

QUARTERLY STATEMENT
OF THE
PENN INSURANCE AND ANNUITY
COMPANY

Of
Wilmington
in the state of DE

to the Insurance Department
of the State of

For the Period Ended
September 30, 2016

2016



QUARTERLY STATEMENT

As of September 30, 2016
of the Condition and Affairs of the

PENN INSURANCE AND ANNUITY COMPANY

NAIC Group Code.....850, 850 (Current Period) (Prior Period)	NAIC Company Code..... 93262	Employer's ID Number..... 23-2142731
Organized under the Laws of Delaware Incorporated/Organized..... July 3, 1980	State of Domicile or Port of Entry Delaware	Country of Domicile US
Statutory Home Office	Commenced Business..... April 9, 1981	
Main Administrative Office	1209 Orange Street..... Wilmington DE US 19801 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Mail Address	600 Dresher Road..... Horsham PA US 19044 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	215-956-8000 <i>(Area Code) (Telephone Number)</i>
Primary Location of Books and Records	Penn Insurance & Annuity Company..... Philadelphia PA US 19172 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Internet Web Site Address	600 Dresher Road..... Horsham PA US 19044 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	215-956-8000 <i>(Area Code) (Telephone Number)</i>
Statutory Statement Contact	www.pennmutual.com	
	Bethanne Doyle Adamsky <i>(Name)</i>	215-956-8120 <i>(Area Code) (Telephone Number) (Extension)</i>
	adamsky.bethanne@pennmutual.com <i>(E-Mail Address)</i>	215-956-8145 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. Eileen Claire McDonnell #	Chairman & CEO	2. Susan Twine Deakins	Executive VP & Chief Financial Officer
3. Franklin Luther Best Jr.	Secretary & Counsel	4. David Michael O'Malley #	President & Chief Operating Officer
Thomas Henry Harris	Executive VP, Distribution		
Bethanne Doyle Adamsky	Treasurer	Jay T Lewellen	VP & Chief Actuary

OTHER

DIRECTORS OR TRUSTEES

Eileen Claire McDonnell	David Michael O'Malley	Susan Twine Deakins	Gregory Joseph Driscoll
Thomas Henry Harris #			

State of..... Pennsylvania
County of..... Montgomery

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.

Eileen C. McDonnell
(Signature)

Eileen Claire McDonnell

1. (Printed Name)

Chairman & CEO

(Title)

Susan T. Deakins
(Signature)

Susan Twine Deakins

2. (Printed Name)

Executive VP & Chief Financial Officer

(Title)

Franklin Luther Best Jr.
(Signature)

Franklin Luther Best Jr.

3. (Printed Name)

Secretary & Counsel

(Title)

Subscribed and sworn to before me
This 25th day of October, 2016

Marianne C. Bechtel

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 _____

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Marianne C. Bechtel, Notary Public
Horsham Twp., Montgomery County
My Commission Expires Dec. 26, 2017
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	2,468,932,357		2,468,932,357	2,224,740,279
2. Stocks:				
2.1 Preferred stocks.....	18,969,689		18,969,689	11,554,687
2.2 Common stocks.....	147,519,059	89,005,138	58,513,921	22,178,599
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....12,253,189), cash equivalents (\$.....0) and short-term investments (\$.....31,116,544).....	43,369,733		43,369,733	31,781,198
6. Contract loans (including \$.....0 premium notes).....	475,022,553		475,022,553	454,142,838
7. Derivatives.....			0	
8. Other invested assets.....	166,058,974	3,526,056	162,532,918	158,192,621
9. Receivables for securities.....	11,845,052		11,845,052	
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	3,331,717,417	92,531,194	3,239,186,223	2,902,590,222
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	45,036,570		45,036,570	45,075,941
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	27,101,778		27,101,778	25,827,866
16.2 Funds held by or deposited with reinsured companies.....	691,483,492		691,483,492	646,519,219
16.3 Other amounts receivable under reinsurance contracts.....	36,328,447		36,328,447	47,166,570
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	1,992,021
18.2 Net deferred tax asset.....	81,627,785	34,068,737	47,559,048	41,959,673
19. Guaranty funds receivable or on deposit.....	109,872		109,872	121,046
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	707,939		707,939	3,138,136
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	4,846,314	183,749	4,662,565	10,007,230
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	4,218,959,614	126,783,680	4,092,175,934	3,724,397,924
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	55,014,901		55,014,901	56,096,655
28. Total (Lines 26 and 27).....	4,273,974,515	126,783,680	4,147,190,835	3,780,494,579

