	2
205363-AN-4	COMPUTER SCIENCES CORP 4.45% Due 9/15/2022 MS15 4.450% 09/15/22		08/09/2017	Tax Free Exchange		10,376,417	10,000,000	10,644,740	10,416,309		(39,892)		(39,892)		10,376,417				400,500	09/15/2022	2FE
209111-FC-2	CONSOLIDATED EDISON INC 3.95% Due 3/1/2043 MS1 3.950% 03/01/43		07/28/2017	SUSQUEHANNA		5,158,200	5,000,000	4,965,200	4,967,508		1,620		1,620		4,969,128		189,072	189,072	181,590	03/01/2043	1FE
212168-AA-6	CONTINENTAL WIND LLC 6% Due 2/28/2033 FA31 6.000% 02/28/33		08/28/2017	Redemption 100.0000		434,324	434,324	434,324	434,324						434,324				13,030	02/28/2033	2FE
224044-AN-7	COX COMMUNICATIONS 6.8% Due 8/1/2028 FA1 6.800% 08/01/28		08/11/2017	TENDER		2,459,140	2,000,000	1,753,300	1,836,405		5,643		5,643		1,842,049		617,091	617,091	139,778	08/01/2028	2FE
22541S-AX-6	CSFB 2004-1 5.91296% Due 2/25/2034 Mo-1 5.914% 02/25/34		09/01/2017	Paydown		238,212	238,212	218,857	219,083		19,129		19,129		238,212				9,537	02/25/2034	1FM
22541S-GE-2	CSFB 2004-1 5 1/4% Due 6/25/2034 Mo-1 5.250% 06/25/34		09/01/2017	Paydown		77,251	77,251	81,572	78,478		(1,228)		(1,228)		77,251				2,675	06/25/2034	3FM

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Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value 11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
22541S-GJ-1	CSFB 2004-1 5 1/4% Due 6/25/2034 Mo-1 5.250% 06/25/34		09/01/2017	Paydown		64,844	64,844	67,194	65,482		(638)		(638)		64,844				2,245	06/25/2034	2FM
225470-EC-3	CSFB 2005-10 Flt % Due 11/25/2035 Mo-25 1.937% 11/25/35		09/25/2017	Paydown		153,011	152,801	116,510	117,983		34,864		34,864		152,847		164	164	1,796	11/25/2035	1FM
233046-AD-3	DNKN 2015-1A 3.98% Due 2/20/2045 FMAN20 3.980% 02/20/45		08/21/2017	Redemption 100.0000		25,000	25,000	25,000	25,000						25,000				746	02/20/2045	2AM
23311V-AF-4	DCP MIDSTREAM OPERATING 5.6% Due 4/1/2044 A01 5.600% 04/01/44		09/13/2017	ROBERT W. BAIRD & CO.		6,693,750	7,140,000	7,629,338	7,608,564		(5,282)		(5,282)		7,603,282		(909,532)	(909,532)	381,152	04/01/2044	3FE
233851-AU-8	DAIMLER FINANCE NA LLC 1 7/8% Due 1/11/2018 JJ11 1.875% 01/11/18		08/14/2017	MARKET AXESS		4,004,020	4,000,000	4,023,797	4,018,592		(11,251)		(11,251)		4,007,340		(3,320)	(3,320)	82,188	01/11/2018	1FE
25150U-AA-6	DBALT 2007-OA2 Flt % Due 4/25/2047 Mo-1 1.659% 04/25/47		09/01/2017	Paydown		191,985	191,985	168,999	170,698		21,287		21,287		191,985				1,838	04/25/2047	1FM
25150V-BA-3	DBALT 2007-AR3 Flt % Due 6/25/2037 Mo-25 1.477% 06/25/37		09/25/2017	Paydown		1,091,197	1,095,563	928,977	967,253		127,932		127,932		1,095,185		(3,988)	(3,988)	8,701	06/25/2037	1FM
25179M-AN-3	DEVON ENERGY CORP. 4 3/4% Due 5/15/2042 MN15 4.750% 05/15/42		08/14/2017	J.P. MORGAN		2,429,625	2,500,000	2,285,000	2,295,841		2,599		2,599		2,298,439		131,186	131,186	89,722	05/15/2042	2FE
25470D-AJ-8	DISCOVERY COMMUNICATIONS 4 7/8% Due 4/1/2043 A01 4.875% 04/01/43		09/26/2017	BANK OF AMERICA		1,938,400	2,000,000	1,910,920	1,915,543		1,103		1,103		1,916,646		21,754	21,754	96,688	04/01/2043	2FE
25470D-AN-9	DISCOVERY COMMUNICATIONS BASIC 2.200% 09/20/19		09/13/2017	BARCLAYS		3,005,010	3,000,000	2,998,830							2,998,830		6,180	6,180		09/20/2019	2FE
257375-AF-2	DOMINION GAS HLDGS LLC 4.8% Due 11/1/2043 MN1 4.800% 11/01/43		09/25/2017	WELLS FARGO SECURITIES LLC		10,558,958	9,750,000	9,443,883	9,456,317		9,935		9,935		9,466,253		1,092,705	1,092,705	423,800	11/01/2043	1FE
25746U-AN-9	DOMINION RESOURCES INC CALL @ MAKE WHOLE +25BP LNG 1S 6.300% 03/15/33		09/28/2017	SUSQUEHANNA		4,443,890	3,550,000	3,729,604	3,685,398		(3,481)		(3,481)		3,681,917		761,973	761,973	234,211	03/15/2033	2FE
25755T-AC-4	DPABS 2012-1A 5.216% Due 1/25/2042 JAJO25 5.216% 01/25/42		07/27/2017	Paydown		5,779,375	5,779,375	5,779,375	5,779,375						5,779,375				227,764	01/25/2042	2AM
263534-CJ-6	DU PONT (E.I.) DE NEMOURS 4.15% Due 2/15/2043 FA15 4.150% 02/15/43		07/10/2017	BARCLAYS		5,419,720	5,375,000	5,673,366	5,670,916		(3,390)		(3,390)		5,667,525		(247,805)	(247,805)	203,235	02/15/2043	1FE
263534-CL-1	DU PONT (E.I.) DE NEMOURS 2.200% 05/01/20		07/11/2017	CREDIT SUISSE FIRST BOSTON		2,011,680	2,000,000	1,997,800			143		143		1,997,943		13,737	13,737	8,800	05/01/2020	1FE
26441C-AD-7	DUKE POWER BASIC 5.050% 09/15/19		08/23/2017	WELLS FARGO SECURITIES LLC		2,600,829	2,448,000	2,609,372			(6,358)		(6,358)		2,603,014		(2,185)	(2,185)	55,974	09/15/2019	2FE
26885B-AB-6	EQT MIDSTREAM PARTNERS L 4 1/8% Due 12/1/2026 JD1 4.125% 12/01/26		09/26/2017	MORGAN STANLEY		1,268,164	1,251,000	1,240,879	1,241,019		644		644		1,241,664		26,500	26,500	46,443	12/01/2026	2FE
269246-BQ-6	E Trade Group Inc BASIC 3.800% 08/24/27		08/15/2017	RBC CAPITAL MARKETS		5,026,100	5,000,000	4,992,600							4,992,600		33,500	33,500		08/24/2027	2FE
277432-AL-4	EASTMAN CHEMICAL 4.8% Due 9/1/2042 MS1 4.800% 09/01/42		08/22/2017	Various		14,956,780	14,000,000	13,391,840	13,424,074		8,039		8,039		13,432,113		1,524,667	1,524,667	651,200	09/01/2042	2FE
278062-AE-4	EATON CORP 4.15% Due 11/2/2042 MN2 4.150% 11/02/42		09/20/2017	BARCLAYS		10,128,750	10,000,000	10,090,450	10,083,304		(1,303)		(1,303)		10,082,001		46,749	46,749	368,313	11/02/2042	2FE
29256P-AJ-3	ECR 2005-3 2.197% 10/25/35		08/25/2017	Paydown																10/25/2035	4AM
29273R-BK-4	ENERGY TRANSFER PARTNERS LP 4.200% 04/15/27		09/20/2017	MITSUBISHI SECURITIES		1,012,770	1,000,000	1,004,260							1,004,260		8,510	8,510	28,583	04/15/2027	2FE
29336U-AC-1	ENLINK MIDSTREAM PARTNER 5.6% Due 4/1/2044 A01 5.600% 04/01/44		08/15/2017	J.P. MORGAN		9,976,000	10,000,000	10,189,800	10,181,286		(1,026)		(1,026)		10,180,260		(204,260)	(204,260)	493,111	04/01/2044	2FE
29372E-BS-6	EFF 2016-2 1.74% Due 2/22/2022 Mo-20 1.740% 02/22/22		09/12/2017	TD SECURITIES		5,167,300	5,168,108	5,167,764	5,167,838		227		227		5,168,065		(765)	(765)	65,945	02/22/2022	1FE
29372E-BS-6	EFF 2016-2 1.74% Due 2/22/2022 Mo-20 1.740% 02/22/22		07/20/2017	Paydown		229,040	229,040	229,024	229,028		12		12		229,040				2,325	02/22/2022	1FE
29372E-BS-6	EFF 2016-2 1.74% Due 2/22/2022 Mo-20 1.740% 02/22/22		08/21/2017	Redemption 100.0000		214,203	214,203	214,189	214,192		11		11		214,203				2,485	02/22/2022	1FE
29379V-BF-9	ENTERPRISE PRODUCTS OPER 4.95% Due 10/15/2054 AO15 4.950% 10/15/54		07/24/2017	MORGAN STANLEY		2,131,900	2,000,000	2,001,040	2,000,876		142		142		2,001,017		130,883	130,883	77,550	10/15/2054	2FE
29379V-BL-6	ENTERPRISE PRODUCTS OPER 3.95% Due 2/15/2027 FA15 3.950% 02/15/27		07/14/2017	GOLDMAN SACHS		7,296,380	7,000,000	6,983,200	6,983,870		680		680		6,984,549		311,831	311,831	256,531	02/15/2027	2FE
30161N-AV-3	PECO ENERGY 4.45% Due 4/15/2046 AO15 4.450% 04/15/46		09/26/2017	J.P. MORGAN		4,818,071	4,577,000	4,627,439	4,626,624		(388)		(388)		4,626,237		191,834	191,834	194,058	04/15/2046	2FE
30219G-AN-8	EXPRESS SCRIPTS HOLDING CO. 3.4% Due 3/1/2027 MS1 3.400% 03/01/27		07/17/2017	BANK OF AMERICA		21,615,900	22,000,000	22,178,530	22,172,060		(7,765)		(7,765)		22,164,295		(548,395)	(548,395)	659,978	03/01/2027	2FE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
30291E-AE-4	FREMF 2013-K712 3.365% 05/25/45		07/01/2017	MORGAN STANLEY		676,397	660,000	676,397							676,397				1,542	05/25/2045	1FM
30605X-AA-1	FWAY 2012-1A 4.212% Due 10/15/2042 Mo-15 4.212% 10/15/42		09/15/2017	Paydown		57,831	57,831	57,831	57,831						57,831				1,624	10/15/2042	1FE
3137AN-MN-2	FHMS K707 2.220% 12/25/18		08/28/2017	GOLDMAN SACHS		25,157,227	25,000,000	25,244,141			(52,450)		(52,450)		25,191,691		(34,464)	(34,464)	185,000	12/25/2018	1FE
3137G0-AL-3	STACR 2014-DN1 Flt % Due 2/25/2024 Mo-25 3.437% 02/25/24		09/25/2017	Paydown		949,164	949,164	943,269	945,339		3,825		3,825		949,164				20,129	02/25/2024	1FE
31953*-AJ-1	BNSF RAILWAY COMPANY SERIES A EQUIPTMENT NOTES 5.470% 05/31/22		07/03/2017	Redemption 100.0000		276,190	276,190	276,190	276,190						276,190				15,108	05/31/2022	1
31953*-AK-8	BNSF RAILWAY COMPANY SERIES B EQUIPTMENT NOTES 5.470% 11/15/22		07/03/2017	Redemption 100.0000		257,143	257,143	257,143	257,143						257,143				14,066	11/15/2022	1
341081-EU-7	FLORIDA POWER & LIGHT 5.4% Due 9/1/2035 MS1 5.400% 09/01/35		09/27/2017	CANTOR FITZGERALD & CO INC		3,021,525	2,500,000	2,392,500	2,409,567		2,289		2,289		2,411,856		609,669	609,669	145,500	09/01/2035	1FE
341099-CB-3	FLORIDA POWER CORP CALL @ MAKE WHOLE +20BP 5.900% 03/01/33		08/09/2017	SUSQUEHANNA		8,608,647	6,900,000	6,882,474	6,886,518		962		962		6,887,480		1,721,167	1,721,167	387,876	03/01/2033	1FE
34417M-AA-5	FOCUS 2017-1A 3.857% 04/30/47		07/31/2017	Redemption 100.0000		22,500	22,500	22,528			(28)		(28)		22,500				275	04/30/2047	3AM
34487*-AA-9	NFL FOOTBALL TRUST IV 6.11% Due 11/12/2018 Ann-11/12 6.110% 11/12/18		08/31/2017	Redemption 100.0000		5,782,609	5,782,609	5,782,609	5,782,609						5,782,609				496,728	11/12/2018	1FE
34959J-AH-1	FORTIVE CORP BASIC 4.300% 06/15/46		09/15/2017	Various		15,828,750	15,000,000	15,320,629			(1,455)		(1,455)		15,319,174		509,576	509,576	130,194	06/15/2046	2FE
350910-AN-5	FOUR TIMES SQUARE TRUST 5.401% Due 12/13/2028 Mo-11 5.401% 12/13/28		09/11/2017	Paydown		49,166	49,166	49,411	49,208		(41)		(41)		49,166				1,764	12/13/2028	1FM
36159J-DH-1	GEMNT 2012-6 1.36% Due 8/17/2020 Mo-15 1.360% 08/17/20		08/15/2017	Call 100.0000		10,890,000	10,890,000	10,892,127			(2,127)		(2,127)		10,890,000				49,368	08/17/2020	1FE
36192K-AT-4	GSMS 2012-GCJ7 3.377% Due 5/10/2045 Mo-1 3.377% 05/10/45		09/01/2017	Paydown		40,497	40,497	41,306	40,856		(359)		(359)		40,497				794	05/10/2045	1FM
36221*-AC-1	GPT OPERATING PARTNERSHIP LP 4.260% 12/15/25		09/27/2017	ALLISON-WILLIAMS COMPANY		12,109,620	12,000,000	12,000,000							12,000,000		109,620	109,620	400,440	12/15/2025	2FE
36228F-YY-6	GSR 2003-13 Adj % Due 10/25/2033 Mo-1 3.360% 10/25/33		09/01/2017	Paydown		21,964	21,964	22,352	22,280		(316)		(316)		21,964				440	10/25/2033	1FM
362341-RT-8	GSR 2005-AR6 Adj % Due 9/25/2035 Mo-1 3.297% 09/25/35		09/01/2017	Paydown		519,826	519,826	530,544	527,075		(7,249)		(7,249)		519,826				11,411	09/25/2035	1FM
362341-RX-9	GSR 2005-AR6 Adj % Due 9/25/2035 Mo-1 3.204% 09/25/35		09/01/2017	Paydown		127,475	127,475	129,467	129,172		(1,697)		(1,697)		127,475				2,777	09/25/2035	1FM
36242D-5W-9	GSAMP 2005-AHL 5 1/2% Due 6/25/2035 Mo-1 5.500% 06/25/35		09/01/2017	Paydown		49,206	49,206	49,083	49,083		123		123		49,206				1,889	06/25/2035	1FM
36242D-7X-5	GSAMP 2005-AHL 5.73548% Due 6/25/2035 Mo-1 5.734% 06/25/35		09/01/2017	Paydown		47,993	47,993	46,357	46,362		1,631		1,631		47,993				1,832	06/25/2035	1FM
36242D-ET-6	GSAMP 2005-AHL 5% Due 8/25/2019 Mo-1 5.000% 08/25/19		09/01/2017	Paydown		56,655	56,655	58,131	57,039		(384)		(384)		56,655				1,813	08/25/2019	1FM
36242D-EY-5	GSAMP 2005-AHL 5% Due 9/25/2034 Mo-1 5.000% 09/25/34		09/01/2017	Paydown		222,438	222,438	230,034	225,066		(2,627)		(2,627)		222,438				6,823	09/25/2034	1FM
36242D-FG-3	GSAMP 2005-AHL 5.826% 09/25/34		09/01/2017	Paydown		135,748	135,748	133,101			2,646		2,646		135,748				1,710	09/25/2034	1FM
36242D-QY-2	GSAMP 2005-AHL 5% Due 12/25/2034 Mo-1 5.000% 12/25/34		09/01/2017	Paydown		9,636	9,636	9,510	9,521		115		115		9,636				291	12/25/2034	1FM
36242D-RF-2	GSAMP 2005-AHL 5 1/2% Due 1/25/2020 Mo-1 5.500% 01/25/20		09/01/2017	Paydown		96,236	96,236	98,722	97,161		(925)		(925)		96,236				3,877	01/25/2020	2FM
36804*-AA-0	2009-1 PASS THROUGH TRUST 8% Due 1/2/2024 JJ2 8.000% 01/02/24		07/03/2017	Redemption 100.0000		215,547	215,547	215,547	215,547						215,547				17,245	01/02/2024	2
37045V-AL-4	GENERAL MOTORS CORP 6 3/4% Due 4/1/2046 AO1 6.750% 04/01/46		07/18/2017	MORGAN STANLEY		1,215,430	1,000,000	1,216,420			(1,228)		(1,228)		1,215,192		238	238	54,375	04/01/2046	2FE
37045X-AS-5	GENERAL MOTORS FINL CO 4% Due 1/15/2025 JJ15 4.000% 01/15/25		07/26/2017	RBC CAPITAL MARKETS		12,137,400	12,000,000	11,243,170	11,302,477		42,080		42,080		11,344,558		792,842	792,842	501,333	01/15/2025	2FE
375558-AS-2	GILEAD SCIENCES INC 5.65% Due 12/1/2041 JD1 5.650% 12/01/41		08/03/2017	BARCLAYS		22,011,840	18,000,000	20,508,920	20,328,784		(32,293)		(32,293)		20,296,491		1,715,349	1,715,349	697,775	12/01/2041	1FE
375558-BA-0	GILEAD SCIENCES INC 4 1/2% Due 2/1/2045 FA1 4.500% 02/01/45		07/20/2017	RBC CAPITAL MARKETS		5,387,250	5,000,000	5,209,580	5,203,910		(2,084)		(2,084)		5,201,826		185,424	185,424	221,250	02/01/2045	1FE
381131-AA-9	GOLDEN NUGGET INC 8 1/2% Due 12/1/2021 JD1 8.500% 12/01/21		07/25/2017	WELLS FARGO SECURITIES LLC		3,975,000	3,750,000	3,750,000	3,750,000						3,750,000		225,000	225,000	209,844	12/01/2021	5FE