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. State Deposits.....	2,936,000		2,936,000	2,936,000
2502. Suspense Accounts.....	1,070,595	183,749	886,846	7,011,491
2503. Agent Receivables.....	839,719		839,719	59,739
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	4,846,314	183,749	4,662,565	10,007,230

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$.....2,453,815,251 less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	2,453,815,251	2,248,841,861
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....		
3. Liability for deposit-type contracts (including \$.....0 Modco Reserve).....	107,402,895	6,532,665
4. Contract claims:		
4.1 Life.....	9,748,614	12,253,925
4.2 Accident and health.....		
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid.....		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco).....		
6.2 Dividends not yet apportioned (including \$.....0 Modco).....		
6.3 Coupons and similar benefits (including \$.....0 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 \$.....0 discount; including \$.....0 accident and health premiums.....	28,240,064	27,030,543
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....		
9.2 Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act.....		
9.3 Other amounts payable on reinsurance, including \$.....11,565,643 assumed and \$.....26,124,146 ceded.....	37,689,789	46,742,574
9.4 Interest Maintenance Reserve.....	6,950,890	2,387,714
10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....		
11. Commissions and expense allowances payable on reinsurance assumed.....		
12. General expenses due or accrued.....	102,500	
13. Transfers to Separate Accounts due or accrued (net) (including \$.....126,618 accrued for expense allowances recognized in reserves, net of reinsured allowances).....	(126,618)	(118,348)
14. Taxes, licenses and fees due or accrued, excluding federal income taxes.....	(555,786)	(385,316)
15.1 Current federal and foreign income taxes, including \$.....4,976,314 on realized capital gains (losses).....	1,950,609	
15.2 Net deferred tax liability.....		
16. Unearned investment income.....		
17. Amounts withheld or retained by company as agent or trustee.....		
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....		
19. Remittances and items not allocated.....	9,536,434	16,205,835
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....		
22. Borrowed money \$.....0 and interest thereon \$.....0.....		
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve.....	29,729,838	21,545,438
24.02 Reinsurance in unauthorized and certified (\$.....0) companies.....	356,724	547,898
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$.....0) reinsurers.....		
24.04 Payable to parent, subsidiaries and affiliates.....	4,761,523	8,084,368
24.05 Drafts outstanding.....	3,937,270	12,804,956
24.06 Liability for amounts held under uninsured plans.....		
24.07 Funds held under coinsurance.....	1,025,455,707	952,240,114
24.08 Derivatives.....		
24.09 Payable for securities.....	6,863,397	5,986,135
24.10 Payable for securities lending.....		
24.11 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	344,996	634,812
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	3,726,204,097	3,361,335,174
27. From Separate Accounts statement.....	55,014,901	56,096,655
28. Total liabilities (Lines 26 and 27).....	3,781,218,997	3,417,431,829
29. Common capital stock.....	2,500,000	2,500,000
30. Preferred capital stock.....		
31. Aggregate write-ins for other-than-special surplus funds.....	0	0
32. Surplus notes.....		
33. Gross paid in and contributed surplus.....	289,661,695	289,661,695
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	73,810,143	70,901,055
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 29 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	363,471,838	360,562,750
38. Totals of Lines 29, 30 and 37.....	365,971,838	363,062,750
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	4,147,190,835	3,780,494,579

DETAILS OF WRITE-INS

2501. Interest on Unpaid Death Claims.....	25,033	42,676
2502. Low Income Housing Tax Credits Payable.....	319,963	592,136
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	344,996	634,812
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....	0	0
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

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.....	270,586,370	371,149,338	488,254,185
2. Considerations for supplementary contracts with life contingencies.....			75,708
3. Net investment income.....	119,225,086	99,818,372	138,277,155
4. Amortization of Interest Maintenance Reserve (IMR).....	(961,587)	(792,779)	(1,320,592)
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....			
6. Commissions and expense allowances on reinsurance ceded.....	4,263,086	5,226,727	6,545,137
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.....	585,086	658,187	865,942
8.2 Charges and fees for deposit-type contracts.....			
8.3 Aggregate write-ins for miscellaneous income.....	32,964,027	79,219,040	92,209,551
9. Totals (Lines 1 to 8.3).....	426,662,067	555,278,885	724,907,086
10. Death benefits.....	30,636,398	28,125,427	37,837,327
11. Matured endowments (excluding guaranteed annual pure endowments).....			
12. Annuity benefits.....	9,317,012	11,369,660	14,857,857
13. Disability benefits and benefits under accident and health contracts.....	384,569	368,737	493,863
14. Coupons, guaranteed annual pure endowments and similar benefits.....			
15. Surrender benefits and withdrawals for life contracts.....	51,585,745	31,133,788	56,410,890
16. Group conversions.....			
17. Interest and adjustments on contract or deposit-type contract funds.....	1,419,616	252,028	1,495,634
18. Payments on supplementary contracts with life contingencies.....	162,624	178,371	383,570
19. Increase in aggregate reserves for life and accident and health contracts.....	202,652,086	355,769,341	431,772,833
20. Totals (Lines 10 to 19).....	296,158,050	427,197,352	543,251,974
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	11,301,349	8,106,099	12,453,931
22. Commissions and expense allowances on reinsurance assumed.....	58,712,405	85,622,355	110,696,768
23. General insurance expenses.....	18,107,598	15,120,945	26,167,683
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	3,934,130	4,438,065	6,085,881
25. Increase in loading on deferred and uncollected premiums.....			
26. Net transfers to or (from) Separate Accounts net of reinsurance.....	(4,112,948)	(5,554,149)	(7,237,836)
27. Aggregate write-ins for deductions.....	38,624,706	38,285,960	51,759,707
28. Totals (Lines 20 to 27).....	422,725,289	573,216,627	743,178,108
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	3,936,778	(17,937,742)	(18,271,022)
30. Dividends to policyholders.....			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	3,936,778	(17,937,742)	(18,271,022)
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	2,669,443	(7,778,109)	14,337,157
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).....	1,267,335	(10,159,633)	(32,608,179)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....467,950 (excluding taxes of \$.....4,508,364 transferred to the IMR).....	449,431	(242,925)	(266,424)
35. Net income (Line 33 plus Line 34).....	1,716,766	(10,402,558)	(32,874,603)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year.....	363,062,750	417,234,228	417,234,228
37. Net income (Line 35).....	1,716,766	(10,402,558)	(32,874,603)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....1,244,302.....	7,193,788	8,063,779	8,269,530
39. Change in net unrealized foreign exchange capital gain (loss).....	95,233	(189,156)	(267,519)
40. Change in net deferred income tax.....	4,799,723	1,959,636	25,440,861
41. Change in nonadmitted assets.....	(2,903,196)	(6,631,586)	(14,810,427)
42. Change in liability for reinsurance in unauthorized and certified companies.....	191,174	(592)	(262,657)
43. Change in reserve on account of change in valuation basis, (increase) or decrease.....			
44. Change in asset valuation reserve.....	(8,184,400)	(4,459,337)	(4,666,663)
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.....			
49. Cumulative effect of changes in accounting principles.....			
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.....		(35,000,000)	(35,000,000)
53. Aggregate write-ins for gains and losses in surplus.....	0	0	0
54. Net change in capital and surplus (Lines 37 through 53).....	2,909,088	(46,659,814)	(54,171,478)
55. Capital and surplus as of statement date (Lines 36 + 54).....	365,971,838	370,574,414	363,062,750
DETAILS OF WRITE-INS			
08.301. Reinsurance Recoverable on Index Credits.....	7,401,105	52,722,344	56,684,520
08.302. Misc Income.....	6	1	1
08.303. Net Investment Income Assumed On Funds Withheld.....	25,562,916	26,496,695	35,525,031
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	32,964,027	79,219,040	92,209,551
2701. Other Expenses.....			14,772,266
2702. Net Investment Income Ceded On Funds Withheld.....	37,439,087	37,227,529	35,557,296
2703. Interest on LLC Note.....	1,185,619	1,058,431	1,430,145
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	38,624,706	38,285,960	51,759,707
5301.			
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	0	0	0