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1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
38141G-FD-1	GOLDMAN SACHS GROUP INC 6 3/4% Due 10/1/2037 A01 6.750% 10/01/37		09/26/2017	Various		22,375,610	17,000,000	18,016,900	18,086,503		(26,272)		(26,272)		18,060,230		4,315,380	4,315,380	1,046,063	10/01/2037	2FE
38141G-VR-2	GOLDMAN SACHS GROUP INC 4 1/4% Due 10/21/2025 A021 4.250% 10/21/25		08/03/2017	NOMURA SECURITIES INTERNATIONA		15,674,550	15,000,000	14,895,000	14,904,493		6,228		6,228		14,910,721		763,829	763,829	508,229	10/21/2025	2FE
382550-BE-0	GOODYEAR TIRE & RUBBER CORP 5 1/8% Due 11/15/2023 MN15 5.125% 11/15/23		09/20/2017	Various		5,250,000	5,000,000	5,025,000	5,019,784		(3,341)		(3,341)		5,016,443		233,557	233,557	199,306	11/15/2023	3FE
39121J-A*-1	GREAT RIVER ENERGY FIRST MORTGAGE BONDS SERIES 20 5.810% 07/01/21		07/01/2017	Redemption 100.0000		2,093,023	2,093,023	2,093,023	2,093,023						2,093,023				121,605	07/01/2021	1
406216-BE-0	HALLIBURTON CO 4 3/4% Due 8/1/2043 FA1 4.750% 08/01/43		07/13/2017	BARCLAYS		8,213,120	8,000,000	8,084,250	8,080,113		(695)		(695)		8,079,418		133,702	133,702	366,278	08/01/2043	2FE
416515-BA-1	HARTFORD FINANCIAL SERVICES GR 6 5/8% Due 3/30/2040 MS31 6.625% 03/30/40		09/28/2017	BARCLAYS		2,710,340	2,000,000	2,037,700	2,034,333		(96)		(96)		2,034,237		676,103	676,103	66,986	03/30/2040	2FE
416518-AB-4	HARTFORD FINL SVCS GRP 5 1/8% Due 4/15/2022 AO15 5.125% 04/15/22		08/10/2017	WELLS FARGO SECURITIES LLC		5,574,100	5,000,000	4,972,800	4,983,584		2,054		2,054		4,985,638		588,462	588,462	211,976	04/15/2022	2FE
42809H-AD-9	HESS CORP 5.6% Due 2/15/2041 FA15 5.600% 02/15/41		07/14/2017	Various		4,835,130	5,000,000	5,805,830	5,741,395		(9,176)		(9,176)		5,732,219		(897,089)	(897,089)	259,467	02/15/2041	2FE
432891-AG-4	HILTON WORLDWIDE FIN LLC 4.625% 04/01/25		07/26/2017	J.P. MORGAN		4,140,000	4,000,000	4,000,000							4,000,000		140,000	140,000	68,604	04/01/2025	3FE
437076-BD-3	HOME DEPOT INC 4 7/8% Due 2/15/2044 FA15 4.875% 02/15/44		08/07/2017	BARCLAYS		17,403,900	15,000,000	16,323,500	16,260,404		(14,942)		(14,942)		16,245,462		1,158,438	1,158,438	721,094	02/15/2044	1FE
44416*-AB-2	HUDSON TRANSMISSION 4.41% Due 5/23/2033 FMAN31 4.410% 05/23/33		08/31/2017	Redemption 100.0000		84,855	84,855	84,858	84,858		(2)		(2)		84,855				2,813	05/23/2033	2FE
45031#-AC-8	ITC HOLDINGS CORP 6.23% Due 9/20/2017 MS20 6.230% 09/20/17		09/20/2017	Maturity		3,000,000	3,000,000	3,000,000	3,000,000						3,000,000				186,900	09/20/2017	2
45071K-BM-5	IXIS 2005-HE2 Flt % Due 9/25/2035 Mo-25 2.167% 09/25/35		09/25/2017	Paydown		178,332	178,332	167,577	168,737		9,595		9,595		178,332				2,297	09/25/2035	1FM
45254N-KF-3	IMM 2004-7 Flt % Due 11/25/2034 Mo-25 1.977% 11/25/34		09/25/2017	Paydown		244,234	244,234	232,940	234,836		9,398		9,398		244,234				2,838	11/25/2034	1FM
45660N-B9-5	RAST 2004-A2 5 1/4% Due 5/25/2034 Mo-1 5.250% 05/25/34		09/01/2017	Paydown		42,373	42,373	23,305	24,564		17,809		17,809		42,373				1,481	05/25/2034	1FM
45660N-VH-5	RAST 2004-A2 5 3/4% Due 11/25/2033 Mo-1 5.750% 11/25/33		09/01/2017	Paydown		41,810	41,810	42,750	42,657		(847)		(847)		41,810				1,505	11/25/2033	1FM
45685E-AJ-5	VOYA FINANCIAL INC 5.7% Due 7/15/2043 JJ15 5.700% 07/15/43		09/25/2017	US BANCORP INC		2,933,750	2,500,000	2,484,925	2,485,702		247		247		2,485,949		447,801	447,801	171,000	07/15/2043	2FE
457187-AB-8	INGREDION INC 3.2% Due 10/1/2026 A01 3.200% 10/01/26		07/25/2017	MESIROW		9,889,100	10,000,000	9,995,700	9,995,747		328		328		9,996,075		(106,975)	(106,975)	271,556	10/01/2026	2FE
459506-B@-9	INTL FLAVORS & FRAGRANCES SERIES A NOTE 6.250% 09/27/17		09/27/2017	Maturity		22,500,000	22,500,000	22,500,000	22,500,000						22,500,000				1,406,250	09/27/2017	2
460146-CK-7	INTERNATIONAL PAPER CO. 4.8% Due 6/15/2044 JD15 4.800% 06/15/44		08/01/2017	GOLDMAN SACHS		11,694,430	11,000,000	10,771,880	10,780,610		2,543		2,543		10,783,153		911,277	911,277	335,867	06/15/2044	2FE
460690-BK-5	INTERPUBLIC GROUP 3 3/4% Due 2/15/2023 FA15 3.750% 02/15/23		09/26/2017	ROBERT W. BAIRD & CO.		12,984,152	12,455,000	12,405,049	12,423,471		3,778		3,778		12,427,248		556,903	556,903	519,205	02/15/2023	2FE
460690-BL-3	INTERPUBLIC GROUP 4.2% Due 4/15/2024 AO15 4.200% 04/15/24		09/19/2017	Various		15,879,700	15,000,000	15,125,150	15,122,580		(10,431)		(10,431)		15,112,149		767,551	767,551	584,500	04/15/2024	2FE
46115H-AZ-0	INTESA SANPAOLO-SPON ADR BASIC 3.125% 07/14/22		09/20/2017	CITICORP SECURITIES		3,021,570	3,000,000	2,995,320			165		165		2,995,485		26,085	26,085	17,708	07/14/2022	2FE
46121Y-B#-8	INTREPID POTASH INC 8.78% Due 4/16/2025 AO16 8.780% 04/16/25		09/29/2017	Redemption 100.0000		300,002	300,002	300,002	300,002						300,002				58,417	04/16/2025	5
46121Y-B@-0	INTREPID POTASH INC 8.63% Due 4/14/2023 AO16 8.630% 04/14/23		09/19/2017	Redemption 100.0000		548,339	548,339	550,201	549,919		(1,580)		(1,580)		548,339				53,441	04/14/2023	2FE
46623E-KG-3	JPMORGAN CHASE & CO 2.295% Due 8/15/2021 FA15 2.295% 08/15/21		07/26/2017	MARKET AXESS		2,992,290	3,000,000	3,000,000	3,000,000						3,000,000		(7,710)	(7,710)	67,511	08/15/2021	1FE
466247-HE-6	JPMMT 2005-S2 2A15 Adj % Due 12/25/2034 Mo-1 3.142% 12/25/34		09/01/2017	Paydown		39,943	39,943	35,450	35,402		4,541		4,541		39,943				822	12/25/2034	1FM
466247-HP-1	JPMMT 2005-S2 2A15 4 3/4% Due 11/25/2019 Mo-1 4.750% 11/25/19		09/01/2017	Paydown		89,162	89,162	90,514	89,513		(351)		(351)		89,162				2,823	11/25/2019	1FM
466247-K7-7	JPMMT 2005-S2 2A15 Adj % Due 11/25/2033 Mo-1 3.321% 11/25/33		09/01/2017	Paydown		130,864	130,864	130,609	130,610		254		254		130,864				2,565	11/25/2033	1FM

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Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value 11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
466247-LZ-4	JPMMT 2005-S2 2A15 Adj % Due 2/25/2035 Mo-1 3.642% 02/25/35		09/01/2017	Paydown		33,170	33,170	32,800	32,801		369		369		33,170				764	02/25/2035	1FM
466247-QA-4	JPMMT 2005-S2 2A15 Adj % Due 6/25/2035 Mo-1 3.224% 06/25/35		09/01/2017	Paydown		260,042	260,042	259,066	259,122		920		920		260,042				4,861	06/25/2035	1FM
466247-QY-2	JPMMT 2005-S2 2A15 Adj % Due 6/25/2035 Mo-1 3.580% 06/25/35		09/01/2017	Paydown		68,940	68,940	68,179	68,382		559		559		68,940				1,423	06/25/2035	1FM
46625H-JE-1	JP MORGAN CHASE & CO 3 1/4% Due 9/23/2022 MS23 3.250% 09/23/22		07/17/2017	BARCLAYS		5,155,550	5,000,000	5,142,550	5,091,588		(8,075)		(8,075)		5,083,513		72,037	72,037	134,063	09/23/2022	1FE
46625H-RX-0	JP MORGAN CHASE & CO 3 5/8% Due 12/1/2027 JD1 3.625% 12/01/27		09/26/2017	NOMURA SECURITIES INTERNATIONA		10,042,300	10,000,000	9,982,700	9,982,551		1,408		1,408		9,983,960		58,340	58,340	314,167	12/01/2027	2FE
466275-AA-2	JPALT 2007-S1 Flt % Due 4/25/2047 Mo-25 1.517% 04/25/47		09/25/2017	Paydown		320,210	320,210	288,990	293,526		26,684		26,684		320,210				2,887	04/25/2047	1FM
466275-AA-2	JPALT 2007-S1 Flt % Due 4/25/2047 Mo-25 1.517% 04/25/47		08/25/2017	Redemption 100.0000		76,504	76,504	69,045	70,129		6,375		6,375		76,504				645	04/25/2047	1FM
46628F-AM-3	JPMCC 2006-LDP7 6.11551% Due 4/17/2045 Mo-1 5.925% 04/17/45		09/15/2017	Paydown		24,417	24,417	26,682	24,417						24,417				1,103	04/17/2045	1FM
46628F-AM-3	JPMCC 2006-LDP7 6.11551% Due 4/17/2045 Mo-1 5.925% 04/17/45		08/15/2017	Redemption 100.0000		169,134	169,134	184,818	169,134						169,134				6,047	04/17/2045	1FM
46630G-AS-4	JPMMT 2007-A1 Adj % Due 7/25/2035 Mo-1 3.520% 07/25/35		09/01/2017	Paydown		247,907	247,907	248,967	248,688		(782)		(782)		247,907				5,735	07/25/2035	1FM
46632H-AJ-0	JPMCC 2007-LD12 6.20676% Due 2/15/2051 Mo-1 6.039% 02/15/51		08/01/2017	Paydown		4,665,628	4,665,628	5,237,167	4,760,758		(95,130)		(95,130)		4,665,628				169,954	02/15/2051	1FM
46636V-AC-0	JPMCC 2011-C5 4.1712% Due 8/15/2046 Mo-1 4.171% 08/15/46		09/01/2017	Paydown		209,235	209,235	217,905	211,912		(2,678)		(2,678)		209,235				6,116	08/15/2046	1FM
46637T-AA-8	JPMCC 2012-WLDN 3.9054% Due 5/5/2030 Mo-1 3.905% 05/05/30		09/01/2017	Paydown		59,291	59,291	62,974	62,620		(3,328)		(3,328)		59,291				1,508	05/05/2030	1FM
46637Y-AA-7	JPMCC 2012-HSBC 3.0934% Due 7/5/2032 Mo-1 3.093% 07/05/32		09/01/2017	Paydown		55,223	55,223	55,043	55,076		146		146		55,223				1,068	07/05/2032	1FM
472319-AL-6	JEFFERIES GROUP INC 5 1/8% Due 1/20/2023 JJ20 5.125% 01/20/23		08/16/2017	Various		9,595,063	8,750,000	8,690,350	8,708,771		3,876		3,876		8,712,648		882,415	882,415	477,088	01/20/2023	2FE
482539-AA-1	KLX INC 5 7/8% Due 12/1/2022 JD1 5.875% 12/01/22		07/24/2017	CITICORP SECURITIES		6,837,188	6,500,000	6,599,938	6,584,716		(11,298)		(11,298)		6,573,418		263,770	263,770	250,340	12/01/2022	4FE
491386-D*-6	KENTUCKY POWER CO SENIOR NOTES 4.180% 09/30/26		08/08/2017	STONECASTLE SECURITIES LLC		13,642,330	13,000,000	13,000,000	13,000,000						13,000,000		642,330	642,330	464,909	09/30/2026	2
491674-BG-1	KENTUCKY UTILITIES CO 5 1/8% Due 11/1/2040 MN1 5.125% 11/01/40		08/22/2017	MITSUBISHI SECURITIES		4,866,160	4,000,000	3,956,600	3,960,441		1,014		1,014		3,961,455		904,705	904,705	167,417	11/01/2040	1FE
49446R-AP-4	KIMCO REALTY 2.8% Due 10/1/2026 A01 2.800% 10/01/26		07/13/2017	WELLS FARGO SECURITIES LLC		4,649,350	5,000,000	4,941,400	4,942,738		2,760		2,760		4,945,498		(296,148)	(296,148)	128,333	10/01/2026	2FE
494550-AT-3	KINDER MORGAN ENERGY PART LP CALL @ MAKE WHOLE +20BP. 5.800% 03/15/35		07/05/2017	J.P. MORGAN		11,356,380	10,500,000	9,694,740	9,837,389		11,554		11,554		9,848,943		1,507,437	1,507,437	499,042	03/15/2035	2FE
494550-AY-2	KINDER MORGAN ENERGY PART LP 5.95% Due 2/15/2018 FA15 5.950% 02/15/18		08/17/2017	BARCLAYS		4,790,334	4,700,000	4,749,940	4,708,452		(4,668)		(4,668)		4,703,783		86,551	86,551	285,088	02/15/2018	2FE
49456B-AJ-0	KINDER MORGAN INC 5.05% Due 2/15/2046 FA15 5.050% 02/15/46		08/23/2017	Various		20,030,800	20,000,000	20,328,200			(839)		(839)		20,327,361		(296,561)	(296,561)	741,368	02/15/2046	2FE
497270-AA-5	HMS 850 BARGE FLEETING HMS 850 BARGE FLEETING 4.410% 03/15/42		09/15/2017	Redemption 100.0000		8,555	8,555	8,555							8,555				23	03/15/2042	2FE
50077L-AB-2	KRAFT HEINZ FOODS CO 4 3/8% Due 6/1/2046 JD1 4.375% 06/01/46		09/27/2017	Various		10,713,580	11,000,000	10,436,760	1,021,001		6,024		6,024		10,442,725		270,855	270,855	397,153	06/01/2046	2FE
50077L-AH-9	KRAFT HEINZ FOODS CO 2.8% Due 7/2/2020 JJ2 2.800% 07/02/20		09/26/2017	DEUTSCHE BANK		4,072,000	4,000,000	3,990,920	3,992,831		1,998		1,998		3,994,829		77,171	77,171	138,756	07/02/2020	2FE
50077L-AM-8	KRAFT HEINZ FOODS CO 5.2% Due 7/15/2045 JJ15 5.200% 07/15/45		09/26/2017	BARCLAYS		5,950,685	5,500,000	5,817,045	5,813,392		(2,471)		(2,471)		5,810,921		139,764	139,764	326,228	07/15/2045	2FE
501044-CR-0	KROGER CO. 5% Due 4/15/2042 AO15 5.000% 04/15/42		08/14/2017	CITICORP SECURITIES		3,072,510	3,000,000	2,960,160	2,962,455		697		697		2,963,152		109,358	109,358	125,833	04/15/2042	2FE
501044-DE-8	KROGER CO. 2.65% Due 10/15/2026 AO15 2.650% 10/15/26		07/14/2017	GOLDMAN SACHS		1,386,225	1,500,000	1,495,140	1,495,258		230		230		1,495,488		(109,263)	(109,263)	31,579	10/15/2026	2FE
50540R-AS-1	LABORATORY CORP OF AMERICA 4.7% Due 2/1/2045 FA1 4.700% 02/01/45		09/26/2017	Various		8,046,093	7,700,000	7,831,235	7,828,724		(1,388)		(1,388)		7,827,337		218,756	218,756	374,812	02/01/2045	2FE

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1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amor-tization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recog-nized	14 Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	15 Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
52520M-BY-8	LMT 2005-2 Flt % Due 12/25/2035 Mo-25 1.987% 12/25/35		09/25/2017	Paydown		172,068	172,068	123,029	124,780		47,288		47,288		172,068				2,039	12/25/2035	1FM
527288-BE-3	LEUCADIA NATIONAL CORP 5 1/2% Due 10/18/2023 AO18 5.500% 10/18/23		07/06/2017	BANK OF AMERICA		19,215,000	18,000,000	17,755,380	17,819,293		11,834		11,834		17,831,128		1,383,872	1,383,872	723,250	10/18/2023	3FE
53079E-BF-0	LIBERTY MUTUAL 4.85% Due 8/1/2044 FA1 4.850% 08/01/44		07/24/2017	J.P. MORGAN		1,633,830	1,500,000	1,478,925	1,479,725		263		263		1,479,988		153,842	153,842	71,942	08/01/2044	2FE
53217V-AC-3	LIFE TECHNOLOGIES CORP 6% Due 3/1/2020 MS1 6.000% 03/01/20		09/26/2017	US BANCORP INC		5,440,000	5,000,000	5,513,300	5,246,022		(52,772)		(52,772)		5,193,249		246,751	246,751	322,500	03/01/2020	2FE
532457-BG-2	LILLY (ELI) & CO 4.65% Due 6/15/2044 JD15 4.650% 06/15/44		07/20/2017	WELLS FARGO SECURITIES LLC		5,547,500	5,000,000	4,993,050	4,994,484		164		164		4,994,648		552,852	552,852	142,083	06/15/2044	1FE
539830-AF-6	LOCKHEED MARTIN CORP 7 3/4% Due 5/1/2026 MN1 7.750% 05/01/26		09/25/2017	BARCLAYS		1,315,670	1,000,000	1,198,325	1,128,440		(21,723)		(21,723)		1,106,717		208,953	208,953	70,181	05/01/2026	2FE
539830-BB-4	LOCKHEED MARTIN CORP 4.07% Due 12/15/2042 JD15 4.070% 12/15/42		08/11/2017	US BANCORP INC		5,123,600	5,000,000	4,288,400	4,328,009		8,210		8,210		4,336,219		787,381	787,381	136,232	12/15/2042	2FE
539830-BL-2	LOCKHEED MARTIN CORP 4.7% Due 5/15/2046 MN15 4.700% 05/15/46		07/17/2017	GOLDMAN SACHS		37,051,327	33,036,000	37,279,225	37,252,110		(43,966)		(43,966)		37,208,144		(156,817)	(156,817)	1,054,735	05/15/2046	2FE
542514-HB-3	LBMLT 2004-5 Flt % Due 9/25/2034 Mo-25 1.797% 09/25/34		07/26/2017	Paydown																09/25/2034	1FM
548661-CX-3	LOWE'S COMPANIES 4.65% Due 4/15/2042 AO15 4.650% 04/15/42		08/07/2017	BARCLAYS		6,390,270	5,757,000	5,634,000	5,640,380		1,802		1,802		5,642,182		748,088	748,088	219,366	04/15/2042	1FE
552953-CA-7	MGM MIRAGE MGM INC 6 5/8% Due 12/15/2021 JD15 6.625% 12/15/21		07/25/2017	J.P. MORGAN		4,308,178	3,821,000	4,031,000	4,006,780		(18,248)		(18,248)		3,988,532		319,645	319,645	156,807	12/15/2021	3FE
553283-AB-8	MPH ACQUISITION HOLDINGS 7 1/8% Due 6/1/2024 JD1 7.125% 06/01/24		07/25/2017	Various		7,560,000	7,000,000	7,461,750	7,439,959		(39,961)		(39,961)		7,399,998		160,002	160,002	327,637	06/01/2024	5FE
55336V-AJ-9	MPLX LP 4 7/8% Due 6/1/2025 JD1 4.875% 06/01/25		08/23/2017	MORGAN STANLEY		3,747,275	3,500,000	3,682,910			(10,847)		(10,847)		3,672,063		75,212	75,212	126,547	06/01/2025	2FE
55616X-AG-2	MACYS RETAIL HLDGS INC 5 1/8% Due 1/15/2042 JJ15 5.125% 01/15/42		07/17/2017	Various		10,228,340	12,000,000	11,762,750	11,776,039		2,688		2,688		11,778,727		(1,550,387)	(1,550,387)	621,833	01/15/2042	2FE
565849-AE-6	MARATHON OIL 6.6% Due 10/1/2037 AO1 6.600% 10/01/37		08/15/2017	GOLDMAN SACHS		5,470,950	5,000,000	5,850,180	5,786,855		(12,894)		(12,894)		5,773,961		(303,011)	(303,011)	290,583	10/01/2037	3FE
565849-AL-0	MARATHON OIL 3.85% Due 6/1/2025 JD1 3.850% 06/01/25		08/15/2017	BARCLAYS		4,920,750	5,000,000	4,988,550	4,989,897		770		770		4,990,667		(69,917)	(69,917)	137,424	06/01/2025	3FE
56585A-AH-5	MARATHON PETROLEM 4 3/4% Due 9/15/2044 MS15 4.750% 09/15/44		08/24/2017	Various		9,693,070	10,000,000	9,493,625	9,509,174		5,994		5,994		9,515,169		177,901	177,901	444,785	09/15/2044	2FE
56585A-AJ-1	MARATHON PETROLEM 5% Due 9/15/2054 MS15 5.000% 09/15/54		09/12/2017	STIFEL NICOLAUS		2,836,620	3,000,000	2,991,690	2,991,693		277		277		2,991,971		(155,351)	(155,351)	149,583	09/15/2054	2FE
573284-AK-2	MARTIN MARIETTA MATERIALS 6.6% Due 4/15/2018 AO15 6.600% 04/15/18		08/17/2017	MORGAN STANLEY		5,149,900	5,000,000	5,310,150	5,070,294		(33,499)		(33,499)		5,036,795		113,105	113,105	281,417	04/15/2018	2FE
576433-UE-4	MARM 2004-13 Adj % Due 4/21/2034 Mo-1 3.290% 04/21/34		09/01/2017	Paydown		240,724	240,724	239,023	239,211		1,513		1,513		240,724				5,688	04/21/2034	1FM
576433-UF-1	MARM 2004-13 Adj % Due 11/21/2034 Mo-1 3.441% 11/21/34		09/01/2017	Paydown		129,475	129,475	133,359	132,911		(3,436)		(3,436)		129,475				2,767	11/21/2034	1FM
57643M-KK-9	MASTR 2005-1 5 1/2% Due 5/25/2035 Mo-1 5.500% 05/25/35		09/01/2017	Paydown		56,517	56,517	56,808	56,747		(230)		(230)		56,517				2,055	05/25/2035	1FM
58013M-EC-4	MCDONALD'S CORP 6.3% Due 10/15/2037 AO15 6.300% 10/15/37		09/25/2017	STIFEL NICOLAUS		1,304,100	1,000,000	1,036,280	1,030,919		(457)		(457)		1,030,462		273,638	273,638	59,850	10/15/2037	2FE
581557-BC-8	MC KESSON CORP 4.883% Due 3/15/2044 MS15 4.883% 03/15/44		09/26/2017	DEUTSCHE BANK		1,950,585	1,750,000	1,792,315	1,791,685		(566)		(566)		1,791,119		159,466	159,466	88,538	03/15/2044	2FE
59020U-SH-9	MLMI 2005-A2 Adj % Due 2/25/2035 Mo-1 2.973% 02/25/35		09/01/2017	Paydown		467,951	467,951	463,005	463,161		4,790		4,790		467,951				9,119	02/25/2035	1FM
59022C-AB-9	BANK OF AMERICA CORP 6.22% Due 9/15/2026 MS15 6.220% 09/15/26		09/14/2017	BANK OF AMERICA		11,835,300	10,000,000	9,608,300	9,719,542		16,307		16,307		9,735,848		2,099,452	2,099,452	627,183	09/15/2026	2FE
590488-AA-6	MESA AIRLINES INC CERTIFICATES 4.750% 01/15/28		07/17/2017	Redemption 100.0000		448,184	448,184	448,184	448,184						448,184				21,289	01/15/2028	1FE
607120-EZ-1	MOBILE AIRPORT AUTHORITY 3.81% Due 11/9/2032 MN9 3.810% 11/09/32		08/09/2017	Redemption 100.0000		204,751	204,751	204,751	204,751						204,751				5,725	11/09/2032	1
61744C-MQ-6	MSHEL 2005-2 SERIES 2005NC1 CLASS M6 2.389% 01/25/35		09/25/2017	Paydown		73,507	73,507	62,665			10,842		10,842		73,507				449	01/25/2035	5FE