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.....	375,209,268	155,433,240	268,705,301
2. Net investment income.....	127,561,357	100,877,554	133,877,019
3. Miscellaneous income.....	30,413,016	74,430,526	86,591,600
4. Total (Lines 1 through 3).....	533,183,641	330,741,320	489,173,920
5. Benefit and loss related payments.....	127,627,792	94,251,053	167,862,783
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	(4,104,678)	(5,561,803)	(7,242,456)
7. Commissions, expenses paid and aggregate write-ins for deductions.....	117,606,609	66,607,299	122,179,166
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	3,703,127	15,552,966	(10,453,455)
10. Total (Lines 5 through 9).....	244,832,850	170,849,515	272,346,038
11. Net cash from operations (Line 4 minus Line 10).....	288,350,791	159,891,805	216,827,882
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	175,702,049	153,285,384	208,221,306
12.2 Stocks.....	27,801,547	4,937,136	4,937,136
12.3 Mortgage loans.....			
12.4 Real estate.....			
12.5 Other invested assets.....	4,831,750	5,481,203	6,344,153
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....	877,262	17,290,317	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	209,212,608	180,994,040	219,502,595
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	418,178,979	407,492,394	532,831,063
13.2 Stocks.....	64,437,200	23,799,381	24,073,982
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....	14,227,188	17,901,177	37,371,621
13.6 Miscellaneous applications.....	11,845,052	991,250	213,783
13.7 Total investments acquired (Lines 13.1 to 13.6).....	508,688,419	450,184,202	594,490,449
14. Net increase or (decrease) in contract loans and premium notes.....	20,838,268	13,781,355	11,873,177
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(320,314,079)	(282,971,517)	(386,861,031)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....			
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.....	603,472	(101,185)	(456,048)
16.5 Dividends to stockholders.....		35,000,000	35,000,000
16.6 Other cash provided (applied).....	42,948,351	120,383,577	175,222,214
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	43,551,823	85,282,392	139,766,166
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	11,588,535	(37,797,320)	(30,266,983)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	31,781,198	62,048,181	62,048,181
19.2 End of period (Line 18 plus Line 19.1).....	43,369,733	24,250,862	31,781,198
Note: Supplemental disclosures of cash flow information for non-cash transactions:			
20.0001 Capitalized Interest.....	(1,491,555)	(1,532,479)	(2,042,302)
20.0002 Non-Cash Reinsurance Settlement.....		(132,560,112)	(132,560,112)
20.0003 Premium Paid by Benefit.....	(183,017)		(842,171)
20.0004 Premium Paid by Policy Loan.....	(41,447)		(49,647)
20.0005 Stock Distribution.....	(1,420,426)		
20.0006 Premium Paid by Waiver.....	(384,569)		(493,863)

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.....	164,821,029	173,113,866	246,527,780
3. Ordinary individual annuities.....	2,945,833	119,331	145,065
4. Credit life (group and individual).....			
5. Group life insurance.....	283,421	300,554	419,373
6. Group annuities.....	100,000,000		
7. A&H - group.....			
8. A&H - credit (group and individual).....			
9. A&H - other.....			
10. Aggregate of all other lines of business.....	0	0	0
11. Subtotal.....	268,050,282	173,533,751	247,092,218
12. Deposit-type contracts.....			
13. Total.....	268,050,282	173,533,751	247,092,218

DETAILS OF WRITE-INS

1001.			
1002.			
1003.			
1098. Summary of remaining write-ins for Line 10 from overflow page.....	0	0	0
1099. Total (Lines 1001 thru 1003 plus 1098) (Line 10 above).....	0	0	0

NOTES TO FINANCIAL STATEMENTS**Note 1 – Summary of Significant Accounting Policies and Going Concern****A. Accounting Practices**

The accompanying financial statements of The Penn Insurance and Annuity Company ("the Company") have been prepared in conformity with statutory accounting practices (SAP) prescribed or permitted by the Insurance Department of the State of Delaware. Insurance companies domiciled in Delaware are required to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' *Accounting Practices and Procedures* manual, subject to any deviations prescribed or permitted by the Delaware Insurance Commissioner.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Delaware is shown below:

	State of Domicile	Current Period	Prior Year
NET INCOME			
(1) PENN INSURANCE AND ANNUITY COMPANY state basis (Page 4, Line 35, Columns 1 & 3)	DE	\$ 1,716,766	\$ (32,874,603)
(2) State Prescribed Practices that increase/decrease NAIC SAP			
(3) State Permitted Practices that increase/decrease NAIC SAP			
(4) NAIC SAP (1 – 2 – 3 = 4)	DE	\$ 1,716,766	\$ (32,874,603)
SURPLUS			
(5) PENN INSURANCE AND ANNUITY COMPANY state basis (Page 3, line 38, Columns 1 & 2)	DE	\$ 365,971,838	\$ 363,062,750
(6) State Prescribed Practices that increase/decrease NAIC SAP			
Nonadmit of PIA RE I	DE	(89,005,138)	(83,735,503)
(7) State Permitted Practices that increase/decrease NAIC SAP			
(8) NAIC SAP (5 – 6 – 7 = 8)	DE	\$ 454,976,976	\$ 446,798,253

B. Use of Estimates in the Preparation of the Financial Statement

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 as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Those estimates are inherently subject to change and actual results could differ from those estimates. Included among the material reported amounts and disclosures that require extensive use of estimates are:

- Carrying value of certain invested assets
- Liabilities for reserves and funds for the payment of insurance and annuity benefits
- Accounting for income taxes and valuation of deferred income tax assets and liabilities and unrecognized tax benefits
- Litigation and other contingencies

C. Accounting Policy

Premiums on products with life contingencies are recognized as revenue over the premium payment period of the related policies. Annuity premium on policies with life contingencies are recognized as revenue as they are received. Both premium and annuity considerations are recorded net of reinsurance premiums. Commissions and other costs related to issuance of new policies, and policy maintenance and settlement costs are charged to current operations when incurred. Surrender fee charges on certain life and annuity products are recorded as a reduction of benefits and expenses. Benefit payments are reported net of the amounts received from reinsurers.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments, which are carried at amortized cost and approximate fair value, consist primarily of money market funds and investments purchased with maturities of greater than three months and less than or equal to 12 months.
- (2) Bonds with a NAIC designation of 1 to 5 are valued at amortized cost. All other bonds are valued at the lower of cost or market. Fair value is determined using an external pricing service or management's pricing model.

For fixed income securities that do not have a fixed schedule of payments, including asset-backed and mortgage-backed securities, the effect on amortization or accretion is revalued quarterly based on the current estimated cash flows, using the retrospective method, except for favorable changes in expected cash flows for structured securities where the possibility of non-interest loss is other than remote. In these cases, income is recognized on the prospective method over the remaining life of the securities. Under the retrospective method, the recalculated effective yield equates the present value of the actual and anticipated cash flows, including new prepayment assumptions, to the original cost of the investment. Prepayment assumptions are based on borrower constraints and economic incentives such as original term, age, and coupon of the loan as affected by the interest rate environment. The current carrying value is then increased or decreased to the amount that would have resulted had the revised yield been applied since inception, and investment income is correspondingly decreased or increased. Cash flow assumptions for structured securities are obtained from broker dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment.

NOTES TO FINANCIAL STATEMENTS

The carrying values of fixed income, preferred and common stocks are written down when a decline is considered to be other-than-temporary. The Company considers an impairment to be other than temporary ("OTTI") if: (a) the Company's intent is to sell, (b) the Company will more likely than not be required to sell, (c) the Company does not have the intent and ability to hold the security for a period of time sufficient to recover the amortized cost basis, or (d) the Company does not expect to recover the entire amortized cost basis. The Company conducts a periodic management review of all securities with a market to book ratio below 80%, or otherwise designated by management. The Company 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, default rates, delinquency rates, percentage of nonperforming loans, prepayments, and severities. If the impairment is other-than-temporary, the non-interest loss portion of the impairment is recorded through realized losses and the interest related portion of the loss would be disclosed in the notes to the financial statements.

The non-interest portion is determined based on the Company's "best estimate" of future cash flows discounted to a present value using the appropriate yield. The difference between the present value of the best estimate of cash flows and the amortized cost is the non-interest loss. The remaining difference between the amortized cost and the fair value is the interest loss.

(3) Common Stock of the Company's insurance affiliate, PIARe I is fully nonadmitted on the Statement of Admitted Assets, Liabilities, and Surplus. Dividends are recognized in net investment income on the ex-dividend date. Changes in the carrying value are recognized in unrealized gains or losses in surplus. The investment in capital stock of the Federal Home Loan Bank of Pittsburgh (FHLB-PGH) is carried at par, which approximates fair value. See the "Federal Home Loan Bank Borrowings" caption within this footnote for additional information on FHLB-PGH.

(4) Preferred stocks with a NAIC designation of 1 to 3 are valued at amortized cost. All other preferred stocks are valued at the lower of cost or market. Fair value is determined using an external pricing service or management's pricing model

(5) The Company has no investments in mortgage loans.

(6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or market. For loan and asset-backed securities of high credit quality, the impact of changes in expected cash flows are recognized on the retrospective adjustment method. For structured securities where the possibility of credit loss is other than remote, the impact of favorable changes in expected cash flows are recognized on the prospective method over the remaining life of the securities.

(7) Investments in subsidiaries are accounted for using the equity method. The Company's investments in Independence Square Properties LLC ("ISP") and Dresher Run, to the extent of the audited equity, are admitted assets, while the Company's investment in PIARe I is a nonadmitted asset.

(8) Alternative Assets consist of limited partnerships. The Company accounts for the value of its investments at their underlying GAAP equity. Dividends and income distributions from limited partnerships are recorded in investment income. Undistributed earnings are included in unrealized gains and losses and are reflected in surplus, net of deferred taxes. Distributions that are recorded as a return of capital reduce the carrying value of the limited partnership investment. Due to the timing of the valuation data received from the general partner, these investments are reported in accordance with the most recent valuations received which are primarily on a one quarter lag. Investments in low income housing tax credits ("LIHTC") are included in Other Invested Assets and are accounted for under the cost method. The delayed equity contributions for these investments are unconditional and legally binding and, therefore, have been recognized as a liability. LIHTC investments are reviewed for OTTI, which is accounted for as a realized loss.