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1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
61748H-CE-9	MSM 2004-7AR Adj % Due 9/25/2034 Mo-1 3.400% 09/25/34		09/01/2017	Paydown		308,894	308,894	307,543	307,627		1,267		1,267		308,894				6,730	09/25/2034	1FM
61913P-AA-0	MHL 2004-1 Flt % Due 11/25/2034 Mo-25 2.017% 11/25/34		09/25/2017	Paydown		589,056	589,056	561,904	566,865		22,191		22,191		589,056				6,998	11/25/2034	1FM
61913P-AB-8	MHL 2004-1 2.062% 11/25/34		09/25/2017	Paydown		52,743	52,743	49,546			3,198		3,198		52,743				433	11/25/2034	1FM
61915R-AU-0	MHL 2005-5 Flt % Due 12/25/2035 Mo-25 1.497% 12/25/35		09/25/2017	Paydown		888,193	888,193	823,456	836,696		51,497		51,497		888,193				7,697	12/25/2035	1FM
628530-BC-0	MYLAN LABORATORIES 5.4% Due 11/29/2043 MN29 5.400% 11/29/43		08/02/2017	BANK OF AMERICA		5,504,700	5,000,000	5,011,740	5,010,922		142		142		5,011,063		493,637	493,637	186,000	11/29/2043	2FE
628782-AJ-3	NBTY INC 7 5/8% Due 5/15/2021 MN15 7.625% 05/15/21		09/27/2017	Call 100.0000		4,760,000	4,760,000	4,771,128	4,767,898		(1,551)		(1,551)		4,766,347		(6,347)	(6,347)	669,537	05/15/2021	5FE
637071-AK-7	NATIONAL-OILWELL VARCO INC 3.95% Due 12/1/2042 JD1 3.950% 12/01/42		07/24/2017	JEFFERIES & COMPANY INC.		839,380	1,000,000	869,420	872,940		1,478		1,478		874,418		(35,038)	(35,038)	25,894	12/01/2042	2FE
638671-AL-1	NATIONWIDE MUTUAL INSURA 4.95% Due 4/22/2044 A022 4.950% 04/22/44		09/28/2017	Various		7,788,040	7,000,000	6,997,830	6,997,421		528		528		6,997,949		790,091	790,091	323,400	04/22/2044	1FE
64072T-AC-9	CSC HOLDINGS LLC 6 5/8% Due 10/15/2025 JJ15 6.625% 10/15/25		09/27/2017	BANK OF AMERICA		2,734,375	2,500,000	2,483,750	2,486,124		1,005		1,005		2,487,129		247,246	247,246	199,670	10/15/2025	3FE
64352V-JK-8	NEW CENTURY HOME EQ LOAN TRUST Flt % Due 2/25/2035 Mo-25 2.032% 02/25/35		09/25/2017	Paydown		80,100	80,100	69,148	64,927		15,174		15,174		80,100				1,318	02/25/2035	1FM
64352V-KW-0	NEW CENTURY HOME EQ LOAN TRUST 2.182% 06/25/35		07/25/2017	Paydown																06/25/2035	1FM
64760@-AA-2	NEW ORLEANS ENERGY PARTNERS NEW ORLEANS ENERGY PARTNERS LL 4.270% 08/15/32		09/15/2017	Redemption 100.0000		7,832	7,832	7,832							7,832				71	08/15/2032	1FE
651229-AY-2	NEWELL RUBBERMAID INC. 5 1/2% Due 4/1/2046 A01 5.500% 04/01/46		09/26/2017	BARCLAYS		3,587,880	3,000,000	3,252,120	3,249,943		(3,383)		(3,383)		3,246,560		341,320	341,320	163,625	04/01/2046	2FE
65473Q-AR-4	NISOURCE FINANCE CORP 5.45% Due 9/15/2020 MS15 5.450% 09/15/20		08/10/2017	KEY BANK		1,386,389	1,265,000	1,305,366	1,282,100		(2,523)		(2,523)		1,279,577		106,813	106,813	62,431	09/15/2020	2FE
654894-AF-1	NOBLE AFFILIATES INC 8% Due 4/1/2027 A01 8.000% 04/01/27		09/28/2017	STIFEL NICOLAUS		2,540,620	2,000,000	2,466,760	2,292,088		(15,623)		(15,623)		2,276,465		264,155	264,155	80,444	04/01/2027	2FE
655044-AJ-4	NOBLE ENERGY INC 5.05% Due 11/15/2044 MN15 5.050% 11/15/44		08/14/2017	WELLS FARGO SECURITIES LLC		6,039,120	6,000,000	6,162,230	6,157,325		(1,467)		(1,467)		6,155,858		(116,738)	(116,738)	228,933	11/15/2044	2FE
655844-AW-8	NORFOLK SOUTHERN CORP CALL @> PAR OR MAKE WHOLE +205 5.590% 05/17/25		07/13/2017	BARCLAYS		6,860,940	6,000,000	6,475,233	6,338,576		(19,370)		(19,370)		6,319,206		541,734	541,734	224,532	05/17/2025	2FE
655844-AX-6	NORFOLK SOUTHERN CORP CALL @ MAKE WHOLE +20BP 5.640% 05/17/29		09/25/2017	STIFEL NICOLAUS		3,944,614	3,288,000	3,288,163	3,288,042		121		121		3,288,163		656,451	656,451	159,687	05/17/2029	2FE
655844-BN-7	NORFOLK SOUTHERN CORP 4.8% Due 8/15/2043 FA15 4.800% 08/15/43		08/08/2017	BARCLAYS		12,458,050	11,000,000	12,068,360			(12,333)		(12,333)		12,056,028		402,023	402,023	522,133	08/15/2043	2FE
655844-BR-8	NORFOLK SOUTHERN CORP 4.65% Due 1/15/2046 JJ15 4.650% 01/15/46		09/26/2017	WELLS FARGO SECURITIES LLC		2,239,180	2,000,000	2,191,420	2,189,348		(2,626)		(2,626)		2,186,721		52,459	52,459	111,858	01/15/2046	2FE
670346-AN-5	NUCOR CORP. 5.2% Due 8/1/2043 FA1 5.200% 08/01/43		09/25/2017	BANK OF AMERICA		5,125,562	4,350,000	4,245,813	4,250,869		1,476		1,476		4,252,346		873,216	873,216	261,387	08/01/2043	2FE
67059T-AC-9	NUSTART LOGISTICS LP 4 3/4% Due 2/1/2022 FA1 4.750% 02/01/22		07/31/2017	BANK OF AMERICA		7,659,539	7,500,000	7,482,792	7,489,662		1,583		1,583		7,491,245		168,293	168,293	357,322	02/01/2022	3FE
682680-AN-3	ONEOK INC CALL @ MAKE WHOLE +25 BASIS PO 6.000% 06/15/35		09/28/2017	J.P. MORGAN		11,121,000	10,000,000	9,360,555	9,442,790		11,774		11,774		9,454,564		1,666,436	1,666,436	478,333	06/15/2035	3FE
682680-AT-0	ONEOK INC BASIC 4.950% 07/13/47		09/19/2017	CREDIT SUISSE FIRST BOSTON		1,014,230	1,000,000	987,530			34		34		987,564		26,666	26,666	9,350	07/13/2047	2FE
68268N-AD-5	ONEOK PARTNERS 6.85% Due 10/15/2037 A015 6.850% 10/15/37		08/09/2017	JEFFERIES & COMPANY INC.		6,127,050	5,000,000	4,897,250	4,908,657		1,962		1,962		4,910,619		1,216,431	1,216,431	284,465	10/15/2037	2FE
68383N-CZ-4	OPMAC 2005-5 Flt % Due 12/25/2035 Mo-25 1.567% 12/25/35		09/25/2017	Paydown		132,342	132,342	115,055	115,535		16,807		16,807		132,342				1,149	12/25/2035	1FM
68383N-DT-7	OPMAC 2005-5 Flt % Due 4/25/2036 Mo-25 1.447% 04/25/36		09/25/2017	Paydown		300,680	300,680	266,102	267,475		33,205		33,205		300,680				2,449	04/25/2036	1FM
68784U-AB-8	OSCAR 2016-2A 2.31% Due 11/15/2019 Mo-15 2.310% 11/15/19		09/15/2017	Paydown		1,392,456	1,392,456	1,392,178	1,249,516		247		247		1,392,456				21,605	11/15/2019	1FE
68964*-AB-7	OTTER TAIL CORPORATION SENIOR UNSECURED NOTES 5.950% 08/20/17		08/20/2017	Maturity		14,000,000	14,000,000	14,000,000	14,000,000						14,000,000				844,569	08/20/2017	2