(9) The Company does not have investments in derivatives.

(10) Not applicable

(11) Not applicable

(12) The Company has not modified its capitalization policy from the prior period.

(13) Not applicable

D. Going Concern

Not applicable

Note 2 – Accounting Changes and Corrections of Errors

No significant changes

Note 3 – Business Combinations and Goodwill

No significant change.

Note 4 – Discontinued Operations

The Company did not have any discontinued operations through September 30, 2016.

Note 5 – Investments

D. Loan-Backed Securities

NOTES TO FINANCIAL STATEMENTS

- (1) Prepayment assumptions are obtained from broker dealer survey values or internal estimates.
- (2) There were no other than temporary impairments recognized on loan-backed securities for the period ended September 30, 2016.
- (3) Recognized OTTI securities

There were no securities through September 30, 2016 in which the Company recognized the non-interest portion of other than temporary impairments.

- (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	\$	7,770,000
		2.	12 Months or Longer	\$	
b.	The aggregate related fair value of securities with unrealized losses:	1.	Less than 12 Months	\$	227,114,000
		2.	12 Months or Longer	\$	

- (5) The Company 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, the non-interest loss portion of the impairment is recorded through realized losses and the interest related portion of the loss would be disclosed in the notes to the financial statements.

E. Repurchase Agreements and/or Securities Lending Transactions

The Company did not have any repurchase agreements through September 30, 2016.

I. Working Capital Finance Investments

The Company did not have any Working Capital Finance Investments at September 30, 2016.

J. Offsetting and Netting of Assets and Liabilities

The Company did not have any assets or liabilities that are offset and reported net in accordance with a valid right to offset as of September 30, 2016.

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

No significant changes

Note 7 – Investment Income

No significant changes

Note 8 – Derivative Instruments

The Company does not investment in derivatives.

Note 9 – Income Taxes

No significant changes

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No significant changes

Note 11 – Debt

B. FHLB (Federal Home Loan Bank) Agreements

- (1) In December 2015, the Company became a member of the Federal Home Loan Bank of Pittsburgh (“FHLB-PGH”), which provides access to collateralized advances, collateralized funding agreements, and other FHLB-PGH products. Collateralized advances from the FHLB-PGH are classified in “Borrowed money.” Collateralized funding agreements issued to the FHLB-PGH are classified as liabilities for deposit-type funds and are recorded within “Reserves and funds for payment of insurance and annuity benefits.” These funding agreements have priority claim status above debt holders of the Company.

The Company’s membership in FHLB-PGH requires the ownership of member stock, and borrowings from FHLB-PGH require the purchase of FHLB-PGH activity based stock in an amount equal to 4% of the outstanding borrowings. All FHLB-PGH stock purchased by the Company is classified as restricted general account investments within “Common stock - unaffiliated.” The Company’s borrowing capacity is determined by the lesser of the assets available to be pledged as collateral to FHLB-PGH or 10% of the Company’s prior period admitted general account assets. The fair value of the qualifying assets pledged as collateral by the Company must be maintained at certain specified levels of the borrowed amount, which can vary, depending on the nature of the

NOTES TO FINANCIAL STATEMENTS

assets pledged. The Company's agreement allows for the substitution of assets and the advances are pre-payable. Current borrowings are subject to prepayment penalties.

The Company's investment in the FHLB-PGH Class B Membership Capital Stock as of September 30, 2016 and December 31, 2015 was \$275,000 and \$275,000, respectively. The Company also invested \$4,000,000 and \$0 in FHLB-PGH Activity Stock as of September 30, 2016 and December 31, 2015, respectively. The Class B Membership Capital Stock held by the Company is subject to written notices of requests for redemption followed by a five year waiting period.

As of September 30, 2016 and December 31, 2015, the Company's borrowing capacity with the FHLB-PGH was \$286,498,000 and \$228,228,000, respectively.

(2) FHLB Capital Stock

a. Aggregate Totals

1. Current Period

	1 Total 2 + 3	2 General Account	3 Separate Accounts
(a) Membership Stock – Class A	\$	\$	\$
(b) Membership Stock – Class B	274,600	274,600	
(c) Activity Stock	4,000,000	4,000,000	
(d) Excess Stock			
(e) Aggregate Total (a+b+c+d)	\$ 4,274,600	\$ 4,274,600	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 286,498,000	XXX	XXX

2. Prior Year

	1 Total 2 + 3	2 General Account	3 Separate Accounts
(a) Membership Stock – Class A	\$	\$	\$
(b) Membership Stock – Class B	274,600	274,600	
(c) Activity Stock			
(d) Excess Stock			
(e) Aggregate Total (a+b+c+d)	\$ 274,600	\$ 274,600	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 228,228,000	XXX	XXX

b. Membership Stock (Class A and B) Eligible for Redemption

Membership Stock	1 Current Period Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
			3	4	5	6
			Less than 6 Months	6 Months to Less Than 1 Year	1 to Less Than 3 Years	3 to 5 Years
1. Class A	\$	\$	\$	\$	\$	\$
2. Class B	\$ 274,600	\$	\$	\$	\$	\$ 274,600

(3) Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
Current Period Total General and Separate Accounts Total Collateral Pledged (Lines 2+3)	\$ 123,523,000	\$ 102,975,000	\$ 100,000,000
Current Period General Account Total Collateral Pledged	\$ 123,523,000	\$ 102,975,000	\$ 100,000,000
Current Period Separate Accounts Total Collateral Pledged	\$	\$	\$
Prior Year Total General and Separate Accounts Total Collateral Pledged	\$	\$	\$

b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
Current Period Total General and Separate Accounts Total Collateral Pledged (Lines 2+3)	\$ 123,523,000	\$ 102,975,000	\$ 100,000,000
Current Period General Account	\$ 123,523,000	\$ 102,975,000	\$ 100,000,000

NOTES TO FINANCIAL STATEMENTS

Total Collateral Pledged			
Current Period Separate Accounts	\$	\$	\$
Total Collateral Pledged			
Prior Year Total General and Separate Accounts	\$	\$	\$
Total Collateral Pledged			

(4) Borrowing from FHLB**a. Amount as of the Reporting Date****1. Current Period**

	1 Total 2 + 3	2 General Account	3 Separate Accounts	4 Funding Agreements Reserves Established
(a) Debt	\$	\$	\$	XXX
(b) Funding Agreements	100,000,000	100,000,000		\$ 1
(c) Other				XXX
(d) Aggregate Total (a+b+c)	\$ 100,000,000	\$ 100,000,000	\$	\$ 1

2. Prior Year

	1 Total 2 + 3	2 General Account	3 Separate Accounts	4 Funding Agreements Reserves Established
(a) Debt	\$	\$	\$	XXX
(b) Funding Agreements				\$
(c) Other				XXX
(d) Aggregate Total (a+b+c)	\$	\$	\$	\$

b. Maximum Amount During Reporting Period (Current Period)

	1 Total 2 + 3	2 General Account	3 Separate Accounts
1. Debt	\$	\$	\$
2. Funding Agreements	100,000,000	100,000,000	
3. Other			
4. Aggregate Total (Lines 1+2+3)	\$ 100,000,000	\$ 100,000,000	\$

c. FHLB – Prepayment Obligations

	Does the Company have Prepayment Obligations under the Following Arrangements (YES/NO)
1. Debt	
2. Funding Agreements	NO
3. Other	

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company does not have such plans.

Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No significant changes

Note 14 – Liabilities, Contingencies and Assessments**A. Contingent Commitments**

The Company is not aware of any actions or allegations that should reasonably give rise to a material adverse impact to the Company's financial position or liquidity, the outcome of litigation cannot be foreseen with certainty.

Note 15 – leases

The Company had no lease obligations as of September 30, 2016.

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not applicable

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**B. Transfer and Servicing of Financial Assets**

There have been no transfer or servicing of financial assets through September 30, 2016.

C. Wash Sales

NOTES TO FINANCIAL STATEMENTS

- (1) In the course of the Company's asset management, securities are sold and reacquired within 30 days of the sale date to enhance the Company's yield on its investment portfolio.
- (2) The Company did not sell any NAIC designation 3 or below, or unrated of securities sold during the period ended September 30, 2016 and reacquired within 30 days of the sale date.

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Portion of Partially Insured Plans

Not applicable

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not have managing general agents or third party administrators that write premium.