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
693627-AY-7	PSI ENERGY CALL @ MAKE WHOLE +30BP. SHORT 6.120% 10/15/35		09/28/2017	Various		5,151,290	4,000,000	4,019,530	4,015,331		100		100		4,015,430		1,135,860	1,135,860	234,430	10/15/2035	1FE
694476-AD-4	PACIFIC LIFECORP 5 1/8% Due 1/30/2043 JJ30 5.125% 01/30/43		09/29/2017	Various		11,158,830	10,000,000	9,470,825	9,496,666		6,762		6,762		9,503,428		1,655,402	1,655,402	572,719	01/30/2043	2FE
698525-AA-0	PANOCHE ENERGY CENTER LLC 6.885% Due 7/31/2029 FA31 6.885% 07/31/29		08/31/2017	Redemption 100.0000		320,914	320,914	338,819	336,104		(15,190)		(15,190)		320,914				22,095	02/28/2029	3FE
706451-BG-5	PEMEX MASTER TRUST MAKE WHOLE +50BP 6.625% 06/15/35		08/21/2017	Various		7,457,000	7,000,000	7,228,060	7,205,483		(3,578)		(3,578)		7,201,905		255,095	255,095	314,503	06/15/2035	2FE
706451-BS-9	PEMEX MASTER TRUST 5 3/4% Due 3/1/2018 MS1 5.750% 03/01/18		08/17/2017	MORGAN STANLEY		9,171,000	9,000,000	8,996,584	8,999,905		47		47		8,999,952		171,048	171,048	504,563	03/01/2018	2FE
713291-AH-5	PEPCO HOLDINGS INC CALL @MAKE WHOLE +40BP 7.450% 08/15/32		08/17/2017	SUSQUEHANNA		17,612,143	13,065,000	14,152,668	13,896,444		(34,133)		(34,133)		13,862,311		3,749,831	3,749,831	992,269	08/15/2032	2FE
718172-AM-1	PHILIP MORRIS 4 3/8% Due 11/15/2041 MN15 4.375% 11/15/41		07/06/2017	BARCLAYS		10,376,600	10,000,000	9,930,511	9,932,786		1,078		1,078		9,933,864		442,736	442,736	286,806	11/15/2041	1FE
718549-AC-2	PHILLIPS 66 PARTNERS LP 4.68% Due 2/15/2045 FA15 4.680% 02/15/45		08/23/2017	Various		21,370,780	22,000,000	21,912,360	21,915,015		1,035		1,035		21,916,050		(545,270)	(545,270)	1,023,100	02/15/2045	2FE
723787-AM-9	PIONEER NATURAL RESOURCE 4.45% Due 1/15/2026 JJ15 4.450% 01/15/26		07/24/2017	BANK OF AMERICA		5,367,450	5,000,000	4,994,450	4,995,221		236		236		4,995,457		371,993	371,993	229,917	01/15/2026	2FE
72650R-BH-4	PLAINS ALL AMER PIPELINE 4.900% 02/15/45		08/11/2017	BARCLAYS		6,002,228	6,605,000	6,149,426			4,058		4,058		6,153,483		(151,256)	(151,256)	324,544	02/15/2045	2FE
72650R-BJ-0	PLAINS ALL AMER PIPELINE 4.65% Due 10/15/2025 AO15 4.650% 10/15/25		07/13/2017	J.P. MORGAN		10,267,100	10,000,000	9,817,900	9,825,997		9,485		9,485		9,835,482		431,618	431,618	352,625	10/15/2025	2FE
74160M-CS-9	PRIME 2003-3 5 1/2% Due 1/25/2034 Mo-1 5.500% 01/25/34		09/01/2017	Paydown		396,427	396,427	417,982	404,419		(7,993)		(7,993)		396,427				14,586	01/25/2034	1FM
743862-AA-2	PROVIDENT COMPANIES INC 7 1/4% Due 3/15/2028 MS15 7.250% 03/15/28		09/20/2017	Various		19,033,750	15,000,000	15,880,750	15,672,682		(26,579)		(26,579)		15,646,103		3,387,647	3,387,647	1,065,992	03/15/2028	2FE
74432Q-AK-1	PRUDENTIAL FINANCIAL INC 5.9% Due 3/17/2036 MS15 5.900% 03/17/36		08/10/2017	CANTOR FITZGERALD & CO INC		14,817,000	12,000,000	11,425,440	11,500,072		9,899		9,899		11,509,970		3,307,030	3,307,030	649,000	03/17/2036	1FE
74922N-AA-7	Residential Accredit Loans, In SERIES 2006QA10 CLASS A1 1.419% 12/25/36		09/25/2017	Paydown		778,881	778,881	709,268			69,612		69,612		778,881				2,938	12/25/2036	6FE
756109-AG-9	REALTY INCOME CORP 5 7/8% Due 3/15/2035 MS15 5.875% 03/15/35		09/28/2017	WELLS FARGO SECURITIES LLC		8,215,620	7,000,000	6,620,460	6,666,580		8,364		8,364		6,674,944		1,540,676	1,540,676	430,670	03/15/2035	2FE
761118-KU-1	RALI 2005-QO3 Flt % Due 10/25/2045 Mo-25 1.637% 10/25/45		08/25/2017	Paydown		496,673	496,673	389,888	393,715		102,958		102,958		496,673				4,492	10/25/2045	1FM
76112B-SE-1	RAAC 2005-SP1 5% Due 9/25/2034 Mo-1 5.000% 09/25/34		09/01/2017	Paydown		93,898	93,898	95,307	94,567		(668)		(668)		93,898				2,783	09/25/2034	1FM
761713-BF-2	REYNOLDS AMERICAN INC 4% Due 6/12/2022 JD12 4.000% 06/12/22		08/10/2017	DEUTSCHE BANK		7,398,300	7,000,000	6,990,270	6,992,244		763		763		6,993,007		405,293	405,293	188,444	06/12/2022	2FE
761713-BG-0	REYNOLDS AMERICAN INC 4.45% Due 6/12/2025 JD12 4.450% 06/12/25		08/10/2017	GOLDMAN SACHS		5,362,850	5,000,000	4,984,850	4,986,669		931		931		4,987,600		375,250	375,250	150,188	06/12/2025	2FE
78413K-AB-8	SES GLOBAL AMERICAS HLDG 5.3% Due 3/25/2044 MS25 5.300% 03/25/44		09/01/2017	Various		3,826,290	4,000,000	4,283,720	4,271,846		(2,870)		(2,870)		4,268,975		(442,685)	(442,685)	193,744	03/25/2044	2FE
78512*-AA-5	S&E REPLACEMENT POWER LLC SENIOR SECURED NOTES 4.120% 05/31/29		08/31/2017	Redemption 100.0000		109,545	109,545	109,545							109,545				2,984	05/31/2029	1Z
78532*-AD-5	THE SABINE MINING COMPANY SENIOR SECURED NOTES 4.580% 02/21/32		08/21/2017	Redemption 100.0000		312,500	312,500	312,500	312,519		(19)		(19)		312,500				14,313	02/21/2032	2
785592-AT-3	SABINE PASS LIQUEFACTION 4.200% 03/15/28		07/18/2017	Tax Free Exchange		29,479,245	30,000,000	29,466,200			13,045		13,045		29,479,245				462,000	03/15/2028	2FE
785592-AU-0	SABINE PASS LIQUEFACTION BASIC 4.200% 03/15/28		09/13/2017	CREDIT SUISSE FIRST BOSTON		10,080,500	10,000,000	9,990,626			648		648		9,991,273		89,227	89,227	220,500	03/15/2028	2FE
805564-QL-8	SAST 2004-2 Flt % Due 8/25/2035 Mo-25 3.037% 08/25/35		09/25/2017	Paydown		100,716	100,716	96,247	96,381		4,335		4,335		100,716				1,878	08/25/2035	1FM
816196-AQ-2	SELECT MEDICAL CORP 6 3/8% Due 6/1/2021 JD1 6.375% 06/01/21		07/25/2017	J.P. MORGAN		1,447,250	1,400,000	1,400,000	1,400,000						1,400,000		47,250	47,250	58,756	06/01/2021	4FE
81744L-AZ-7	SEMT 2007-2 Flt % Due 6/20/2036 Mo-20 1.426% 06/20/36		09/20/2017	Paydown		218,539	218,539	198,373	194,220		24,319		24,319		218,539				2,251	06/20/2036	1FM
81744M-AA-0	SEMT 2007-3 Flt % Due 7/20/2036 Mo-20 1.436% 07/20/36		09/20/2017	Paydown		318,146	318,146	293,509	293,748		22,421		22,421		318,146				2,367	07/20/2036	1FM
824348-AS-5	SHERWIN-WILLIAMS CO 4.55% Due 8/1/2045 FA1 4.550% 08/01/45		07/24/2017	MORGAN STANLEY		10,640,500	10,000,000	10,311,000	10,303,207		(2,875)		(2,875)		10,300,332		340,168	340,168	449,944	08/01/2045	2FE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
824348-AU-0	SHERWIN-WILLIAMS CO BASIC 2.750% 06/01/22		08/02/2017	MARKET AXESS		2,025,280	2,000,000	2,018,080			(456)		(456)		2,017,624		7,656	7,656	12,375	06/01/2022	2FE
835415-AH-3	SONAT INC 7% Due 2/1/2018 FA1 7.000% 02/01/18		08/17/2017	BARCLAYS		3,062,160	3,000,000	2,996,550	2,999,700		171		171		2,999,871		62,289	62,289	222,250	02/01/2018	2FE
842587-CX-3	SOUTHERN COMPANY 4.4% Due 7/1/2046 JJ1 4.400% 07/01/46		09/27/2017	Various		14,528,360	14,000,000	15,208,680	15,200,946		(15,370)		(15,370)		15,185,576		(657,216)	(657,216)	780,267	07/01/2046	2FE
8426EP-AB-4	SOUTHERN CO GAS CAPITAL 3.95% Due 10/1/2046 AO1 3.950% 10/01/46		09/14/2017	J.P. MORGAN		15,507,360	16,000,000	16,068,285	16,068,176		(667)		(667)		16,067,510		(560,150)	(560,150)	640,778	10/01/2046	2FE
84755T-AA-5	SPECTRA ENERGY CAPITAL 6.2% Due 4/15/2018 AO15 6.200% 04/15/18		08/17/2017	BARCLAYS		10,268,400	10,000,000	9,773,100	9,962,671		17,731		17,731		9,980,402		287,998	287,998	528,722	04/15/2018	2FE
84755T-AC-1	SPECTRA ENERGY CAPITAL 7 1/2% Due 9/15/2038 MS15 7.500% 09/15/38		07/13/2017	TENDER		11,866,230	9,000,000	8,395,680	8,450,106		6,797		6,797		8,456,903		3,409,327	3,409,327	558,750	09/15/2038	2FE
84756N-AH-2	SPECTRA ENERGY PARTNERS LP 3 3/8% Due 10/15/2026 AO15 3.375% 10/15/26		07/13/2017	J.P. MORGAN		6,862,240	7,000,000	6,990,550	6,990,737		411		411		6,991,147		(128,907)	(128,907)	177,844	10/15/2026	2FE
84860*-AB-9	SPIRITS OF ST.LOUIS BASKETBALL SENIOR SECURED NOTES 3.850% 03/31/33		06/30/2017	Redemption 100.0000		67,487	67,487	67,487	67,487						67,487				1,949	03/31/2033	2FE
848609-AA-1	SPIRITS NEWCO LLC SENIOR SECURED NOTES 5.300% 06/30/36		06/30/2017	Redemption 100.0000		38,586	38,586	38,586	38,586						38,586				1,534	06/30/2036	2FE
863576-EM-2	SASC 2005-6 Flt % Due 12/25/2035 Mo-25 1.427% 12/25/35		09/25/2017	Paydown		330,724	330,724	296,618	297,982		32,742		32,742		330,724				2,946	12/25/2035	1FM
863579-BC-1	SARM 2004-12 1.787% 09/25/34		09/25/2017	Paydown		94,188	94,188	78,059			16,130		16,130		94,188				871	09/25/2034	1FM
86358E-MA-1	SAIL 2004-8 Flt % Due 9/25/2034 Mo-25 2.167% 09/25/34		09/25/2017	Paydown		43,978	43,978	39,374	37,855		6,123		6,123		43,978				729	09/25/2034	1FM
86358E-MR-4	SAIL 2004-8 Flt % Due 10/25/2034 Mo-25 2.212% 10/25/34		07/26/2017	Paydown																10/25/2034	1FM
86359A-3E-1	SASC 2003-31A Adj % Due 10/25/2033 Mo-1 3.367% 10/25/33		09/01/2017	Paydown		135,189	135,189	134,598	134,646		544		544		135,189				3,039	10/25/2033	1FM
86359A-3X-9	SASC 2003-31A 5 1/2% Due 10/25/2033 Mo-1 5.500% 10/25/33		09/01/2017	Paydown		361,081	361,081	340,883	344,223		16,858		16,858		361,081				12,006	10/25/2033	1FM
86359A-5A-7	SASC 2003-31A Adj % Due 11/25/2033 Mo-1 3.363% 11/25/33		09/01/2017	Paydown		583,436	583,436	586,900	586,681		(3,245)		(3,245)		583,436				13,213	11/25/2033	1FM
86359A-5M-1	SASC 2003-31A Adj % Due 11/25/2033 Mo-1 3.378% 11/25/33		09/01/2017	Paydown		176,526	176,526	177,195	177,091		(565)		(565)		176,526				3,587	11/25/2033	1FM
86359A-FD-0	SASC 2003-31A Flt % Due 12/25/2032 Mo-25 2.887% 12/25/32		09/25/2017	Paydown		246,383	246,383	218,357	211,653		34,731		34,731		246,383				4,808	12/25/2032	1FM
86359A-W3-3	SASC 2003-31A 5 1/4% Due 9/25/2023 Mo-1 5.250% 09/25/23		09/01/2017	Paydown		84,320	84,320	87,060	85,981		(1,661)		(1,661)		84,320				3,003	09/25/2023	1FM
86359A-ZE-6	SASC 2003-31A 3.358% 06/25/33		09/25/2017	Paydown		6,706	6,706	6,299			407		407		6,706				19	06/25/2033	5AM
86359B-J6-9	SASC 2004-20 5 1/4% Due 11/25/2034 Mo-1 5.250% 11/25/34		09/01/2017	Paydown		70,102	70,102	70,398	70,337		(235)		(235)		70,102				2,658	11/25/2034	1FM
86359B-PQ-8	SASC 2004-20 Adj % Due 5/25/2034 Mo-1 3.401% 05/25/34		07/01/2017	Paydown		4,149,164	4,149,164	4,102,455	4,106,980		42,184		42,184		4,149,164				80,020	05/25/2034	1FM
86359B-TC-5	SASC 2004-20 Adj % Due 6/25/2034 Mo-1 3.355% 06/25/34		09/01/2017	Paydown		206,088	206,088	206,990	206,858		(770)		(770)		206,088				4,426	06/25/2034	1FM
86359B-ZH-7	SASC 2004-20 5.40194% Due 9/25/2034 Mo-1 5.389% 09/25/34		07/01/2017	Paydown																09/25/2034	1FM
86359L-DX-4	SAMI 2004-AR5 Flt % Due 10/19/2034 Mo-19 1.897% 10/19/34		09/19/2017	Paydown		201,935	201,935	192,280	190,521		11,414		11,414		201,935				2,680	10/19/2034	1FM
86359L-FN-4	SAMI 2004-AR5 Flt % Due 4/19/2035 Mo-19 1.937% 04/19/35		09/19/2017	Paydown		25,595	25,595	24,601	24,181		1,414		1,414		25,595				409	04/19/2035	1FM
86359R-AD-8	SASC 2006-BC4 Flt % Due 12/25/2036 Mo-25 1.407% 12/25/36		09/25/2017	Paydown		379,639	379,639	315,337	318,798		60,840		60,840		379,639				2,884	12/25/2036	1FM
86364D-AA-8	SARM 2007-7 Flt % Due 8/25/2037 Mo-25 1.537% 08/25/37		09/25/2017	Paydown		29,606	29,606	13,767	15,396		14,210		14,210		29,606				267	08/25/2037	1FM
86765B-AM-1	SUNOCO LOGISTICS PARTNER 4.95% Due 1/15/2043 JJ15 4.950% 01/15/43		09/28/2017	Various		4,706,570	5,000,000	4,741,870	4,754,492		3,363		3,363		4,757,855		(51,285)	(51,285)	286,825	01/15/2043	2FE
86765B-AP-4	SUNOCO LOGISTICS PARTNER 5.3% Due 4/1/2044 AO1 5.300% 04/01/44		08/10/2017	J.P. MORGAN		8,336,545	8,500,000	7,881,640	7,888,086		5,202		5,202		7,893,288		443,257	443,257	392,936	04/01/2044	2FE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
86765B-AV-1	SUNOCO LOGISTICS PARTNER BASIC 5.400% 10/01/47		09/20/2017	MORGAN STANLEY		10,101,800	10,000,000	9,980,600							9,980,600		121,200	121,200	1,500	10/01/2047	2FE
86881W-AA-0	SURGERY CENTER HOLDINGS 8 7/8% Due 4/15/2021 AO15 8.875% 04/15/21		08/24/2017	JEFFERIES & COMPANY INC.		5,121,125	5,000,000	5,000,000	5,000,000						5,000,000		121,125	121,125	380,159	04/15/2021	5FE
87053*-AA-1	SWEETWATER INVETSORS II, LLC SENIOR SECURED NOTES 4.740% 03/01/26		09/01/2017	Redemption 100.0000		1,229,290	1,229,290	1,229,290	1,229,290						1,229,290				58,268	03/01/2026	2FE
87166F-AA-1	SYNCHRONY BANK BASIC 3.000% 06/15/22		07/11/2017	RBC CAPITAL MARKETS		1,985,120	2,000,000	1,991,420			138		138		1,991,558		(6,438)	(6,438)	5,333	06/15/2022	2FE
87233Q-AB-4	TC PIPELINES LP 4 3/8% Due 3/13/2025 MS13 4.375% 03/13/25		09/26/2017	JEFFERIES & COMPANY INC.		5,781,490	5,500,000	5,493,900	5,494,503		659		659		5,495,162		286,328	286,328	250,651	03/13/2025	2FE
87233Q-AC-2	TC PIPELINES LP 3.900% 05/25/27		07/18/2017	WELLS FARGO SECURITIES LLC		7,031,710	7,000,000	7,027,860			(358)		(358)		7,027,502		4,208	4,208	42,467	05/25/2027	2FE
87244B-AA-6	TGIF FUNDING LLC 6.202% 04/30/47		09/22/2017	CREDIT SUISSE FIRST BOSTON		2,018,839	1,990,000	1,990,000							1,990,000		28,839	28,839	69,938	04/30/2047	2AM
87244B-AA-6	TGIF FUNDING LLC 6.202% 04/30/47		07/31/2017	Paydown		25,000	25,000	25,000							25,000				637	04/30/2047	2AM
87244B-AA-6	TGIF FUNDING LLC 6.202% 04/30/47		07/31/2017	Redemption 100.0000		2,500	2,500	2,500							2,500				64	04/30/2047	2AM
87342R-AA-2	BELL 2016-1A 3.832% Due 5/25/2046 FMAN25 3.832% 05/25/46		08/25/2017	Redemption 100.0000		25,000	25,000	25,000	25,000						25,000				719	05/25/2046	2AM
875484-AF-4	TANGER PROPERTIES L.P. 6 1/8% Due 6/1/2020 JD1 6.125% 06/01/20		08/02/2017	Call 100.0000		7,000,000	7,000,000	6,951,700	6,979,567		3,601		3,601		6,983,167		16,833	16,833	1,083,694	06/01/2020	2FE
881561-PB-4	TMTS 2005-8HE 2.737% 12/25/34		07/25/2017	Paydown																12/25/2034	5FE
88522Y-AB-5	TMST 2007-4 Adj % Due 9/25/2037 Mo-1 3.157% 09/25/37		09/01/2017	Paydown		1,038,885	1,038,885	1,019,619	1,020,512		18,373		18,373		1,038,885				20,389	09/25/2037	1FM
887317-AU-9	TIME WARNER INC. COM 4.65% Due 6/1/2044 JD1 4.650% 06/01/44		09/26/2017	CREDIT SUISSE FIRST BOSTON		3,460,730	3,500,000	3,376,135	3,378,074		1,544		1,544		3,379,618		81,112	81,112	134,269	06/01/2044	2FE
88732J-AL-2	TIME WARNER CABLE INC 6 3/4% Due 7/1/2018 JJ1 6.750% 07/01/18		08/17/2017	STIFEL NICOLAUS		11,442,200	11,000,000	9,847,100	10,756,979		99,789		99,789		10,856,768		585,432	585,432	752,869	07/01/2018	2FE
89417E-AM-1	THE TRAVELERS COMPANIES INC 4.000% 05/30/47		07/27/2017	BARCLAYS		7,180,740	7,000,000	6,969,620							6,969,620		211,120	211,120	53,667	05/30/2047	1FE
89420G-AE-9	TRAVELERS PROPERTY CASUALT-A CALL@>PAR OR MAKE WHOLE +30BP 6.375% 03/15/33		08/10/2017	WELLS FARGO SECURITIES LLC		7,105,130	5,440,000	5,299,104	5,323,358		3,253		3,253		5,326,611		1,778,519	1,778,519	317,900	03/15/2033	1FE
89566E-AH-1	TRISTATE GEN&TRANS ASSN 4.7% Due 11/1/2044 MN1 4.700% 11/01/44		07/26/2017	JEFFERIES & COMPANY INC.		18,709,425	17,500,000	17,658,025	17,652,685		(1,881)		(1,881)		17,650,804		1,058,621	1,058,621	616,875	11/01/2044	1FE
90214G-AA-5	2014 ESA PROJECT COMPANY LLC SENIOR SECURED NOTES 6.070% 03/30/30		07/30/2017	Redemption 100.0000		58,828	58,828	58,828	58,828						58,828				2,752	03/30/2030	2FE
90226#-AA-3	2014 REPLACEMENT POWER STATUTO (NOVEC) SENIOR SECURED NOTES 3.850% 05/31/29		09/29/2017	Redemption 100.0000		383,752	383,752	383,752	383,752						383,752				65,515	05/31/2029	1FE
902494-AY-9	TYSON FOODS 5.15% Due 8/15/2044 FA15 5.150% 08/15/44		08/07/2017	BARCLAYS		17,108,700	15,000,000	15,366,420	15,351,121		(3,308)		(3,308)		15,347,814		1,760,886	1,760,886	761,771	08/15/2044	2FE
90349G-BH-7	UBSBB 2013-C6 3.4688% Due 4/10/2046 Mo-1 3.469% 04/10/46		08/16/2017	KGS-ALPHA CAPITAL MARKETS LP		5,167,188	5,000,000	5,149,970	5,097,869		(9,672)		(9,672)		5,088,197		78,990	78,990	125,262	04/10/2046	1FM
90363@-AB-6	USTA NATIONAL TENNIS CENTER, I 4.08% Due 9/8/2039 JJ8 4.080% 09/08/39		07/08/2017	Redemption 100.0000		177,450	177,450	177,450	177,450						177,450				7,240	07/08/2039	1
907818-EQ-7	UNION PACIFIC CORP BASIC 3.600% 09/15/37		09/12/2017	STIFEL NICOLAUS		5,021,650	5,000,000	4,995,050							4,995,050		26,600	26,600		09/15/2037	1
911365-AX-2	UNITED RENTALS INC 6 1/8% Due 6/15/2023 JD15 6.125% 06/15/23		07/27/2017	J.P. MORGAN		2,085,000	2,000,000	2,031,500	2,023,702		(4,170)		(4,170)		2,019,532		65,468	65,468	76,903	06/15/2023	3FE
911365-AX-2	UNITED RENTALS INC 6 1/8% Due 6/15/2023 JD15 6.125% 06/15/23		08/27/2017	Call 100.0000		6,000,000	6,000,000	6,315,000	6,273,647		(64,314)		(64,314)		6,209,333		(209,333)	(209,333)	520,824	06/15/2023	3FE
911365-AZ-7	UNITED RENTALS INC 7 5/8% Due 4/15/2022 AO15 7.625% 04/15/22		07/27/2017	J.P. MORGAN		443,594	425,000	450,500	437,042		(1,860)		(1,860)		435,182		8,411	8,411	25,745	04/15/2022	4FE
912803-EV-1	STRIP PRINC STRIPS 0.000% 11/15/46		09/15/2017	Various		35,195,010	82,000,000	34,187,780			71,497		71,497		34,259,277		935,733	935,733		11/15/2046	1
912828-U5-7	US GOVERNMENT TREAS BILL 2.125% 11/30/23		08/23/2017	Various		3,010,508	3,000,000	3,001,172			15		15		3,001,187		9,321	9,321	41,107	11/30/2023	1
913017-CA-5	UNITED TECH CORP 4.15% Due 5/15/2045 MN15 4.150% 05/15/45		09/05/2017	GOLDMAN SACHS		5,173,150	5,000,000	5,383,200	5,316,979		(158,002)		(158,002)		5,158,977		14,173	14,173	168,306	05/15/2045	1FE
91324P-BU-5	UNITED HEALTHCARE 4 5/8% Due 11/15/2041 MN15 4.625% 11/15/41		08/09/2017	BARCLAYS		5,562,800	5,000,000	5,451,400	5,431,111		(6,326)		(6,326)		5,424,785		138,015	138,015	172,795	11/15/2041	1FE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
91324P-BW-1	UNITED HEALTHCARE 4 3/8% Due 3/15/2042 MS15 4.375% 03/15/42		08/09/2017	BARCLAYS		8,597,600	8,000,000	7,604,590	7,628,888		5,350		5,350		7,634,238		963,362	963,362	319,861	03/15/2042	1FE
91739V-AA-6	USIS MERGER SUB INC 6.875% 05/01/25		07/26/2017	MARKET AXESS		2,080,350	2,000,000	2,000,000							2,000,000		80,350	80,350	39,340	05/01/2025	5FE
91845#-AA-2	295 NORTH MAPLE LLC 3.81% Due 5/15/2035 Mo-15 3.810% 05/15/35		09/15/2017	Redemption 100.0000		125,599	125,599	125,599	125,600						125,599				3,193	05/15/2035	2
91854*-AA-4	VERIZON CTL-HIDDEN RIDGE 3.62% Due 7/31/2036 Mo-15 3.620% 07/31/36		09/15/2017	Redemption 100.0000		151,063	151,063	151,063	151,063						151,063				3,665	07/31/2036	2
91913Y-AT-7	VALERO ENERGY CORP. 4.9% Due 3/15/2045 MS15 4.900% 03/15/45		07/13/2017	STIFEL NICOLAUS		2,618,550	2,500,000	2,621,150	2,617,667		(973)		(973)		2,616,694		1,857	1,857	103,104	03/15/2045	2FE
92343V-BG-8	VERIZON COMMUNICATIONS 3.85% Due 11/1/2042 MN1 3.850% 11/01/42		07/17/2017	BANK OF AMERICA		4,266,000	5,000,000	4,273,740	4,319,780		7,814		7,814		4,327,594		(61,594)	(61,594)	138,493	11/01/2042	2FE
92343V-CH-5	VERIZON COMMUNICATIONS 2 5/8% Due 2/21/2020 FA21 2.625% 02/21/20		08/16/2017	TENDER		3,635,058	3,550,000	3,557,704	3,554,891		(1,235)		(1,235)		3,553,656		81,402	81,402	91,893	02/21/2020	2FE
92343V-CM-4	VERIZON COMMUNICATIONS 5.012% Due 8/21/2054 FA21 5.012% 08/21/54		07/17/2017	DEUTSCHE BANK		1,944,140	2,000,000	2,074,620	2,073,404		(275)		(275)		2,073,129		(128,989)	(128,989)	91,608	08/21/2054	2FE
92553P-AP-7	VIACOM INC 4 3/8% Due 3/15/2043 MS15 4.375% 03/15/43		09/18/2017	Various		8,694,200	10,000,000	9,266,940	9,281,587		9,603		9,603		9,291,191		(596,991)	(596,991)	411,372	03/15/2043	2FE
92553P-AW-2	VIACOM INC 5 1/4% Due 4/1/2044 AO1 5.250% 04/01/44		09/25/2017	BARCLAYS		9,567,300	10,000,000	9,619,500	9,617,211		3,980		3,980		9,621,191		(53,891)	(53,891)	519,167	04/01/2044	2FE
928563-AB-1	VMWARE INC BASIC 2.950% 08/21/22		08/17/2017	BANK OF AMERICA		4,986,850	5,000,000	4,989,600			5		5		4,989,605		(2,755)	(2,755)	410	08/21/2022	2FE
928563-AC-9	VMWARE INC BASIC 3.900% 08/21/27		08/17/2017	RBC CAPITAL MARKETS		9,968,800	10,000,000	9,966,400			8		8		9,966,408		2,392	2,392	1,083	08/21/2027	2F
92923C-AW-4	WCI COMMUNITIES 6 7/8% Due 8/15/2021 FA15 6.875% 08/15/21		08/15/2017	Call 100.0000		4,500,000	4,500,000	4,500,000	4,500,000						4,500,000				464,085	08/15/2021	3FE
92925C-BH-4	WAMU 2005-AR19 Flt % Due 12/25/2045 Mo-25 1.737% 12/25/45		09/25/2017	Paydown		160,646	160,646	145,385	141,994		18,653		18,653		160,646				1,836	12/25/2045	1FM
92978N-AJ-3	WBCMT 2007-C33 6.15804% Due 2/15/2051 Mo-1 5.969% 02/15/51		09/15/2017	Paydown		1,359,268	1,359,268	1,519,067	1,385,074		(25,806)		(25,806)		1,359,268				60,536	02/15/2051	1FM
92978N-AJ-3	WBCMT 2007-C33 6.15804% Due 2/15/2051 Mo-1 5.969% 02/15/51		08/17/2017	Redemption 100.0000		3,466,461	3,466,461	3,873,987	3,532,272		(65,811)		(65,811)		3,466,461				140,101	02/15/2051	1FM
931142-CM-3	WAL-MART STORES 6.2% Due 4/15/2038 AO15 6.200% 04/15/38		07/06/2017	TENDER		4,388,690	3,174,000	3,164,573	3,165,464		465		465		3,165,929		1,222,761	1,222,761	142,671	04/15/2038	1FE
931427-AC-2	WALGREEN CO 4.8% Due 11/18/2044 MN18 4.800% 11/18/44		09/07/2017	J.P. MORGAN		16,197,900	15,000,000	15,422,700	15,418,427		(5,160)		(5,160)		15,413,267		784,633	784,633	586,000	11/18/2044	2FE
949746-RF-0	WELLS FARGO & CO 5.606% Due 1/15/2044 JJ15 5.606% 01/15/44		08/15/2017	WELLS FARGO SECURITIES LLC		20,459,495	17,033,000	17,276,742	17,267,577		(1,928)		(1,928)		17,265,649		3,193,846	3,193,846	1,028,385	01/15/2044	1FE
949757-AD-0	WFMBS 2004-6 5 1/2% Due 6/25/2034 Mo-1 5.500% 06/25/34		09/01/2017	Paydown		78,882	78,882	84,021	80,878		(1,997)		(1,997)		78,882				3,049	06/25/2034	1FM
949758-AD-8	WFMBS 2004-O Adj % Due 8/25/2034 Mo-1 3.528% 08/25/34		09/01/2017	Paydown		242,055	242,055	246,740	246,164		(4,109)		(4,109)		242,055				4,562	08/25/2034	1FM
949769-AA-1	WFMBS 2003-L Adj % Due 11/25/2033 Mo-1 2.994% 11/25/33		09/01/2017	Paydown		72,443	72,443	73,047	72,931		(488)		(488)		72,443				1,353	11/25/2033	1FM
949779-AB-8	WFMBS 2004-EE Adj % Due 12/25/2034 Mo-1 3.327% 12/25/34		09/01/2017	Paydown		241,335	241,335	242,606	242,416		(1,081)		(1,081)		241,335				5,180	12/25/2034	1FM
94978#-BE-6	HUBER BROKEN BOW FACILITY 6 1/4% Due 2/1/2028 Mo-1 6.250% 02/01/28		09/01/2017	Redemption 100.0000		137,820	137,820	138,443	138,223		(403)		(403)		137,820				5,745	02/01/2028	2
949808-AP-4	WFMBS 2003-J Adj % Due 10/25/2033 Mo-1 3.379% 10/25/33		09/01/2017	Paydown		67,113	67,113	67,911	67,764		(651)		(651)		67,113				1,410	10/25/2033	1FM
94980P-AH-4	WFMBS 2004-L Adj % Due 7/25/2034 Mo-1 3.466% 07/25/34		09/01/2017	Paydown		82,571	82,571	85,031	84,464		(1,893)		(1,893)		82,571				1,934	07/25/2034	1FM
94980Q-AH-2	WFMBS 2004-W Adj % Due 11/25/2034 Mo-1 3.107% 11/25/34		09/01/2017	Paydown		89,400	89,400	90,546	90,399		(999)		(999)		89,400				1,781	11/25/2034	1FM
94980Q-AJ-8	WFMBS 2004-W Adj % Due 11/25/2034 Mo-1 3.107% 11/25/34		09/01/2017	Paydown		356,149	356,149	347,824	348,813		7,336		7,336		356,149				7,090	11/25/2034	1FM
94980R-AD-9	WFMBS 2004-Z Adj % Due 12/25/2034 Mo-1 3.008% 12/25/34		09/01/2017	Paydown		249,502	249,502	244,434	246,699		2,803		2,803		249,502				4,801	12/25/2034	1FM
94981G-AF-7	WFMBS 2004-R Adj % Due 9/25/2034 Mo-1 3.605% 09/25/34		09/01/2017	Paydown		169,475	169,475	168,735	168,788		687		687		169,475				3,485	09/25/2034	1FM

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
94981Q-AF-5	WFMBS 2005-AR16 3.03912% Due 3/25/2035 Mo-1 3.356% 03/25/35		09/01/2017	Paydown		670,455	670,455	676,294	674,661		(4,206)		(4,206)		670,455				14,497	03/25/2035	1FM
94981R-AC-0	WFMBS 2005-AR3 Adj % Due 3/25/2035 Mo-1 3.478% 03/25/35		09/01/2017	Paydown		142,998	142,998	139,163	139,611		3,387		3,387		142,998				3,028	03/25/2035	1FM
94982A-AH-5	WFMBS 2004-Y Adj % Due 11/25/2034 Mo-1 3.070% 11/25/34		09/01/2017	Paydown		507,620	507,620	511,150	510,644		(3,024)		(3,024)		507,620				10,748	11/25/2034	1FM
94982F-AQ-4	WFMBS 2005-2 4 3/4% Due 4/25/2020 Mo-1 4.750% 04/25/20		09/01/2017	Paydown		39,270	39,270	39,439	39,268		2		2		39,270				1,224	04/25/2020	1FM
94982J-AD-5	WFMBS 2005-6 5 1/2% Due 8/25/2035 Mo-1 5.500% 08/25/35		09/01/2017	Paydown		81,287	81,287	83,369	83,284		(1,997)		(1,997)		81,287				2,835	08/25/2035	1FM
94983C-AJ-6	WFMBS 2005-AR10 Adj % Due 6/25/2035 Mo-1 3.296% 06/25/35		09/01/2017	Paydown		215,135	215,135	213,455	213,607		1,528		1,528		215,135				4,537	06/25/2035	1FM
94983C-AV-9	WFMBS 2005-AR10 Adj % Due 6/25/2035 Mo-1 3.296% 06/25/35		09/01/2017	Paydown		519,442	519,442	527,234	526,404		(6,962)		(6,962)		519,442				10,984	06/25/2035	1FM
94983E-AH-6	WFMBS 2005-AR12 Adj % Due 6/25/2035 Mo-1 3.263% 06/25/35		09/01/2017	Paydown		163,465	163,465	156,940	157,714		5,751		5,751		163,465				3,476	06/25/2035	1FM
94985T-BC-1	WFMBS 2007-3 5 1/2% Due 4/25/2022 Mo-1 5.500% 04/25/22		09/01/2017	Paydown		28,744	28,744	29,748	29,321		(577)		(577)		28,744				1,048	04/25/2022	1FM
94988H-AC-5	WFCM 2012-LC5 2.918% Due 10/15/2045 Mo-1 2.918% 10/15/45		08/21/2017	GOLDMAN SACHS		6,150,469	6,000,000	6,194,063	6,160,122		(33,456)		(33,456)		6,126,666		23,803	23,803	127,906	10/15/2045	1FM
95058X-AB-4	WEN 2015-1A 4.08% Due 6/15/2045 MJSD15 4.080% 06/15/45		09/15/2017	Paydown		25,000	25,000	25,000	25,000						25,000				765	06/15/2045	2AM
95709T-AN-0	WESTAR ENERGY INC 2.55% Due 7/1/2026 JJ1 2.550% 07/01/26		07/14/2017	SCOTIA CAPITAL		6,788,600	7,000,000	6,970,460	6,971,961		1,360		1,360		6,973,321		(184,721)	(184,721)	98,175	07/01/2026	1FE
96328D-AT-1	WHLS 2016-1A 1.59% Due 5/20/2025 Mo-20 1.590% 05/20/25		09/20/2017	Paydown		542,112	542,112	542,068	542,085		27		27		542,112				5,681	05/20/2025	1FE
96328D-AT-1	WHLS 2016-1A 1.59% Due 5/20/2025 Mo-20 1.590% 05/20/25		08/22/2017	Redemption 100.0000		259,226	259,226	259,205	259,213		13		13		259,226				2,748	05/20/2025	1FE
96811X-AA-2	WILDFLOWER ENERGY LP IP PAID ON 3/30, CK DATES FOR 6.090% 09/30/21		07/30/2017	Redemption 100.0000		215,180	215,180	215,489	215,489		(308)		(308)		215,180				6,853	09/30/2021	2
96928#-AH-6	WILLIAM BLAIR CTL CTL PASS-THRU TRUST - SEE USER 6.130% 01/15/32		09/15/2017	Redemption 100.0000		60,271	60,271	60,271	60,271						60,271				2,464	03/15/2007	2Z
96928*-FP-7	BECKNELL INDUSTRIAL CHAMPAIGN SENIOR SECURED NOTES 4.470% 01/15/35		09/15/2017	Redemption 100.0000		170,486	170,486	175,756	175,500		(5,015)		(5,015)		170,486				5,082	01/15/2035	2FE
96930*-AA-1	FIRST ENERGY - WILLIAM BLAIR C LEASED - BACKED CERTIFICATES 3.720% 06/15/25		09/15/2017	Redemption 100.0000		312,775	312,775	313,162	313,103		(329)		(329)		312,775				7,890	06/15/2025	2
98389B-AM-2	XCEL ENERGY INC. 4.7% Due 5/15/2020 MN15 4.700% 05/15/20		09/06/2017	WELLS FARGO SECURITIES LLC		4,772,340	4,500,000	4,485,420	4,494,076		1,323		1,323		4,495,399		276,941	276,941	172,138	05/15/2020	2FE
AC0516-16-4	LION INDUSTRIAL PROPERTIES 3.99% Due 5/16/2026 MN16 3.990% 05/16/26		09/12/2017	Tax Free Exchange		3,000,000	3,000,000	3,000,000	3,000,000						3,000,000				98,420	05/16/2026	2Z
LX1278-65-9	APEX TOOLS APEX TOOLS TLB +325 02/01/20		09/29/2017	Redemption 100.0000		37,238	37,238	36,581	36,691		547		547		37,238				1,271	02/01/2020	4FE
LX1325-71-6	HUB INTERATIONAL HUB INTL LTD 1ST LIEN +300 10/02/20		09/28/2017	Redemption 100.0000		27,458	27,458	27,218	21,216		197		197		27,458				685	10/02/2020	4FE
LX1360-51-5	KINDRED HEALTHCARE KINDRED HEALTHCARE TLB +350 04/09/21		09/29/2017	Redemption 100.0000		50,218	50,218	49,875	49,889		329		329		50,218				1,192	04/09/2021	3FE
LX1366-09-0	TIME INC TIME INC TLB-DD +325 04/24/21		09/29/2017	Redemption 100.0000		12,443	12,443	12,366	12,379		64		64		12,443				409	04/24/2021	3FE
LX1370-65-4	ORTHO-CLINICAL DIAGNOSTICS ORTHO-CLINICAL TLB +375 06/30/21		09/29/2017	Redemption 100.0000		57,010	57,010	55,384	56,110		900		900		57,010				1,822	06/30/2021	4FE
LX1440-74-7	ASPEN DENTAL MANAGEMENT INC ASPEN DENTAL TLB +375 04/29/22		09/29/2017	Redemption 100.0000		40,239	40,239	40,240	40,242		(2)		(2)		40,239				966	04/29/2022	4FE
LX1453-15-3	TI GROUP AUTO TI GROUP AUTO TLB +275 06/30/22		09/29/2017	Redemption 100.0000		37,676	37,676	37,705	37,654		22		22		37,676				750	06/30/2022	3FE
LX1453-76-5	TRIBUNE TRIBUNE MEDIA TLB 2020 +300 12/27/20		08/21/2017	Redemption 100.0000		26,813	26,813	26,765	26,794		20		20		26,813				626	12/27/2020	3FE
LX1470-71-0	US LBM US LBM TL 1ST LIEN 08/20/22		08/14/2017	Tax Free Exchange		6,989,883	6,922,222	6,885,925	4,886,353		98,732		98,732		6,989,883				268,963	08/20/2022	4FE

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

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										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
LX1499-26-3	BLOUNT INTERNATIONAL INC BLOUNT INTL INC TLB +500 04/12/23		07/03/2017	Redemption 100.0000		8,750	8,750	8,525	8,490		260		260		8,750				32	04/12/2023	4FE
LX1509-14-5	MANITOWAC MANITOWOC TLB +300 03/03/23		09/07/2017	Redemption 100.0000		1,671,795	1,671,795	1,663,436	1,663,353		8,442		8,442		1,671,795				52,781	03/03/2023	4FE
LX1512-36-2	GCA MERGER SUB INC GCA MERGER SUB INC 1L TL +475 03/01/23		09/01/2017	Redemption 100.0000		1,958,932	1,958,932	1,958,932	1,958,932						1,958,932				85,804	03/01/2023	4FE
LX1520-78-7	NTHRIVE INC NTHRIVE INC TLB +450 10/20/22		09/29/2017	Redemption 100.0000		32,500	32,500	32,455	32,398		102		102		32,500				1,148	10/20/2022	4FE
LX1521-77-7	MGM GROWTH PROPERTIES MGM GROWTH PROPERTIES TLB +225 04/01/23		09/29/2017	Redemption 100.0000		12,500	12,500	12,469	12,446		54		54		12,500				144	04/01/2023	3FE
LX1524-58-1	ATI PHYSICAL THERAPY HOLDINGS ATI PHYSICAL THERAPY TLB +350 05/10/23		08/16/2017	Redemption 100.0000		2,970,000	2,970,000	2,999,700	2,996,015		(26,015)		(26,015)		2,970,000				83,487	05/10/2023	4FE
LX1529-60-6	PROSPECT MEDICAL HOLDINGS PROSPECT MEDICAL TLB +600 06/01/22		09/29/2017	Redemption 100.0000		56,250	56,250	55,626	55,633		617		617		56,250				2,367	06/01/2022	4FE
LX1531-80-0	PCI PHARMA SERVICES PCI PHARMA SERVICES 1L TL +400 06/30/23		09/29/2017	Redemption 100.0000		32,500	32,500	32,175	32,120		380		380		32,500				1,122	06/30/2023	4FE
LX1533-70-7	US SECURITY ASSOCIATES US SECURITY ASSOCIATE TLB +400 07/28/23		09/29/2017	Redemption 100.0000		19,850	19,850	19,652	19,600		250		250		19,850				637	07/28/2023	4FE
LX1538-16-9	WIRECO WORLDGROUP INC WIRECO 1ST LIEN TL +550 07/22/23		09/29/2017	Redemption 100.0000		10,000	10,000	10,031	10,029		(29)		(29)		10,000				446	07/22/2023	4FE
LX1540-98-3	LESLIES POOLMRT LESLIES POOLMART TLB +375 08/09/23		09/29/2017	Redemption 100.0000		17,500	17,500	17,519	17,653		(153)		(153)		17,500				327	08/09/2023	4FE
LX1541-01-5	GULF FINANCE LLC GULF FINANCE LLC TLB +525 08/17/23		09/29/2017	Redemption 100.0000		38,467	38,467	37,656	30,529		674		674		38,467				1,745	08/17/2023	4FE
LX1543-53-2	INVENTIV HEALTH INVENTIV HEALTH 1ST LIEN 09/28/23		08/01/2017	Redemption 100.0000		2,985,000	2,985,000	2,970,075	2,970,948		14,052		14,052		2,985,000				97,612	09/28/2023	4FE
LX1547-67-3	DTI HOLDCO INC DTI HOLDCO INC TLB +525 09/30/23		08/08/2017	BANK OF AMERICA		1,960,000	2,000,000	1,980,000	1,980,884		(10,687)		(10,687)		1,970,197		(10,197)	(10,197)	111,077	09/30/2023	4FE
LX1547-67-3	DTI HOLDCO INC DTI HOLDCO INC TLB +525 09/30/23		09/29/2017	Redemption 100.0000		22,206	22,206	22,078	9,582		124		124		22,206				819	09/30/2023	4FE
LX1549-76-0	MONITRONICS MONITRONICS TLB-2 +550 09/30/22		09/29/2017	Redemption 100.0000		12,872	12,872	12,679	12,687		185		185		12,872				833	09/30/2022	4FE
LX1549-92-7	CONSOLIDATED COMMUNICATIONS CONSOLIDATED COMM TLB +300 10/05/23		07/01/2017	Various		10,025,213	10,000,000	10,025,020	(2,487,520)		(25)		(25)		10,024,996		218	218		10/05/2023	3FE
LX1549-92-7	CONSOLIDATED COMMUNICATIONS CONSOLIDATED COMM TLB +300 10/05/23		09/29/2017	Redemption 100.0000		9,230	9,230	9,276			(46)		(46)		9,230				62	10/05/2023	3FE
LX1550-94-1	DONNELLEY FINANCIAL SOLUTIONS DONNELLEY FINANCIAL TLB +400 09/30/23		08/02/2017	J.P. MORGAN		3,691,286	3,645,714	3,627,486	3,628,531		(18,440)		(18,440)		3,610,091		81,195	81,195	140,996	09/30/2023	3FE
LX1551-23-8	NEXSTAR TLB STRIP NEXSTAR TLB STRIP 09/26/23		07/01/2017	BANK OF AMERICA		(2,150,555)	(2,134,545)	(2,129,209)	(2,122,952)						(2,122,952)		(27,603)	(27,603)		09/26/2023	3FE
LX1551-23-8	NEXSTAR TLB STRIP NEXSTAR TLB STRIP 09/26/23		07/19/2017	Redemption 100.0000		413,636	413,636	412,602	(18,182)		2,326		2,326		413,636				8,162	09/26/2023	3FE
LX1551-23-8	NEXSTAR TLB STRIP NEXSTAR TLB STRIP 09/26/23		07/19/2017	Tax Free Exchange		1,713,630	1,720,909	1,716,607			1,989		1,989		1,713,630				32,785	09/26/2023	3FE
LX1551-85-7	PRESS GANEY PRESS GANEY 1ST LIEN +325 09/28/23		09/29/2017	Redemption 100.0000		13,750	13,750	13,775	6,220		(27)		(27)		13,750				416	09/28/2023	4FE
LX1553-68-9	NEXSTAR BROADCASTING INC NEXSTAR MISSION TLB STRIP 09/26/23		07/01/2017	BANK OF AMERICA		(211,960)	(210,382)	(209,856)	(203,469)						(209,274)		(2,686)	(2,686)		09/26/2023	3FE
LX1553-68-9	NEXSTAR BROADCASTING INC NEXSTAR MISSION TLB STRIP 09/26/23		07/03/2017	Redemption 0.0000							3		3						8	09/26/2023	3FE
LX1553-68-9	NEXSTAR BROADCASTING INC NEXSTAR MISSION TLB STRIP 09/26/23		07/19/2017	Tax Free Exchange		209,491	210,382	209,856			214		214		209,491				4,009	09/26/2023	3FE
LX1553-83-8	CBS RADIO INC CBS RADIO INC TLB +350 10/06/23		09/29/2017	Redemption 100.0000		5,000	5,000	4,975	4,976		24		24		5,000				178	10/06/2023	3FE
LX1555-35-3	XPERI XPERI (FKA TESSERA) TLB +325 11/07/23		09/29/2017	Redemption 100.0000		2,000	2,000	1,980	1,976		24		24		2,000				30	11/07/2023	3FE
LX1555-70-0	PETSMART PETSMART INC TLB-2 +300 03/10/22		07/31/2017	Redemption 100.0000		12,011	12,011	12,060	12,059		(48)		(48)		12,011				477	03/10/2022	4FE

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										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
LX1557-38-3	GENOA A QOL HEALTHCARE CO GENOA A QOL HEALTHCARE CO 1ST 11/15/23		08/17/2017	Redemption 100.0000		3,473,750	3,473,750	3,456,381	3,446,469		27,281		27,281		3,473,750				37,236	11/15/2023	4FE
LX1563-14-2	AMC ENTERTAINMENT AMC TLB 2023 +225 12/15/23		07/17/2017	Redemption 100.0000		3,750	3,750	3,741	3,781		(31)		(31)		3,750				17	12/15/2023	3FE
LX1577-14-2	RCN GRANDE RCN GRANDE 1ST LIEN TL+300 12/08/23		07/01/2017	CREDIT SUISSE FIRST BOSTON		(63)			(4,949,587)		3,831		3,831		3,926		(3,988)	(3,988)	77,747	12/08/2023	4FE
LX1577-14-2	RCN GRANDE RCN GRANDE 1ST LIEN TL+300 12/08/23		09/29/2017	Redemption 100.0000		20,000	20,000	20,013	(12,500)		82		82		20,000				710	12/08/2023	4FE
LX1578-34-8	REXNORD REXNORD TLB +275 08/21/23		09/29/2017	Redemption 100.0000		32,232	32,232	32,219	32,204		27		27		32,232				675	08/21/2023	4FE
LX1579-24-7	NOVOLEX NOVOLEX 1ST LIEN TL +300 12/29/23		07/01/2017	DEUTSCHE BANK		(4,125)	(4,125)	(4,104)	(1,638,284)						(4,096)		(29)	(29)	34,423	12/29/2023	4FE
LX1579-24-7	NOVOLEX NOVOLEX 1ST LIEN TL +300 12/29/23		08/17/2017	Redemption 100.0000		3,654,125	3,654,125	3,663,354			(9,221)		(9,221)		3,654,125				86,738	12/29/2023	4FE
LX1580-69-0	VERTAFORE (VF HOLDINGS) VERTAFORE 1L TL +325 06/17/23		09/29/2017	Redemption 100.0000		7,500	7,500	7,466	7,460		40		40		7,500				180	06/17/2023	4FE
LX1590-45-9	CHARTER COMM CHARTER COMMUNICATION TLF +200 01/03/21		09/29/2017	Redemption 100.0000		15,424	15,424	15,424	15,421		3		3		15,424				165	01/03/2021	3FE
LX1590-75-6	ASURION CORP INCREMENTAL FIRST ASURION LLC TLB-4 08/04/22		08/04/2017	Redemption 100.0000		6,202,787	6,202,787	6,176,690			26,097		26,097		6,202,787				146,590	08/04/2022	4FE
LX1592-02-6	REYNOLDS GROUP HOLDINGS REYNOLDS GROUP HLDGS 1L TL+275 02/07/23		09/29/2017	Redemption 100.0000		33,927	33,927	33,995			(68)		(68)		33,927				892	02/07/2023	4FE
LX1592-14-1	TRIBUNE MEDIA TRIBUNE MEDIA TLC 2024 +300 01/27/24		08/21/2017	Redemption 100.0000		334,193	334,193	333,146			1,047		1,047		334,193				6,827	01/27/2024	3FE
LX1593-54-5	BJ'S WHOLESALE BJ'S 1ST LIEN TL +375 02/03/24		07/28/2017	Redemption 100.0000		22,500	22,500	22,581			(81)		(81)		22,500				305	02/03/2024	4FE
LX1594-54-3	TKC HOLDINGS INC TKC HOLDINGS 1ST LIEN TL +425 02/01/23		09/29/2017	Redemption 100.0000		6,890	6,890	6,950			(60)		(60)		6,890				197	02/01/2023	4FE
LX1595-95-3	BUILDERS FIRSTSOURCE BUILDERS FIRSTSOURCE TLB +300 02/29/24		09/29/2017	Redemption 100.0000		25,689	25,689	25,537	9,730		161		161		25,689				538	02/29/2024	4FE
LX1596-95-1	CHANGE HEALTHCARE CHANGE HEALTHCARE TLB +275 04/28/24		09/29/2017	Redemption 100.0000		17,500	17,500	17,456			44		44		17,500				343	04/28/2024	4FE
LX1597-34-8	GREENWAY MEDICAL TECH GREENWAY MED TECH 1L TL +425 02/15/24		09/29/2017	Redemption 100.0000		15,000	15,000	15,025			(25)		(25)		15,000				242	02/15/2024	4FE
LX1597-59-5	DELL DELL 1L TL +250 09/30/23		07/31/2017	Redemption 100.0000		26,184	26,184	26,066	26,047		137		137		26,184				162	09/30/2023	4FE
LX1598-37-9	UNITY (CS&L)) UNITI GROUP(CS&L) TLB +300 10/24/22		09/29/2017	Redemption 100.0000		29,239	29,239	28,705			535		535		29,239				772	10/24/2022	4FE
LX1598-96-5	PEABODY ENERGY CORP PEABODY ENERGY CORP 1L TL +350 03/31/22		09/18/2017	Redemption 100.0000		4,987,500	4,987,500	5,043,609			(56,109)		(56,109)		4,987,500				95,609	03/31/2022	4FE
LX1599-55-9	SELECT MEDICAL HOLDINGS SELECT MEDICAL TLB +350 02/09/24		09/29/2017	Redemption 100.0000		23,750	23,750	23,631			119		119		23,750				343	02/09/2024	3FE
LX1599-59-1	INFOR/LAWSON INFOR US INC TLB-6 +275 02/02/22		09/29/2017	Redemption 100.0000		14,571	14,571	14,571							14,571				373	02/02/2022	4FE
LX1599-80-7	WORLDWIDE EXPRESS WORLDWIDE EXPRESS 1LTL +400 01/02/25		09/29/2017	Redemption 100.0000		11,250	11,250	11,234			16		16		11,250				387	01/02/2025	4FE
LX1599-94-8	SCIENTIFIC GAMES SCIENTIFIC GAMES TLB3 10/01/21		08/14/2017	Redemption 100.0000		10,035,421	10,035,421	9,945,892			89,529		89,529		10,035,421				252,311	10/01/2021	4FE
LX1600-18-3	NAVISTAR INTERNATIONAL NAVISTAR INC TLB +400 08/07/20		07/31/2017	Redemption 100.0000		27,062	27,062	27,111			(49)		(49)		27,062				566	08/07/2020	4FE
LX1601-55-3	BERRY PLASTICS BERRY PLASTIC TLK +225 02/08/20		09/11/2017	Redemption 100.0000		1,086,156	1,086,156	1,086,156	1,086,156						1,086,156				8,351	02/08/2020	3FE
LX1602-39-5	NBTY INC NBTY TLB +350 05/05/23		09/26/2017	Redemption 100.0000		9,887,844	9,887,844	9,887,844							9,887,844				273,435	05/05/2023	4FE
LX1607-76-6	PIKE CORP PIKE CORP 1ST LIEN TL +375 03/02/24		09/20/2017	Redemption 100.0000		997,500	997,500	992,513			4,988		4,988		997,500				24,532	03/02/2024	4FE
LX1611-76-8	TRADER TRADER CORP 1ST LIEN TL +325 09/28/23		09/29/2017	Redemption 100.0000		2,500	2,500	2,480			20		20		2,500				56	09/28/2023	4FE

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Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
LX1611-97-4	UNIVISION COMM UNIVISION COMM TLC-5 +275 03/15/24		09/26/2017	Redemption 100.0000		31,707	31,707	31,701	13,210		17		17		31,707				466	03/15/2024	4FE
LX1616-95-7	CABLEVISION HOLDINGS CABLEVISION HOLDINGS TLB +225 07/15/25		07/17/2017	Redemption 100.0000		17,227	17,227	17,205			21		21		17,227				158	07/15/2025	3FE
LX1619-00-1	DOLE FOOD CO DOLE FOOD CO TLB +275 03/24/24		09/29/2017	Redemption 100.0000		35,000	35,000	34,825			175		175		35,000				512	03/24/2024	4FE
LX1619-96-9	CHEMOURS COMPANY CHEMOURS COMPANY TLB +250 05/12/22		07/18/2017	J.P. MORGAN		2,064,880	2,049,508	2,053,320			(1,258)		(1,258)		2,052,063		12,817	12,817	18,239	05/12/2022	3FE
LX1621-47-8	STERIGENICS-NORDION HOLDINGS STERIGENICS-NORDION TLB +300 05/15/22		09/29/2017	Redemption 100.0000		27,087	27,087	26,957			131		131		27,087				561	05/15/2022	4FE
LX1624-74-6	GATES GLOBAL GATES GLOBAL 1ST LIEN +325 03/30/24		09/29/2017	Redemption 100.0000		26,241	26,241	26,104			137		137		26,241				571	03/30/2024	4FE
LX1625-21-4	FORTERRA FINANCE FORTERRA FINANCE TLB +300 10/25/23		09/29/2017	Redemption 100.0000		7,500	7,500	7,449	7,447		53		53		7,500				106	10/25/2023	4FE
LX1632-39-2	ASURION LLC ASURION CORP TLB-5 +300 11/03/23		09/29/2017	Redemption 100.0000		25,726	25,726	25,537			189		189		25,726				301	11/03/2023	4FE
LX1634-16-6	DAYCO PRODUCTS DAYCO PRODUCTS TLB 1L +500 05/04/23		08/31/2017	Redemption 100.0000		23,750	23,750	23,513			238		238		23,750				372	05/04/2023	4FE
LX1642-63-1	CHG HEALTHCARE SERVICES INC CHG HEALTHCARE TLB-1 +325 06/07/23		09/29/2017	Redemption 100.0000		7,513	7,513	7,653			(140)		(140)		7,513				49	06/07/2023	4FE
LX1645-97-2	ALBERTSONS ALBERTSON'S LLC TB5 +300 12/22/22		07/01/2017	Various		7,916,250	8,000,000	7,916,250							7,916,250					12/22/2022	3FE
LX1645-97-2	ALBERTSONS ALBERTSON'S LLC TB5 +300 12/22/22		09/29/2017	Redemption 100.0000		32,383	32,383	32,232			151		151		32,383				268	12/22/2022	3FE
LX1647-15-0	KAR AUCTION KAR AUCTION TLB5 +250 03/09/23		07/18/2017	J.P. MORGAN		4,942,875	4,900,000	4,833,534			(620)		(620)		4,832,914		109,961	109,961	14,547	03/09/2023	3FE
LX1647-15-0	KAR AUCTION KAR AUCTION TLB5 +250 03/09/23		09/06/2017	Redemption 100.0000		7,035	7,035	7,041	7,041		(5)		(5)		7,035				21	03/09/2023	3FE
LX1647-82-0	FRONTIER COMMUNICATIONS FRONTIER COMMS TLB +375 05/23/24		09/29/2017	J.P. MORGAN		4,361,375	4,588,500	4,565,558			(8,140)		(8,140)		4,557,417		(196,042)	(196,042)	60,757	05/23/2024	4FE
LX1647-82-0	FRONTIER COMMUNICATIONS FRONTIER COMMS TLB +375 05/23/24		09/29/2017	Redemption 100.0000		23,750	23,750	23,544			206		206		23,750				312	05/23/2024	4FE
LX1650-74-1	AMERICAN RENAL AMERICAN RENAL TLB +325 09/22/19		09/29/2017	Redemption 100.0000		7,500	7,500	7,463			38		38		7,500				74	09/22/2019	4FE
LX1651-83-0	BRAND ENERGY & INFRASTRUCTURE BRAND ENERGY 1ST LIEN +425 06/16/24		09/29/2017	Redemption 100.0000		20,500	20,500	20,295			205		205		20,500				120	06/16/2024	4FE
LX1652-94-5	SURGERY CENTER HOLDINGS SURGERY CENTER HLDGS 1L TL+325 06/19/24		07/01/2017	JEFFERIES & COMPANY INC.		2,992,500	3,000,000	2,992,500							2,992,500					06/19/2024	4FE
LX1654-14-9	PENN INTERNATIONAL & MANUF PENN ENGINERING TLB +275 06/13/24		09/29/2017	Redemption 100.0000		5,000	5,000	4,994			6		6		5,000				49	06/13/2024	4FE
LX1662-23-3	NEXSTAR BROADCASTING NEXSTAR BROADCASTING TLB +250 01/17/24		07/19/2017	BANK OF AMERICA		1,696,214	1,680,069	1,672,963			(1,052)		(1,052)		1,671,910		24,304	24,304		01/17/2024	4FE
LX1662-23-3	NEXSTAR BROADCASTING NEXSTAR BROADCASTING TLB +250 01/17/24		09/01/2017	Redemption 100.0000		40,898	40,898	40,668			230		230		40,898					01/17/2024	3FE
LX1666-14-3	NEXSTAR BROADCASTING NEXSTAR (MISSION)STRP TLB +250 01/17/24		07/19/2017	BANK OF AMERICA		211,906	210,324	209,434			(132)		(132)		209,302		2,604	2,604		01/17/2024	3FE
LX1666-14-3	NEXSTAR BROADCASTING NEXSTAR (MISSION)STRP TLB +250 01/17/24		07/27/2017	Tax Free Exchange			57	57			(57)		(57)							01/17/2024	3FE
LX1677-92-6	ASURION LLC ASURION TLB-4 +275 08/04/22		09/29/2017	Redemption 100.0000		7,030	7,030	7,030							7,030				33	08/04/2022	4FE
LX1680-01-1	US LBM US LBM 1ST LIEN TL +450 08/20/22		09/29/2017	Redemption 100.0000		17,614	17,614	17,786			(172)		(172)		17,614				130	08/20/2022	4FE
LX1681-24-1	TRANSDIGM TRANSDIGM TLG +300 08/15/24		09/29/2017	Redemption 100.0000		7,000	7,000	6,983			18		18		7,000				30	08/15/2024	4FE
TN0622-17-4	Ameren Transmission Company AMEREN TRANSMISSION COMPANY 3.430% 08/31/50		07/05/2017	Tax Free Exchange		3,000,000	3,000,000	3,000,000							3,000,000				35,729	08/31/2050	1FE
012873-AK-1	ALBERTA ENERGY CO LTD 7 3/8% Due 11/1/2031 MN1 7.375% 11/01/31	A	09/25/2017	J.P. MORGAN		2,487,340	2,000,000	2,478,680	2,348,952		(11,231)		(11,231)		2,337,720		149,620	149,620	133,569	11/01/2031	2FE

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										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
067901-AQ-1	BARRICK GOLD CORP 4.1% Due 5/1/2023 MN1 4.100% 05/01/23	A	09/21/2017	Call 100.0000		5,330,000	5,330,000	5,133,877	5,165,491		16,697		16,697		5,182,188		147,812	147,812	722,626	05/01/2023	2FE
13645R-AE-4	CANADIAN PACIFIC RR 5 3/4% Due 3/15/2033 MS15 5.750% 03/15/33	A	09/28/2017	J.P. MORGAN		2,361,540	2,000,000	1,890,280	1,914,502		2,594		2,594		1,917,096		444,444	444,444	120,431	03/15/2033	2FE
29250N-AJ-4	ENBRIDGE INC 4 1/2% Due 6/10/2044 JD10 4.500% 06/10/44	A	09/07/2017	HSBC SECURITIES INC.		5,102,950	5,000,000	4,974,650	4,975,799		302		302		4,976,100		126,850	126,850	169,375	06/10/2044	2FE
30217V-AC-1	EXPRESS PIPELINE LP SER B 144A US GUARANTOR (ISSUER: US/CANAD 7.390% 12/31/17	A	06/30/2017	Redemption 100.0000		369,000	369,000	369,000	369,000						369,000				41,125	12/30/2017	2FE
349553-AL-1	FORTIS INC 3.055% Due 10/4/2026 A04 3.055% 10/04/26	A	07/07/2017	Tax Free Exchange		31,476,140	31,655,000	31,464,271	31,467,085		9,055		9,055		31,476,140				733,354	10/04/2026	2FE
68245X-AA-7	1011778 BC / NEW RED FIN 6% Due 4/1/2022 A01 6.000% 04/01/22	A	07/25/2017	BARCLAYS		1,440,388	1,390,000	1,441,815	1,425,940		(6,978)		(6,978)		1,418,962		21,425	21,425	68,805	04/01/2022	4FE
68245X-AA-7	1011778 BC / NEW RED FIN 6% Due 4/1/2022 A01 6.000% 04/01/22	A	09/07/2017	Call 100.0000		2,006,000	2,006,000	2,079,452	2,057,186		(11,904)		(11,904)		2,045,282		(39,282)	(39,282)	178,090	04/01/2022	4FE
C58648-AE-9	MULLEN GROUP LTD SENIOR NOTES 5.900% 09/28/17	A	09/28/2017	Maturity		7,000,000	7,000,000	7,000,000	7,000,000						7,000,000				414,147	09/28/2017	3
EB0601-16-2	WASTE CONNECTION INC. SENIOR UNSECURED NOTES 2.750% 06/01/23	A	08/23/2017	Tax Free Exchange		10,000,000	10,000,000	10,000,000	10,000,000						10,000,000				200,139	06/01/2023	2FE
LX1450-44-9	STANDARD AERO STANDARD AERO TL +375 07/07/22		09/29/2017	Redemption 100.0000		15,038	15,038	15,002	14,978		60		60		15,038				413	07/07/2022	4FE
LX1592-75-2	TELESAT CANADA TELESAT CANADA TLB +300 11/17/23	A	09/29/2017	Redemption 100.0000		12,469	12,469	12,235			234		234		12,469				344	11/17/2023	3FE
000000-00-0	COMMERZBANK AG BASIC 4.230% 01/01/99	B	07/01/2017	NATIONAL AUSTRALIA BANK		11,814,000	11,814,000	11,814,000							11,814,000					01/01/2099	2FE
00507U-AU-5	ACTAVIS FUNDING SCS 4 3/4% Due 3/15/2045 MS15 4.750% 03/15/45	D	07/24/2017	CREDIT SUISSE FIRST BOSTON		4,424,520	4,000,000	3,895,960	3,897,805		1,260		1,260		3,899,065		525,456	525,456	164,667	03/15/2045	2FE
03969A-AH-3	ARDAGH PKG FIN/HLDGS USA 4 5/8% Due 5/15/2023 MN15 4.625% 05/15/23	D	07/27/2017	MORGAN STANLEY		513,750	500,000	500,000	500,000						500,000		13,750	13,750	16,444	05/15/2023	3FE
046353-AG-3	ASTRAZENECA 4% Due 9/18/2042 MS18 4.000% 09/18/42	D	09/12/2017	Various		16,776,440	17,000,000	18,016,450	18,007,989		(14,924)		(14,924)		17,993,065		(1,216,625)	(1,216,625)	650,556	09/18/2042	2FE
046353-AL-2	ASTRAZENECA 3 3/8% Due 11/16/2025 MN16 3.375% 11/16/25	D	08/07/2017	BARCLAYS		10,211,300	10,000,000	9,966,400			2,106		2,106		9,968,506		242,794	242,794	247,500	11/16/2025	2FE
046353-AM-0	ASTRAZENECA 4 3/8% Due 11/16/2045 MN16 4.375% 11/16/45	D	09/11/2017	Various		36,646,750	35,000,000	35,801,670	10,168,850		(3,182)		(3,182)		35,795,718		851,032	851,032	1,092,535	11/16/2045	2FE
052528-AH-9	AUST & NZ BK 4 1/2% Due 3/19/2024 MS19 4.500% 03/19/24	D	07/24/2017	CITICORP SECURITIES		1,050,400	1,000,000	997,370	997,926		199		199		998,125		52,275	52,275	38,500	03/19/2024	2FE
05464H-AB-6	AXIS SPECIALTY FINAN PLC 5.15% Due 4/1/2045 A01 5.150% 04/01/45	D	09/26/2017	JEFFERIES & COMPANY INC.		10,605,800	10,000,000	10,048,650	10,046,346		239		239		10,046,584		559,216	559,216	510,708	04/01/2045	2FE
05574L-PT-9	BNP PARIBAS 2.7% Due 8/20/2018 FA20 2.700% 08/20/18	D	08/10/2017	MARKET AXESS		2,021,320	2,000,000	2,038,060	2,034,748		(13,095)		(13,095)		2,021,654		(334)	(334)	53,250	08/20/2018	1FE
12657@-AA-7	CALITTUM HTCE I C.V. (PHILLIPS SENIOR SECURED NOTES 4.130% 04/01/27	D	07/01/2017	Redemption 100.0000		177,221	177,221	177,221	177,221						177,221				5,489	04/01/2027	2
2027A0-HY-8	COMMONWEALTH BANK AUST 2 5/8% Due 9/6/2026 MS6 2.625% 09/06/26	D	09/13/2017	DEUTSCHE BANK		9,683,000	10,000,000	9,970,300	9,971,222		1,775		1,775		9,972,997		(289,997)	(289,997)	269,063	09/06/2026	1FE
23636T-AE-0	DANONE SA 2.947% Due 11/2/2026 MN2 2.947% 11/02/26	D	07/13/2017	CREDIT SUISSE FIRST BOSTON		24,109,500	25,000,000	25,000,000	25,000,000						25,000,000		(890,500)	(890,500)	523,911	11/02/2026	2FE
33938E-AS-6	FLEXTRONICS INTL LTD 5% Due 2/15/2023 FA15 5.000% 02/15/23	D	09/18/2017	MORGAN STANLEY		10,926,800	10,000,000	10,650,000	10,643,383		(67,807)		(67,807)		10,575,575		351,225	351,225	548,611	02/15/2023	2FE
33938E-AU-1	FLEXTRONICS INTL LTD 4 3/4% Due 6/15/2025 JD15 4.750% 06/15/25	D	09/05/2017	SEAPORT GROUP		10,543,296	9,600,000	10,388,934	10,374,835		(56,115)		(56,115)		10,318,720		224,576	224,576	331,867	06/15/2025	2FE
40052V-AD-6	GRUPO BIMBO SAB DE CV 4 7/8% Due 6/27/2044 JD27 4.875% 06/27/44	D	08/15/2017	Various		8,091,150	8,000,000	7,830,500	7,837,072		1,831		1,831		7,838,903		252,247	252,247	249,438	06/27/2044	2FE
404280-AQ-2	HSBC HOLDINGS PLC 5 1/4% Due 3/14/2044 MS14 5.250% 03/14/44	D	09/29/2017	HSBC SECURITIES INC.		5,872,600	5,000,000	5,305,650	5,292,975		(3,649)		(3,649)		5,289,326		583,274	583,274	276,354	03/14/2044	1FE
423012-AE-3	HEINEKEN NV 4% Due 10/1/2042 A01 4.000% 10/01/42	D	08/17/2017	SUNTRUST EQUITABLE		5,020,350	5,000,000	4,161,150	4,206,015		10,117		10,117		4,216,132		804,218	804,218	178,333	10/01/2042	2FE
478375-AS-7	JOHNSON CONTROLS 5 1/8% Due 9/14/2045 MS14 5.125% 09/14/45	D	07/14/2017	GOLDMAN SACHS		11,543,600	10,000,000	10,548,800	10,548,733		(4,480)		(4,480)		10,544,253		999,347	999,347	434,201	09/14/2045	2FE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value 11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
50247V-AC-3	LYB INTL FINANCE BV 4 7/8% Due 3/15/2044 MS15 4.875% 03/15/44	D	09/26/2017	Various		10,952,850	10,000,000	10,469,435	10,467,355		(5,097)		(5,097)		10,462,258		490,592	490,592	463,802	03/15/2044	2FE
60920L-AC-8	MONDELEZ INTL HLDINGS NE 2% Due 10/28/2021 AO28 2.000% 10/28/21	D	07/19/2017	J.P. MORGAN		1,958,520	2,000,000	1,992,620	1,992,842		822		822		1,993,664		(35,144)	(35,144)	29,556	10/28/2021	2FE
62854A-AP-9	MYLAN NV 5.250% 06/15/46	D	09/26/2017	BANK OF AMERICA		3,813,915	3,500,000	3,499,253			237		237		3,499,490		314,425	314,425	144,448	06/15/2046	2FE
65557F-AA-4	NORDEA BANK AB 4 7/8% Due 5/13/2021 MN13 4.875% 05/13/21	D	08/18/2017	MITSUBISHI SECURITIES		5,401,050	5,000,000	4,951,400	4,975,461		3,559		3,559		4,979,020		422,030	422,030	189,583	05/13/2021	1FE
71654Q-BX-9	PETROLEOS MEXICANOS 5 5/8% Due 1/23/2046 JJ23 5.625% 01/23/46	D	08/02/2017	CREDIT SUISSE FIRST BOSTON		4,617,500	5,000,000	4,445,000	4,510,170		3,861		3,861		4,514,031		103,469	103,469	292,188	01/23/2046	2FE
74733L-AD-4	QTEL INTERNATIONAL FIN 4 3/4% Due 2/16/2021 FA16 4.750% 02/16/21	D	09/18/2017	BANK OF AMERICA		5,322,500	5,000,000	4,958,050	4,980,331		3,385		3,385		4,983,716		338,784	338,784	259,931	02/16/2021	1FE
780097-BD-2	ROYAL BANK OF SCOTLAND 3 7/8% Due 9/12/2023 MS12 3.875% 09/12/23	D	09/15/2017	Various		10,236,370	10,000,000	9,997,000	9,996,669		694		694		9,997,363		239,007	239,007	369,309	09/12/2023	2FE
780099-CH-8	ROYAL BK SCOTLND GRP PLC 5 1/8% Due 5/28/2024 MN28 5.125% 05/28/24	D	08/10/2017	Various		10,571,350	10,000,000	9,921,300	9,937,481		4,762		4,762		9,942,244		629,106	629,106	359,462	05/28/2024	3FE
853254-AK-6	STANDARD CHARTERED PLC 5.3% Due 1/9/2043 JJ9 5.300% 01/09/43	D	07/24/2017	J.P. MORGAN		5,529,600	5,000,000	5,247,090	5,231,286		(2,476)		(2,476)		5,228,809		300,791	300,791	278,250	01/09/2043	2FE
87938W-AC-7	TELEFONICA EMISIONES SAU 7.045% Due 6/20/2036 JD20 7.045% 06/20/36	D	08/08/2017	BARCLAYS		13,206,700	10,000,000	12,494,200	12,326,176		(43,301)		(43,301)		12,282,875		923,825	923,825	452,054	06/20/2036	2FE
87938W-AH-6	TELEFONICA EMISIONES SAU 5.877% Due 7/15/2019 JJ15 5.877% 07/15/19	D	08/30/2017	HSBC SECURITIES INC.		3,213,870	3,000,000	3,278,300	2,187,484		(63,624)		(63,624)		3,205,739		8,131	8,131	171,413	07/15/2019	2FE
91911T-AH-6	VALE OVERSEAS LIMITED 6 7/8% Due 11/21/2036 MN21 6.875% 11/21/36	D	07/11/2017	BANK OF AMERICA		10,718,750	10,000,000	9,795,000	9,795,805		3,596		3,596		9,799,401		919,349	919,349	444,965	11/21/2036	2FE
91911T-AJ-2	VALE OVERSEAS LIMITED 5.625% 09/15/19	D	08/29/2017	J.P. MORGAN		1,076,000	1,000,000	1,064,990			(10,404)		(10,404)		1,054,586		21,414	21,414	25,938	09/15/2019	2FE
91911T-AP-8	VALE OVERSEAS LIMITED 6 1/4% Due 8/10/2026 FA10 6.250% 08/10/26	D	09/21/2017	MORGAN STANLEY		5,577,500	5,000,000	5,250,000	5,245,596		(14,195)		(14,195)		5,231,401		346,099	346,099	351,563	08/10/2026	2FE
92936M-AE-7	WWP FINANCE 2010 5 5/8% Due 11/15/2043 MN15 5.625% 11/15/43	D	08/14/2017	BARCLAYS		3,414,240	3,000,000	3,235,770	3,226,532		(2,340)		(2,340)		3,224,192		190,048	190,048	127,500	11/15/2043	2FE
92936M-AF-4	WWP FINANCE 2010 3 3/4% Due 9/19/2024 MS19 3.750% 09/19/24	D	09/15/2017	STIFEL NICOLAUS		8,220,390	8,000,000	7,842,320	7,872,678		10,578		10,578		7,883,256		337,134	337,134	299,688	09/19/2024	2FE
94707V-AD-2	WEATHERFORD BERMUDA 5.95% Due 4/15/2042 AO15 5.950% 04/15/42	D	07/25/2017	GOLDMAN SACHS		7,076,250	8,500,000	9,531,135	9,483,743		(10,856)		(10,856)		9,472,887		(2,396,637)	(2,396,637)	397,576	04/15/2042	5FE
97314X-AJ-3	WIND ACQUISITION FIN SA 6 1/2% Due 4/30/2020 AO31 6.500% 04/30/20	D	08/03/2017	CITICORP SECURITIES		4,150,000	4,000,000	4,236,120	4,151,941		(39,428)		(39,428)		4,112,513		37,487	37,487	200,778	04/30/2020	3FE
98420E-AC-9	XLIT LTD 4.45% Due 3/31/2025 MS31 4.450% 03/31/25	D	09/25/2017	BARCLAYS		10,321,400	10,000,000	10,078,970	6,958,200		1,076		1,076		10,082,786		238,614	238,614	374,542	03/31/2025	2FE
98420E-AD-7	XLIT LTD 5 1/2% Due 3/31/2045 MS31 5.500% 03/31/45	D	09/21/2017	STIFEL NICOLAUS		16,462,270	15,500,000	15,479,630	15,479,106		1,216		1,216		15,480,322		981,948	981,948	835,313	03/31/2045	2FE
G2163#-AH-1	COOKSON GROUP PLC 4.87% Due 12/16/2020 MS14 4.870% 12/16/20	D	08/03/2017	RENAISSANCE CAPITAL		19,050,660	18,000,000	18,000,000	18,000,000						18,000,000		1,050,660	1,050,660	792,715	12/16/2020	2FE
L8038*-AA-4	SBM BALEIA AZUL SARL 5 1/2% Due 9/15/2027 MJSD15 5.500% 09/15/27	D	09/15/2017	Redemption 100.0000		314,000	314,000	314,000	314,000						314,000				12,953	09/15/2027	3FE
LX1250-97-1	FLY FUNDING FLY FUNDING TL +225 02/09/23	D	07/18/2017	RBC CAPITAL MARKETS		3,535,277	3,530,864	3,536,603	3,536,643		(6,774)		(6,774)		3,529,869		5,408	5,408	65,389	02/09/2023	3FE
LX1623-94-6	PATHEON (DPX HOLDINGS) PATHEON (DPX HOLDINGS) TLB 04/04/24	C	08/29/2017	Redemption 100.0000		12,428,847	12,428,847	12,331,248			97,599		97,599		12,428,847				201,316	04/04/2024	4FE
N4434*-AF-0	IKEA CAPITAL B.V. SENIOR NOTES SERIES D 5.940% 07/18/22	D	07/31/2017	Redemption 100.0000		10,476,192	10,476,192	10,476,192	10,476,192						10,476,192				1,630,782	07/18/2022	1
P7906#-AA-7	PORT OF SPAIN WATERFRONT DEVEL SECURE NOTES 6.090% 01/01/23	D	07/01/2017	Redemption 100.0000		1,648,889	1,648,889	1,644,094	1,644,563		4,325		4,325		1,648,889				80,531	01/01/2023	2
Q3383#-AA-7	ECHO ENTERTAINMENT 5.07% Due 6/15/2018 JD15 5.070% 06/15/18	D	08/17/2017	Redemption 100.0000		10,000,000	10,000,000	10,000,000	10,000,000						10,000,000				340,817	06/15/2018	2FE
Q4436#-AA-2	HALLETT HILL NO. 2 PTY LTD SENIOR SECURED NOTES 3.780% 06/27/27	D	09/27/2017	Redemption 100.0000		71,717	71,717	71,717	71,717						71,717				2,033	06/27/2027	2FE
Q5516*-AB-4	LEIGHTON FINANCE (USA) PTY LTD 5.22% Due 7/21/2017 JJ21 5.220% 07/21/17	D	07/21/2017	Maturity		14,000,000	14,000,000	14,292,170	14,052,116		(52,116)		(52,116)		14,000,000				730,800	07/21/2017	2
Q9194#-AF-2	TRANSBURBAN FINANCE COMPANY LT SERIES 2005-1 A SENIOR NOTE PR 5.190% 08/10/17	D	08/10/2017	Maturity		12,500,000	12,500,000	12,500,000	12,500,000						12,500,000				692,500	08/10/2017	2

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
R6778@-AA-4	ORKLA ASA 6.09% Due 9/18/2017 MS18 6.090% 09/18/17	D	09/18/2017	Maturity		25,000,000	25,000,000	25,000,000	25,000,000						25,000,000				1,522,500	09/18/2017	2
3899999. Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						2,577,626,310	2,518,869,515	2,492,772,215	1,908,497,274		296,465		296,465		2,489,130,579		88,495,728	88,495,728	100,198,509	XXX	XXX
293791-AV-1	ENTERPRISE PRODUCTS CALL @ MAKE WHOLE +50BP 5.018% 08/01/66		07/24/2017	J.P. MORGAN		7,760,219	7,725,000	8,529,307	7,725,000						7,725,000		35,219	35,219	268,961	08/01/2066	2FE
4899999. Subtotal - Bonds - Hybrid Securities						7,760,219	7,725,000	8,529,307	7,725,000						7,725,000		35,219	35,219	268,961	XXX	XXX
464287-24-2	ISHARES MSCI EAFE INDEX FUND COMMON STOCK		08/17/2017	Various	0.000	100,179,016		98,167,418	34,580,248						98,167,418		2,011,597	2,011,597	1,761,833		2
8199999. Subtotal - Bonds - SVO Identified Funds						100,179,016		98,167,418	34,580,248						98,167,418		2,011,597	2,011,597	1,761,833	XXX	XXX
8399997. Total - Bonds - Part 4						3,588,666,803	3,396,969,533	3,493,746,407	2,169,453,838		(993,981)		(993,981)		3,486,580,805		102,086,000	102,086,000	115,864,401	XXX	XXX
8399998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8399999. Total - Bonds						3,588,666,803	3,396,969,533	3,493,746,407	2,169,453,838		(993,981)		(993,981)		3,486,580,805		102,086,000	102,086,000	115,864,401	XXX	XXX
8999997. Total - Preferred Stocks - Part 4							XXX													XXX	XXX
8999998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8999999. Total - Preferred Stocks							XXX													XXX	XXX
00130H-10-5	AES CORPORATION COMMON STOCK		08/02/2017	WEEDEN & CO LP	17.000	188		244	198	46			46		244		(56)	(56)	6		L
018581-10-8	ALLIANCE DATA SYSTEMS CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	17.000	3,737		4,883	3,885	998			998		4,883		(1,145)	(1,145)	27		L
02209S-10-3	ALTRIA GROUP INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	17.000	1,095		621	1,150	(529)			(529)		621		474	474	31		L
02376R-10-2	AMERICAN AIRLINES EXIT TL COMMON STOCK		09/27/2017	WEEDEN & CO LP	123.000	5,761		6,090	5,743	347			347		6,090		(329)	(329)	37		L
025816-10-9	AMERICAN EXPRESS COMMON STOCK		09/27/2017	WEEDEN & CO LP	35.000	3,132		2,395	2,593	(198)			(198)		2,395		737	737	34		L
037833-10-0	APPLE COMPUTER INC FORMERLY APPLE COMPUTER INC.		09/27/2017	WEEDEN & CO LP	78.000	12,029		4,934	9,034	(4,100)			(4,100)		4,934		7,095	7,095	143		L
039483-10-2	ARCHER DANIELS COMMON STOCK		09/27/2017	WEEDEN & CO LP	13.000	560		441	593	(152)			(152)		441		118	118	12		L
03965L-10-0	ALCOA INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	112.000	2,953		2,424	2,076	347			347		2,424		529	529	20		L
05329W-10-2	AUTONATION, INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	147.000	7,096		8,687	7,152	1,536			1,536		8,687		(1,592)	(1,592)			L
057224-10-7	BAKER HUGHES COMMON STOCK		07/06/2017	Tax Free Exchange	962.000	48,896		48,896	60,552	(13,450)			(13,450)		48,896				322		L
060505-10-4	BANK OF AMERICA CORP. COMMON STOCK		09/27/2017	WEEDEN & CO LP	274.000	6,959		3,376	6,055	(2,680)			(2,680)		3,376		3,584	3,584	74		L
075896-10-0	BED BATH & BEYOND INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	329.000	9,811		20,700	13,045	7,327			7,327		20,700		(10,889)	(10,889)	131		L
086516-10-1	BEST BUY COMPANY INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	356		200	256	(56)			(56)		200		157	157	4		L
09062X-10-3	BIOGEN IDEC INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	4.000	1,251		807	1,045	(238)			(238)		807		444	444			L
097023-10-5	BOEING CORP. COMMON STOCK		09/27/2017	WEEDEN & CO LP	13.000	3,318		1,188	2,024	(835)			(835)		1,188		2,130	2,130	55		L
099724-10-6	BORG-WARNER AUTOMOTIVE INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	504		391	394	(4)			(4)		391		114	114	4		L
10922N-10-3	BRIGHTHOUSE FINANCIAL IN COMMON		08/07/2017	Cash Adjustment	1.000	52		53							53		(1)	(1)			L
110448-10-7	BRIT AMER TO RECEIPTS		08/02/2017	Various	984.000	63,024		68,113							68,113		(5,089)	(5,089)			L
126408-10-3	CSX CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	17.000	915		418	611	(193)			(193)		418		497	497	10		L
143658-30-0	CARNIVAL CORP - CL A COMMON STOCK		09/27/2017	WEEDEN & CO LP	20.000	1,273		690	1,041	(351)			(351)		690		583	583	23		L
16119P-10-8	CHARTER COMMUNICATIONS COMMON STOCK		09/27/2017	WEEDEN & CO LP	28.000	10,159		7,468	8,062	(594)			(594)		7,468		2,692	2,692			L
169656-10-5	CHIPOTLE MEXICAN GRILL - CL A COMMON STOCK		09/27/2017	WEEDEN & CO LP	9.000	2,824		3,269	3,396	(127)			(127)		3,269		(444)	(444)			L
171340-10-2	CHURCH & DWIGHT CO., INC. COMMON STOCK		08/02/2017	WEEDEN & CO LP	6.000	316		269	265	3			3		269		48	48	2		L
172967-42-4	CITIGROUP INC (TRAVELERS/CITICORP MERGE)		09/27/2017	WEEDEN & CO LP	43.000	3,108		2,007	2,555	(549)			(549)		2,007		1,101	1,101	28		L
177376-10-0	CITRIX SYSTEMS INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	16.000	1,223		792	1,138	(346)			(346)		792		431	431			L
20030N-10-1	COMCAST CORP. COMMON STOCK		09/27/2017	WEEDEN & CO LP	55.000	2,119		1,555	1,899	(343)			(343)		1,555		563	563	25		L
20825C-10-4	PHILLIPS PETROLEUM COMMON STOCK		09/27/2017	WEEDEN & CO LP	35.000	1,757		2,116	1,755	361			361		2,116		(359)	(359)	28		L
219350-10-5	CORNING, INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	33.000	991		479	801	(322)			(322)		479		512	512	15		L
247361-70-2	DELTA AIR LINES INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	140.000	6,679		3,284	6,887	(3,602)			(3,602)		3,284		3,395	3,395	99		L
25179M-10-3	DEVON ENERGY CORP. COMMON STOCK		08/02/2017	WEEDEN & CO LP	7.000	234		385	320	66			66		385		(152)	(152)	1		L
254709-10-8	DISCOVER FINANCIAL SERVICES COMMON STOCK		09/27/2017	WEEDEN & CO LP	18.000	1,153		788	1,298	(510)			(510)		788		365	365	17		L
25470F-30-2	DISCOVERY COMMUNICATIONS COMMON STOCK		09/27/2017	WEEDEN & CO LP	21.000	427		790	562	227			227		790		(363)	(363)			L
260543-10-3	DOW CHEMICAL COMMON STOCK		09/05/2017	Tax Free Exchange	2,549.000	112,653		112,653	141,448	(33,610)			(33,610)		112,653				3,434		L
263534-10-9	DU PONT (E.I.) DE NEMOURS COMMON STOCK		09/01/2017	MERGER	1,961.000	168,891		105,795	135,937	(38,448)			(38,448)		105,795		63,095	63,095	2,217		L
278642-10-3	EBAY INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	18.000	685		397	534	(137)			(137)		397		288	288			L
30219G-10-8	EXPRESS SCRIPTS HOLDING CO. COMMON STOCK		09/27/2017	WEEDEN & CO LP	31.000	1,951		1,841	2,132	(292)			(292)		1,841		111	111			L
316773-10-0	FIFTH THIRD BANCORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	27.000	747		460	728	(268)			(268)		460		287	287	11		L
354613-10-1	FRANKLIN RESOURCES INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	28.000	1,245		1,444	1,108	335			335		1,444		(198)	(198)	17		L
369550-10-8	GENERAL DYNAMICS CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	5.000	1,034		370	863	(493)			(493)		370		664	664	12		L
369604-10-3	GENERAL ELECTRIC COMMON STOCK		09/27/2017	WEEDEN & CO LP	65.000	1,583		1,450	2,054	(605)			(605)		1,450		134	134	47		L

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
37045V-10-0	GENERAL MOTORS CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	122.000	4,949		4,526	4,250	275			275		4,526		424	424	138		L
38141G-10-4	GOLDMAN SACHS GROUP INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	2,347		1,461	2,395	(934)			(934)		1,461		887	887	22		L
40434L-10-5	HEWLETT PACKARD INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	17.000	338		159	252	(93)			(93)		159		179	179	7		L
416515-10-4	HARTFORD FINANCIAL SERVICES GR COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	550		293	477	(183)			(183)		293		257	257	7		L
42824C-10-9	HEWLETT PACKARD ENTERPRISE COMMON STOCK		09/27/2017	WEEDEN & CO LP	38.000	564		275	511	(236)			(236)		275		289	289	7		L
42824C-10-9	HEWLETT PACKARD ENTERPRISE COMMON STOCK		09/01/2017	Spin Off	0.000	8,427		8,427	14,338	(6,233)			(6,233)		8,427						L
437076-10-2	HOME DEPOT INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	27.000	4,344		1,981	3,620	(1,639)			(1,639)		1,981		2,364	2,364	72		L
460690-10-0	INTERPUBLIC GROUP COMMON STOCK		09/27/2017	WEEDEN & CO LP	16.000	340		222	375	(153)			(153)		222		118	118	9		L
46428Q-10-9	ISHARES SILVER TRUST COMMON STOCK		09/27/2017	WALLACHBETH CAPITAL	471,038.000	7,470,490		7,166,627	7,117,384	49,243			49,243		7,166,627		303,863	303,863			L
46590V-10-0	JBG SMITH Properties REIT		08/02/2017	WEEDEN & CO LP	193.000	6,803		6,555							6,555		248	248			U
46625H-10-0	JP MORGAN CHASE & CO COMMON STOCK		09/27/2017	WEEDEN & CO LP	49.000	4,663		2,402	4,228	(1,826)			(1,826)		2,402		2,261	2,261	73		L
493267-10-8	KEYCORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	14.000	261		140	256	(116)			(116)		140		122	122	4		L
501044-10-1	KROGER CO. COMMON STOCK		09/27/2017	WEEDEN & CO LP	26.000	526		447	897	(450)			(450)		447		79	79	9		L
527288-10-4	LEUCADIA NATIONAL CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	14.000	350		433	326	107			107		433		(83)	(83)	3		L
540424-10-8	LOEWS CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	12.000	574		536	562	(26)			(26)		536		38	38	2		L
548661-10-7	LOWE'S COMPANIES COMMON STOCK		09/27/2017	WEEDEN & CO LP	27.000	2,139		1,038	1,920	(883)			(883)		1,038		1,101	1,101	30		L
554382-10-1	MACERICH CO/THE COMMON STOCK		09/27/2017	WEEDEN & CO LP	25.000	1,382		1,568	1,771	(203)			(203)		1,568		(185)	(185)	53		L
56585A-10-2	MARATHON PETROLEM COMMON STOCK		09/27/2017	WEEDEN & CO LP	24.000	1,325		940	1,208	(268)			(268)		940		385	385	27		L
59156R-10-8	METLIFE INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	36.000	1,867		1,251	1,729	(478)			(478)		1,251		615	615	43		L
59156R-10-8	METLIFE INC. COMMON STOCK		08/07/2017	Spin Off	0.000	12,965		12,965	14,121	(1,422)			(1,422)		12,965						L
609207-10-5	MONDELEZ INTERNATIONAL INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	17.000	690		535	754	(219)			(219)		535		155	155	10		L
617446-44-8	MORGAN STANLEY COMMON STOCK		09/27/2017	WEEDEN & CO LP	13.000	625		445	549	(104)			(104)		445		180	180	8		L
626717-10-2	MURPHY OIL CORP COMMON STOCK		08/02/2017	WEEDEN & CO LP	364.000	9,344		13,592	11,331	2,261			2,261		13,592		(4,249)	(4,249)	182		L
629377-50-8	NRG ENERGY, INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	29.000	722		809	356	453			453		809		(87)	(87)	3		L
63938C-10-8	NAVIENT CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	33.000	501		437	542	(105)			(105)		437		64	64	14		L
654106-10-3	NIKE, INC. CL B COMMON STOCK		09/27/2017	WEEDEN & CO LP	17.000	895		541	864	(323)			(323)		541		355	355	9		L
67103H-10-7	O'REILLY AUTOMOTIVE INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	7.000	1,501		751	1,949	(1,198)			(1,198)		751		750	750			L
718546-10-4	PHILLIPS 66 COMMON STOCK		09/27/2017	WEEDEN & CO LP	13.000	1,193		792	1,123	(331)			(331)		792		401	401	26		L
73936B-50-7	POWERSHARES DB AGRICULTURE F COMMON STOCK		09/27/2017	WALLACHBETH CAPITAL	50,398.000	447,524		637,276	487,853	149,423			149,423		637,276		(189,752)	(189,752)			L
761713-10-6	REYNOLDS AMERICAN INC FORMERLY RJ REYNOLDS TOBACCO H		07/25/2017	MERGER	1,871.000	123,195		78,289	102,609	(26,747)			(26,747)		78,289		44,907	44,907	2,715		L
770323-10-3	ROBERT HALF INTERNATIONAL INC. COMMON STOCK		09/27/2017	WEEDEN & CO LP	12.000	594		394	585	(191)			(191)		394		200	200	9		L
808513-10-5	SCHWAB, CHARLES CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	54.000	2,378		916	2,131	(1,215)			(1,215)		916		1,461	1,461	13		L
81211K-10-0	SEALED AIR CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	16.000	680		380	725	(345)			(345)		380		300	300	8		L
844741-10-8	SOUTHWEST AIRLINES COMMON STOCK		09/27/2017	WEEDEN & CO LP	121.000	6,760		1,659	6,031	(4,372)			(4,372)		1,659		5,101	5,101	55		L
855030-10-2	STAPLES INC COMMON STOCK		09/13/2017	MERGER	1,477.000	15,139		19,158	13,041	5,792			5,792		19,158		(4,019)	(4,019)	520		L
867914-10-3	SUNTRUST BANK COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	593		293	549	(256)			(256)		293		300	300	9		L
87165B-10-3	SYNCHRONY FINANCIAL COMMON STOCK		09/27/2017	WEEDEN & CO LP	50.000	1,546		1,593	1,814	(221)			(221)		1,593		(46)	(46)	21		L
871829-10-7	SYSCO CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	541		332	554	(221)			(221)		332		209	209	10		L
872540-10-9	TJX COMPANIES, INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	15.000	1,112		732	1,127	(395)			(395)		732		381	381	13		L
881609-10-1	TESORO PETROLEUM CORP COMMON STOCK		08/03/2017	Tax Free Exchange	341.000	28,248		28,248	22,999	(1,988)			(1,988)		28,248				289		L
882508-10-4	TEXAS INSTRUMENTS IN COMMON STOCK		09/27/2017	WEEDEN & CO LP	10.000	888		362	730	(368)			(368)		362		526	526	15		L
90130A-20-0	NEWS AMERICA CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	109.000	2,917		2,952	2,970	(19)			(19)		2,952		(35)	(35)	20		L
907818-10-8	UNION PACIFIC CORP COMMON STOCK		09/27/2017	WEEDEN & CO LP	13.000	1,516		962	1,348	(386)			(386)		962		554	554	24		L
910047-10-9	UNITED CONTINENTAL HOLDINGS COMMON STOCK		09/27/2017	WEEDEN & CO LP	57.000	3,472		3,024	4,154	(1,130)			(1,130)		3,024		447	447			L
912318-20-1	US NATURAL GAS FUND LP COMMON STOCK		09/27/2017	WALLACHBETH CAPITAL	154,653.000	1,028,419		1,690,613	1,444,459	246,154			246,154		1,690,613		(662,194)	(662,194)			L
92214X-10-6	VAREX IMAGING CORP COMMON STOCK		07/01/2017	Various	(1.000)	(18)		(11)		8			8		(11)		(7)	(7)			L
92826C-83-9	Visa Lnd Dev(Visa Int) COMMON STOCK		09/27/2017	WEEDEN & CO LP	23.000	2,389		969	1,794	(826)			(826)		969		1,420	1,420	11		L
929042-10-9	VORNADO REALTY COMMON STOCK		07/18/2017	Spin Off	0.000	6,555		6,555	7,589	(1,175)			(1,175)		6,555						L
931142-10-3	WAL-MART STORES COMMON STOCK		09/27/2017	WEEDEN & CO LP	21.000	1,665		1,632	1,452	181			181		1,632		33	33	43		L
949746-10-1	WELLS FARGO & CO COMMON STOCK		09/27/2017	WEEDEN & CO LP	35.000	1,897		1,330	1,929	(599)			(599)		1,330		567	567	40		L
966837-10-6	WHOLE FOODS MARKET, INC. COMMON STOCK		08/28/2017	MERGER	729.000	30,618		26,180	21,717	3,581			3,581		26,180		4,438	4,438	329		L
G7945M-10-7	SEAGATE TECHNOLOGY COMMON STOCK		09/27/2017	WEEDEN & CO LP	17.000	564		624	649	(25)			(25)		624		(60)	(60)	32		L
G87110-10-5	FMC TECHNOLOGIES INC COMMON STOCK		09/27/2017	WEEDEN & CO LP	62.000	1,700		1,988							1,988		(288)	(288)			L
G97822-10-3	PERRIGO COMPANY COMMON STOCK		09/27/2017	WEEDEN & CO LP	22.000	1,873		3,417	1,831	1,586			1,586		3,417		(1,544)	(1,544)	11		L
G98294-10-4	XL CAPITAL LTD COMMON STOCK		09/27/2017	WEEDEN & CO LP	11.000	418		414	410	4			4		414		4	4	7		L
H8817H-10-0	TRANSOCEAN OFFSHORE INC COMMON STOCK		08/02/2017	WEEDEN & CO LP	884.000	7,620		14,809	12,721	1,836			1,836		14,809		(7,189)	(7,189)			L
N53745-10-0	LYONDELLBASELL INDU-CL A COMMON STOCK		09/27/2017	WEEDEN & CO LP	11.000	1,097		668	944	(276)			(276)		668		430	430	29		L

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Desig-nation or Market In-dicator (a)
G51502-10-5	JOHNSON CONTROLS INTERNATIONAL COMMON STOCK	D	09/27/2017	WEEDEN & CO LP	15.000	607		638							638		(32)	(32)	4		L
G5785G-10-7	MALLINCKRODT PLC COMMON STOCK	C	08/02/2017	WEEDEN & CO LP	225.000	9,801		20,135	11,210	8,925			8,925		20,135		(10,334)	(10,334)			L
G5960L-10-3	MEDTRONIC PLC COMMON STOCK	D	09/27/2017	WEEDEN & CO LP	21.000	1,634		1,869							1,869		(235)	(235)	10		L
G81276-10-0	SIGNET JEWLERS LTD COMMON STOCK	D	09/27/2017	WEEDEN & CO LP	20.000	1,331		2,401	1,885	516			516		2,401		(1,070)	(1,070)	18		L
9099999. Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						9,768,637	XXX	10,204,112	9,777,087	320,728			320,728		10,204,112		(435,465)	(435,465)	11,899	XXX	XXX
9799997. Total - Common Stocks - Part 4						9,768,637	XXX	10,204,112	9,777,087	320,728			320,728		10,204,112		(435,465)	(435,465)	11,899	XXX	XXX
9799998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9799999. Total - Common Stocks						9,768,637	XXX	10,204,112	9,777,087	320,728			320,728		10,204,112		(435,465)	(435,465)	11,899	XXX	XXX
9899999. Total - Preferred and Common Stocks						9,768,637	XXX	10,204,112	9,777,087	320,728			320,728		10,204,112		(435,465)	(435,465)	11,899	XXX	XXX
9999999 - Totals						3,598,435,440	XXX	3,503,950,519	2,179,230,925	320,728	(993,981)		(673,253)		3,496,784,917		101,650,535	101,650,535	115,876,300	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 1

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

1 Description	2 Description of Item(s) Hedged, Used for Income Generation or Replicated	3 Schedule/ Exhibit Identifier	4 Type(s) of Risk(s) (a)	5 Exchange, Counterparty or Central Clearinghouse	6 Trade Date	7 Date of Maturity or Expiration	8 Number of Contracts	9 Notional Amount	10 Strike Price, Rate or Index Received (Paid)	11 Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid	12 Current Year Initial Cost of Premium (Received) Paid	13 Current Year Income	14 Book/ Adjusted Carrying Value	15 Code	16 Fair Value	17 Unrealized Valuation Increase/ (Decrease)	18 Total Foreign Exchange Change in B./A.C.V.	19 Current Year's (Amorti-zation)/ Accretion	20 Adjustment to Carrying Value of Hedged Item	21 Potential Exposure	22 Credit Quality of Refer-ence Entity	23 Hedge Effectiveness at Inception and at Quarter-end (b)
S&P 500 OPTIONS SPREAD	S&P 500 INDEX		Equity/Index	GOLDMAN SACHS LCZ7XYGSLJHFXXNDX90	05/19/2017	05/18/2018	309	738,003	2381.73				30,741		30,741	30,741				2,936		
S&P 500 OPTIONS SPREAD	S&P 500 INDEX		Equity/Index	GOLDMAN SACHS LCZ7XYGSLJHFXXNDX90	07/20/2017	07/20/2018	286	708,742	2473.45				19,606		19,606	19,606				3,180		
S&P 500 OPTIONS SPREAD	S&P 500 INDEX		Equity/Index	GOLDMAN SACHS LCZ7XYGSLJHFXXNDX90	08/18/2017	08/20/2018	247	600,008	2425.55				22,384		22,384	22,384				2,831		
S&P 500 OPTIONS SPREAD	S&P 500 INDEX		Equity/Index	GOLDMAN SACHS LCZ7XYGSLJHFXXNDX90	09/20/2017	09/20/2018	542	1,359,993	2508.24				34,637		34,637	34,637				6,716		
0019999. Subtotal - Purchased Options - Hedging Effective - Call Options and Warrants													107,368	XXX	107,368	107,368				15,663	XXX	XXX
0079999. Subtotal - Purchased Options - Hedging Effective													107,368	XXX	107,368	107,368				15,663	XXX	XXX
0149999. Subtotal - Purchased Options - Hedging Other														XXX							XXX	XXX
0219999. Subtotal - Purchased Options - Replications														XXX							XXX	XXX
0289999. Subtotal - Purchased Options - Income Generation														XXX							XXX	XXX
0359999. Subtotal - Purchased Options - Other														XXX							XXX	XXX
0369999. Total Purchased Options - Call Options and Warrants													107,368	XXX	107,368	107,368				15,663	XXX	XXX
0379999. Total Purchased Options - Put Options														XXX							XXX	XXX
0389999. Total Purchased Options - Caps														XXX							XXX	XXX
0399999. Total Purchased Options - Floors														XXX							XXX	XXX
0409999. Total Purchased Options - Collars														XXX							XXX	XXX
0419999. Total Purchased Options - Other														XXX							XXX	XXX
0429999. Total Purchased Options													107,368	XXX	107,368	107,368				15,663	XXX	XXX
0499999. Subtotal - Written Options - Hedging Effective														XXX							XXX	XXX
0569999. Subtotal - Written Options - Hedging Other														XXX							XXX	XXX
0639999. Subtotal - Written Options - Replications														XXX							XXX	XXX
0709999. Subtotal - Written Options - Income Generation														XXX							XXX	XXX
0779999. Subtotal - Written Options - Other														XXX							XXX	XXX
0789999. Total Written Options - Call Options and Warrants														XXX							XXX	XXX
0799999. Total Written Options - Put Options														XXX							XXX	XXX
0809999. Total Written Options - Caps														XXX							XXX	XXX
0819999. Total Written Options - Floors														XXX							XXX	XXX
0829999. Total Written Options - Collars														XXX							XXX	XXX
0839999. Total Written Options - Other														XXX							XXX	XXX
0849999. Total Written Options														XXX							XXX	XXX
TO BUY USD SELL AUD	AUD	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	02/08/2016	02/18/2024		4,003,736	1.41540				(435,791)		(566,311)	(349,653)				50,611	N/A	0001
TO BUY USD SELL AUD	AUD	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	02/08/2016	02/18/2025		4,003,736	1.41540				(435,792)		(560,110)	(349,653)				54,437	N/A	0001
TO BUY USD SELL AUD	AUD	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	02/08/2016	02/18/2026		4,003,736	1.41540				(435,792)		(552,883)	(349,653)				58,001	N/A	0001
TO BUY USD SELL AUD	AUD	D PART 1	Currency	JPMorgan Chase Bank 7H6GLXDRUGQFU57RNE97	06/22/2017	08/11/2027		22,644,000	1.32485				(858,000)		(472,909)	(858,000)				355,720	N/A	0001
TO BUY USD SELL CAD	CAD	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	06/20/2017	09/20/2027		11,303,693	1.32700				(723,247)		(504,285)	(723,247)				178,556	N/A	0001
TO BUY USD SELL CAD	CAD	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	11/20/2015	12/15/2025		15,031,943	1.33050				(1,003,978)		(921,735)	(1,166,032)				215,440	N/A	0001
TO BUY USD SELL CHF	CHF	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	09/11/2015	10/08/2025		20,502,306	0.97550				(152,453)		(128,232)	(992,943)				290,492	N/A	0001
TO BUY USD SELL DKK	DKK	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	11/08/2016	12/15/2026		24,948,025	6.73400				(1,723,319)		(2,664,387)	(2,840,205)				378,693	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	04/13/2016	05/04/2026		16,926,000	1.12840				(795,000)		(1,317,416)	(1,900,500)				248,184	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	06/04/2015	06/25/2027		22,504,000	1.12520				(1,124,000)		(2,152,746)	(2,534,000)				351,208	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	JPMorgan Chase Bank 7H6GLXDRUGQFU57RNE97	06/07/2017	06/27/2027		22,530,000	1.12650				(1,098,000)		(1,364,198)	(1,098,000)				351,712	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	Barclays G5GSEF7VJP5I7OUK5573	06/29/2017	07/19/2024		17,136,000	1.14240				(585,000)		(741,267)	(585,000)				223,561	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	Barclays G5GSEF7VJP5I7OUK5573	06/22/2017	08/16/2027		33,480,000	1.11600				(1,962,000)		(2,213,552)	(1,962,000)				526,311	N/A	0001

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

1 Description	2 Description of Item(s) Hedged, Used for Income Generation or Replicated	3 Schedule/ Exhibit Identifier	4 Type(s) of Risk(s) (a)	5 Exchange, Counterparty or Central Clearinghouse	6 Trade Date	7 Date of Maturity or Expiration	8 Number of Contracts	9 Notional Amount	10 Strike Price, Rate or Index Received (Paid)	11 Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid	12 Current Year Initial Cost of Premium (Received) Paid	13 Current Year Income	14 Book/ Adjusted Carrying Value	15 Code	16 Fair Value	17 Unrealized Valuation Increase/ (Decrease)	18 Total Foreign Exchange Change in B./A.C.V.	19 Current Year's (Amortization)/ Accretion	20 Adjustment to Carrying Value of Hedged Item	21 Potential Exposure	22 Credit Quality of Reference Entity	23 Hedge Effectiveness at Inception and at Quarter-end (b)
TO BUY USD SELL EUR	EUR	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	05/24/2017	08/17/2027		20,151,000	1.11950				(1,114,200)		(1,331,987)	(1,114,200)				316,821	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	JPMorgan Chase Bank 7H6GLXDRUGQFU57RNE97	08/22/2017	09/07/2027		12,930,500	1.17550				(64,900)		(167,818)	(64,900)				203,888	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	06/08/2017	09/13/2027		17,947,200	1.12170				(955,200)		(1,091,268)	(955,200)				283,225	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	Barclays G5GSEF7VJP5I7OUK5573	09/13/2017	10/18/1932		25,013,100	1.91100				203,700		(129,122)	203,700				485,393	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	Barclays G5GSEF7VJP5I7OUK5573	09/13/2017	10/18/1932		4,764,400	1.19110				38,800		(24,595)	38,800				92,456	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	10/05/2016	10/27/2024		13,437,600	1.11980				(739,200)		(922,121)	(1,520,400)				178,803	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	09/17/2014	11/12/2024		25,920,000	1.29600				2,292,000		1,885,573	(2,534,000)				345,962	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	09/27/2016	11/15/2023		15,670,200	1.11930				(869,400)		(1,113,273)	(1,773,800)				194,012	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	11/02/2016	11/16/2024		27,737,500	1.10950				(1,797,500)		(2,409,336)	(3,167,500)				370,506	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	JPMorgan Chase Bank 7H6GLXDRUGQFU57RNE97	04/05/2017	12/07/2027		31,995,000	1.06650				(3,447,000)		57,058	(3,447,000)				510,782	N/A	0001
TO BUY USD SELL EUR	EUR	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	11/18/2016	12/31/2028		21,190,000	1.05950				(2,438,000)		(3,055,927)	(2,534,000)				355,573	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	10/07/2016	01/06/2027		7,449,000	1.24150				(589,800)		(788,056)	(631,800)				113,440	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	05/24/2016	01/31/2027		17,516,400	1.45970				1,438,800		636,894	(1,263,600)				267,738	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	02/26/2015	04/29/2025		20,026,500	1.54050				2,609,100		2,137,096	(1,368,900)				275,797	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	11/01/2016	05/18/2027		14,670,000	1.22250				(1,407,600)		(2,138,965)	(1,263,600)				227,720	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	04/24/2015	05/27/2025		22,671,000	1.51140				2,574,000		1,859,087	(1,579,500)				313,791	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	05/25/2016	07/20/2028		22,077,000	1.47180				1,980,000		884,236	(1,579,500)				362,992	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	02/16/2017	08/16/2027		19,984,000	1.24900				(1,452,800)		(1,167,552)	(1,452,800)				314,152	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	Barclays G5GSEF7VJP5I7OUK5573	07/13/2017	08/16/2027		19,395,000	1.29300				(702,000)		(696,079)	(702,000)				304,892	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	Barclays G5GSEF7VJP5I7OUK5573	07/27/2017	08/17/2029		45,885,000	1.31100				(1,008,000)		(17,906,543)	(1,008,000)				791,114	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	JPMorgan Chase Bank 7H6GLXDRUGQFU57RNE97	05/23/2017	08/23/2027		19,467,000	1.29780				(630,000)		(393,953)	(630,000)				306,321	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	08/11/2016	09/21/2023		22,715,000	1.29800				(731,500)		(829,004)	(1,842,750)				277,756	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	10/19/2016	11/10/2026		11,072,700	1.23030				(985,500)		(1,413,370)	(947,700)				167,199	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	10/21/2016	11/21/2028		18,301,500	1.22010				(1,795,500)		(2,544,935)	(1,579,500)				305,605	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	10/07/2016	12/15/2026		4,966,000	1.24150				(393,200)		(524,771)	(421,200)				75,380	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	10/08/2014	12/20/2029		19,270,800	1.60590				3,193,200		2,799,598	(1,263,600)				337,003	N/A	0001
TO BUY USD SELL GBP	GBP	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	11/01/2016	12/31/2029		18,345,000	1.22300				(1,752,000)		(2,674,231)	(1,579,500)				321,208	N/A	0001
TO BUY USD SELL NOK	NOK	D PART 1	Currency	JPMorgan Chase Bank 7H6GLXDRUGQFU57RNE97	06/29/2017	07/27/2027		29,157,989	8.40250				(1,610,826)		(1,999,406)	(1,610,826)				457,096	N/A	0001
TO BUY USD SELL SEK	SEK	D PART 1	Currency	BANK OF AMERICA CU00019DJT3UXIJIZJI4WX 0774	09/08/2016	10/26/2028		20,000,000	8.45000				(741,370)		(1,753,891)	(2,142,554)				332,899	N/A	0001
0899999. Subtotal - Swaps - Hedging Effective - Other													(22,228,268)	XXX	(48,976,692)	(55,444,717)				12,172,451	XXX	XXX
0909999. Subtotal - Swaps - Hedging Effective													(22,228,268)	XXX	(48,976,692)	(55,444,717)				12,172,451	XXX	XXX
0969999. Subtotal - Swaps - Hedging Other														XXX							XXX	XXX
1029999. Subtotal - Swaps - Replication														XXX							XXX	XXX
1089999. Subtotal - Swaps - Income Generation														XXX							XXX	XXX
1149999. Subtotal - Swaps - Other														XXX							XXX	XXX

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

1 Description	2 Description of Item(s) Hedged, Used for Income Generation or Replicated	3 Schedule/ Exhibit Identifier	4 Type(s) of Risk(s) (a)	5 Exchange, Counterparty or Central Clearinghouse	6 Trade Date	7 Date of Maturity or Expiration	8 Number of Contracts	9 Notional Amount	10 Strike Price, Rate or Index Received (Paid)	11 Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid	12 Current Year Initial Cost of Premium (Received) Paid	13 Current Year Income	14 Book/ Adjusted Carrying Value	15 Code	16 Fair Value	17 Unrealized Valuation Increase/ (Decrease)	18 Total Foreign Exchange Change in B./A.C.V.	19 Current Year's (Amorti-zation)/ Accretion	20 Adjustment to Carrying Value of Hedged Item	21 Potential Exposure	22 Credit Quality of Refer-ence Entity	23 Hedge Effectiveness at Inception and at Quarter-end (b)
1159999. Total Swaps - Interest Rate														XXX							XXX	XXX
1169999. Total Swaps - Credit Default														XXX							XXX	XXX
1179999. Total Swaps - Foreign Exchange														XXX							XXX	XXX
1189999. Total Swaps - Total Return														XXX							XXX	XXX
1199999. Total Swaps - Other													(22,228,268)	XXX	(48,976,692)	(55,444,717)				12,172,451	XXX	XXX
1209999. Total Swaps													(22,228,268)	XXX	(48,976,692)	(55,444,717)				12,172,451	XXX	XXX
1269999. Subtotal - Forwards														XXX							XXX	XXX
1399999. Subtotal - Hedging Effective													(22,120,900)	XXX	(48,869,324)	(55,337,348)				12,188,114	XXX	XXX
1409999. Subtotal - Hedging Other														XXX							XXX	XXX
1419999. Subtotal - Replication														XXX							XXX	XXX
1429999. Subtotal - Income Generation														XXX							XXX	XXX
1439999. Subtotal - Other														XXX							XXX	XXX
1449999 - Totals													(22,120,900)	XXX	(48,869,324)	(55,337,348)				12,188,114	XXX	XXX

(a)

Code	Description of Hedged Risk(s)

(b)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
0001	HEDGE CURRENCY RISK OF PRIVATE PLACEMENT BONDS

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

SCHEDULE DB - PART B - SECTION 1

Futures Contracts Open as of the Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	Highly Effective Hedges			18	19	20	21	22
														15	16	17					
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Item(s) Hedged, Used for Income Generation or Replicated	Schedule/ Exhibit Identifier	Type(s) of Risk(s) (a)	Date of Maturity or Expira-tion	Exchange	Trade Date	Transac-tion Price	Reporting Date Price	Fair Value	Book/ Adjusted Carrying Value	Cumulative Variation Margin	Deferred Variation Margin	Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item	Cumulative Variation Margin for All Other Hedges	Change in Variation Margin Gain (Loss) Recognized in Current Year	Potential Exposure	Hedge Effectiveness at Inception and at Quarter-end (b)	Value of One (1) Point
ESZ7	893	109,881,418	DEC 2017 S&P EMINI FUTURES	COMPANY PLAN HEDGE	.LIABILITIES	Equity/Index	12/15/2017	CME LCZ7XYGSLJUHFXXNXD90	09/11/2017	2,460.9500	2,516.1000	375,060	375,060	2,462,448		2,462,448			4,018,500	99/99	50
FAZ7	140	24,051,650	DEC 2017 S&P MID 400 MINI FUTURES	COMPANY PLAN HEDGE	.LIABILITIES	Equity/Index	12/15/2017	CME LCZ7XYGSLJUHFXXNXD90	09/11/2017	1,717.9750	1,795.7000	23,800	23,800	1,088,150		1,088,150			840,000	99/99	100
RTYZ7	340	23,846,750	DEC 2017 RUSSELL 2000 EMINI FUTURES	COMPANY PLAN HEDGE	.LIABILITIES	Equity/Index	12/15/2017	CME LCZ7XYGSLJUHFXXNXD90	09/11/2017	1,402.7500	1,492.9000	5,100	5,100	1,532,550		1,532,550			935,000	99/99	50
MFSZ7	283	27,857,105	DEC 2017 MINI MSCI EAFE INDEX FUTURES	COMPANY PLAN HEDGE	.LIABILITIES	Equity/Index	12/15/2017	ICE T330E4AS4QXXS2TT7X50	09/11/2017	1,968.7000	1,978.4000	171,215	171,215	137,255		137,255			990,500	98/98	50
MESZ7	285	15,781,875	DEC 2017 MINI MSCI EMRG MKT FUTURES	COMPANY PLAN HEDGE	.LIABILITIES	Equity/Index	12/15/2017	ICE T330E4AS4QXXS2TT7X50	09/11/2017	1,107.5000	1,089.3000	179,550	179,550	(259,350)		(259,350)			598,500	94/95	50
1279999. Subtotal - Long Futures - Hedging Effective												754,725	754,725	4,961,053		4,961,053			7,382,500	XXX	XXX
TYZ7	120	120,000	DEC 2017 10-YR TNOTE FUTURES	REPLICATION	SCH D1	Interest Rate	12/19/2017	CBT LCZ7XYGSLJUHFXXNXD88	08/16/2017	125.8281	125.3125	(28,126)	(28,126)				(61,876)	(61,876)	138,000	0002	1,000
1289999. Subtotal - Long Futures - Hedging Other												(28,126)	(28,126)				(61,876)	(61,876)	138,000	XXX	XXX
1329999. Subtotal - Long Futures												726,599	726,599	4,961,053		4,961,053	(61,876)	(61,876)	7,520,500	XXX	XXX
FVZ7	404	404,000	DEC 2017 CBT 5-YR TNOTE	FUNDING AGREEMENT	SCH D1	Interest Rate	12/29/2017	CBT LCZ7XYGSLJUHFXXNXD88	08/24/2017	118.3516	117.5000	66,280	66,280				344,030	344,030	252,500	0001	1,000
1339999. Subtotal - Short Futures - Hedging Effective												66,280	66,280				344,030	344,030	252,500	XXX	XXX
ESZ7	5	250	S & P E-MINI FUTURES	EQUITIES HEDGE	SCH D2-2	Interest Rate	12/15/2017	CME LCZ7XYGSLJUHFXXNXD90	09/11/2017	2,460.9500	2,516.1000	(2,100)	(2,100)				(13,788)	(13,788)	22,500	0002	50
1349999. Subtotal - Short Futures - Hedging Other												(2,100)	(2,100)				(13,788)	(13,788)	22,500	XXX	XXX
1389999. Subtotal - Short Futures												64,180	64,180				330,243	330,243	275,000	XXX	XXX
1399999. Subtotal - Hedging Effective												821,005	821,005	4,961,053		4,961,053	344,030	344,030	7,635,000	XXX	XXX
1409999. Subtotal - Hedging Other												(30,226)	(30,226)				(75,663)	(75,663)	160,500	XXX	XXX
1419999. Subtotal - Replication																				XXX	XXX
1429999. Subtotal - Income Generation																				XXX	XXX
1439999. Subtotal - Other																				XXX	XXX
1449999 - Totals												790,780	790,780	4,961,053		4,961,053	268,367	268,367	7,795,500	XXX	XXX

Broker Name	Beginning Cash Balance	Cumulative Cash Change	Ending Cash Balance
Goldman Sachs	19,574,572	(12,052,952)	7,521,620
Total Net Cash Deposits	19,574,572	(12,052,952)	7,521,620

(a)

Code	Description of Hedged Risk(s)
0001	HEDGE EQUITY MARKET RISK
0002	HEDGE INTEREST RATE RISK

(b)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

SCHEDULE DB - PART D - SECTION 1

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1		2	3	4	Book/Adjusted Carrying Value			Fair Value			11	12
Description of Exchange, Counterparty or Central Clearinghouse		Master Agreement (Y or N)	Credit Support Annex (Y or N)	Fair Value of Acceptable Collateral	5 Contracts With Book/Adjusted Carrying Value >0	6 Contracts With Book/Adjusted Carrying Value <0	7 Exposure Net of Collateral	8 Contracts With Fair Value >0	9 Contracts With Fair Value <0	10 Exposure Net of Collateral	Potential Exposure	Off-Balance Sheet Exposure
0199999 - Aggregate Sum of Exchange Traded Derivatives		XXX	XXX	XXX	7,521,620		7,521,620	7,521,620		7,521,620	7,795,500	7,795,500
BANK OF AMERICA	CU000019DJT3UXIJIZJI4WX 0774	Y	Y		14,087,100	(24,592,142)		14,087,100	(24,592,142)		7,563,204	
JPMorgan Chase Bank	7H6GLXDRUGQFU57RNE97	Y	Y			(7,708,726)			(7,708,726)		2,185,520	
BARCLAYS	G5GSEF7VJP5I7OUK5573	Y	Y		242,500	(4,257,000)		242,500	(4,257,000)		2,423,727	
GOLDMAN SCACHS	LCZ7XYGSLJHFXXNDX90	Y	Y		13,634,999		13,634,999	13,634,999		13,634,999	15,663	15,663
0299999. Total NAIC 1 Designation					27,964,599	(36,557,868)	13,634,999	27,964,599	(36,557,868)	13,634,999	12,188,114	15,663
0899999. Aggregate Sum of Central Clearing houses												
0999999 - Gross Totals					35,486,219	(36,557,868)	21,156,619	35,486,219	(36,557,868)	21,156,619	19,983,614	7,811,163
1. Offset per SSAP No. 64					7,521,619							
2. Net after right of offset per SSAP No. 64					27,964,600	(36,557,868)						

SCHEDULE DB - PART D - SECTION 2

Collateral for Derivative Instruments Open as of Current Statement Date

Collateral Pledged by Reporting Entity

1 Exchange, Counterparty or Central Clearinghouse		2 Type of Asset Pledged	3 CUSIP Identification	4 Description	5 Fair Value	6 Par Value	7 Book/Adjusted Carrying Value	8 Maturity Date	9 Type of Margin (I, V or IV)
GOLDMAN SACHS & CO	F0R8UP27PHTHYVLBNG30	Treasury	912828-P4-6	US TREASURY	8,312,399	8,310,000	7,521,620	02/15/2026	I
0199999 - Total					8,312,399	8,310,000	7,521,620	XXX	XXX

Collateral Pledged to Reporting Entity

1 Exchange, Counterparty or Central Clearinghouse		2 Type of Asset Pledged	3 CUSIP Identification	4 Description	5 Fair Value	6 Par Value	7 Book/Adjusted Carrying Value	8 Maturity Date	9 Type of Margin (I, V or IV)
0299999 - Total							XXX	XXX	XXX

SCHEDULE DL - PART 1
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1 CUSIP Identification	2 Description	3 Code	4 NAIC Designation/ Market Indicator	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Date
0599999. Total - U.S. Government Bonds						XXX
1099999. Total - All Other Government Bonds						XXX
1799999. Total - U.S. States, Territories and Possessions Bonds						XXX
2499999. Total - U.S. Political Subdivisions Bonds						XXX
3199999. Total - U.S. Special Revenues Bonds						XXX
3899999. Total - Industrial and Miscellaneous (Unaffiliated) Bonds						XXX
4899999. Total - Hybrid Securities						XXX
5599999. Total - Parent, Subsidiaries and Affiliates Bonds						XXX
6099999. Subtotal - SVO Identified Funds						XXX
6199999. Total - Issuer Obligations						XXX
6299999. Total - Residential Mortgage-Backed Securities						XXX
6399999. Total - Commercial Mortgage-Backed Securities						XXX
6499999. Total - Other Loan-Backed and Structured Securities						XXX
6599999. Total - SVO Identified Funds						XXX
6699999. Total Bonds						XXX
7099999. Total - Preferred Stocks						XXX
7599999. Total - Common Stocks						XXX
7699999. Total - Preferred and Common Stocks						XXX
9999999 - Totals						XXX

General Interrogatories:

1. Total activity for the year to date Fair Value $ .... Book/Adjusted Carrying Value $ ....
2. Average balance for the year to date Fair Value $ .... Book/Adjusted Carrying Value $ ....
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:

NAIC 1 $ .... NAIC 2 $ .... NAIC 3 $ .... NAIC 4 $ .... NAIC 5 $ .... NAIC 6 $ ....

SCHEDULE DL - PART 2
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1 CUSIP Identification	2 Description	3 Code	4 NAIC Designation/ Market Indicator	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Date
0599999. Total - U.S. Government Bonds						XXX
1099999. Total - All Other Government Bonds						XXX
1799999. Total - U.S. States, Territories and Possessions Bonds						XXX
2499999. Total - U.S. Political Subdivisions Bonds						XXX
3199999. Total - U.S. Special Revenues Bonds						XXX
3899999. Total - Industrial and Miscellaneous (Unaffiliated) Bonds						XXX
4899999. Total - Hybrid Securities						XXX
5599999. Total - Parent, Subsidiaries and Affiliates Bonds						XXX
6099999. Subtotal - SVO Identified Funds						XXX
6199999. Total - Issuer Obligations						XXX
6299999. Total - Residential Mortgage-Backed Securities						XXX
6399999. Total - Commercial Mortgage-Backed Securities						XXX
6499999. Total - Other Loan-Backed and Structured Securities						XXX
6599999. Total - SVO Identified Funds						XXX
6699999. Total Bonds						XXX
7099999. Total - Preferred Stocks						XXX
7599999. Total - Common Stocks						XXX
7699999. Total - Preferred and Common Stocks						XXX
9999999 - Totals						XXX

General Interrogatories:

1. Total activity for the year to date Fair Value $ .... Book/Adjusted Carrying Value $ ....
2. Average balance for the year to date Fair Value $ .... Book/Adjusted Carrying Value $ ....

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
Depository		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6 First Month	7 Second Month	8 Third Month	*
JP Morgan Chase	New York, NY		0.280	121,959		126,018,706	(6,855,175)	(29,928,721)	XXX
Bank of America	New York, NY					(100,925,793)	(105,206,937)	(108,473,598)	XXX
State Street Bank	Boston, MA					(4,901,944)	749,725	423,103	XXX
PNC	Pittsburgh, PA					117,434,469	89,526,491	97,159,598	XXX
Wells Fargo	San Francisco, CA					(1,392,996)	819,566	(1,424,730)	XXX
Bank of NY Mellon	Pittsburgh, PA					263,065	158,707	(393,059)	XXX
0199998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Open Depositories		XXX	XXX						XXX
0199999. Totals - Open Depositories		XXX	XXX	121,959		136,495,507	(20,807,623)	(42,637,405)	XXX
0299998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Suspended Depositories		XXX	XXX						XXX
0299999. Totals - Suspended Depositories		XXX	XXX						XXX
0399999. Total Cash on Deposit		XXX	XXX	121,959		136,495,507	(20,807,623)	(42,637,405)	XXX
0499999. Cash in Company's Office		XXX	XXX	XXX	XXX				XXX
0599999. Total - Cash		XXX	XXX	121,959		136,495,507	(20,807,623)	(42,637,405)	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due and Accrued	8 Amount Received During Year
TREASURY BILL		09/29/2017	0.803	10/12/2017	118,969,363		6,765
TREASURY BILL		09/29/2017	0.620	10/05/2017	75,994,182		5,100
0199999. Subtotal - Bonds - U.S. Governments - Issuer Obligations					194,963,545		11,865
0599999. Total - U.S. Government Bonds					194,963,545		11,865
1099999. Total - All Other Government Bonds							
1799999. Total - U.S. States, Territories and Possessions Bonds							
2499999. Total - U.S. Political Subdivisions Bonds							
3199999. Total - U.S. Special Revenues Bonds							
FHLB DISC CORP AGENCY DEBENTURES		09/29/2017	0.500	10/02/2017	229,496,443		7,114
3299999. Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations					229,496,443		7,114
3899999. Total - Industrial and Miscellaneous (Unaffiliated) Bonds					229,496,443		7,114
4899999. Total - Hybrid Securities							
GUARDIAN INSURANCE & ANNUITY COMPANY LOC		07/01/2017	2.720	10/01/2017	106,900,000		3,383,872
4999999. Subtotal - Bonds - Parent, Subsidiaries and Affiliates - Issuer Obligations					106,900,000		3,383,872
5599999. Total - Parent, Subsidiaries and Affiliates Bonds					106,900,000		3,383,872
6099999. Subtotal - SVO Identified Funds							
7799999. Total - Issuer Obligations					531,359,988		3,402,851
7899999. Total - Residential Mortgage-Backed Securities							
7999999. Total - Commercial Mortgage-Backed Securities							
8099999. Total - Other Loan-Backed and Structured Securities							
8199999. Total - SVO Identified Funds							
8399999. Total Bonds					531,359,988		3,402,851
8699999 - Total Cash Equivalents					531,359,988		3,402,851