Note 20 – Fair Value Measurements

Fair value is defined 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 measurement is based on assumptions market participants would make in pricing an asset or liability. Inputs to valuation techniques to measure fair value are prioritized by establishing a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to prices derived from unobservable inputs. An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its fair value measurement. The Company has categorized its assets and liabilities into the three-level fair value hierarchy based upon the priority of the inputs. The following summarizes the types of assets and liabilities included within the three-level hierarchy:

- Level 1 Fair value is based on unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. These generally provide the most reliable evidence and are used to measure fair value whenever available. Active markets are defined as having the following for the measured asset/liability: i) many transactions, ii) current prices, iii) price quotes not varying substantially among market makers, iv) narrow bid/ask spreads and v) most information publicly available. Prices are obtained from readily available sources for market transactions involving identical assets and liabilities.
- Level 2 Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Prices for assets classified as Level 2 are primarily provided by an independent pricing service using observable inputs. In circumstances where prices from pricing services are reviewed for reasonability but cannot be corroborated to observable market data as noted above, these security values are recorded in Level 3 in our fair value hierarchy.
- Level 3 Fair value is based on significant inputs that are unobservable for the asset or liability. These inputs reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability. These are typically less liquid fixed maturity securities with very limited trading activity. Prices are determined using valuation methodologies such as option pricing models, discounted cash flow models, market approach and other similar techniques. Prices may be based upon non-binding quotes from brokers or other market makers that are reviewed for reasonableness, based on the Company's understanding of the market but are not further corroborated with other additional observable market information.

The determination of fair value, which for certain assets and liabilities is dependent on the application of estimates and assumptions, can have a significant impact on the Company's results of operations. The following sections describe the valuation methodologies used to determine fair values as well as key estimates and assumptions surrounding certain assets and liabilities, measured at fair value on a recurring basis, that could have a significant impact on the Company's results of operations or involve the use of significant unobservable inputs.

The fair value process is monitored by an internal Valuation Group, which meets at least quarterly. The Valuation Group consists of financial and investment professionals and utilizes additional subject matter experts as applicable. The purpose of the Valuation Group is to monitor the Company's asset valuation policies and procedures by ensuring objective and reliable valuation practices and pricing of financial instruments, as well as addressing fair valuation issues, changes to valuation methodologies and pricing sources. To assess the continuing appropriateness of third party pricing service security valuations, the Valuation Group regularly monitors the prices and reviews price variance reports. In addition, the Company performs an initial and ongoing review of the third party pricing services methodologies, reviews inputs and assumptions used for a sample of securities on a periodic basis. Pricing challenges are raised on valuations considered not reflective of market and are monitored by the Valuation Group.

BONDS

The fair values of the Company's debt securities are generally based on quoted market prices or prices obtained from independent pricing services. In order to validate reasonability, prices are reviewed by internal investment professionals through comparison with directly observed recent market trades or color or by comparison of significant inputs used by the pricing service to the Company's observations of those inputs in the market. Consistent with the fair value hierarchy described above, securities with quoted market prices or corroborated valuations from pricing services are generally reflected within Level 2. Inputs considered to be standard for valuations by the independent pricing service include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data and industry and economic events. In circumstances where prices from pricing services are reviewed for reasonability but cannot be corroborated to observable market data as noted above, these security values are recorded in Level 3 in the Company's fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

In circumstances where market data such as quoted market prices or vendor pricing is not available, internal estimates based on significant observable inputs are used to determine fair value. This category also includes fixed income securities priced internally. Inputs considered include: public debt, industrial comparables, underlying assets, credit ratings, yield curves, type of deal structure, collateral performance, loan characteristics and various indices, as applicable. Also included in Level 2 are private placement securities. Inputs considered are: public corporate bond spreads, industry sectors, average life, internal ratings, security structure, liquidity spreads, credit spreads and yield curves, as applicable. If the discounted cash flow model incorporates significant unobservable inputs, these securities would be reflected within Level 3 in the Company's fair value hierarchy.

In circumstances where significant observable inputs are not available, estimated fair value is calculated internally by using unobservable inputs. These inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset, and are therefore included in Level 3 in the Company's fair value hierarchy. Circumstances where observable market data is not available may include events such as market illiquidity and credit events related to the security.

EQUITY SECURITIES

Equity securities consist principally of investments in common and preferred stock of publicly traded companies, exchange traded funds, closed-end funds, and FHLB-PGH capital stock. The fair values of most publicly traded equity securities are based on quoted market prices in active markets for identical assets and are classified within Level 1 in the Company's fair value hierarchy. The fair values of non-exchange traded preferred equity securities are based on prices obtained from independent pricing services and, in order to validate reasonability, are compared with recent market trades we have directly observed. Accordingly, these securities are classified within Level 2 in the Company's fair value hierarchy. Fair value for the FHLB capital stock approximates par value and is classified within Level 3 of the Company's fair value hierarchy.

CASH AND SHORT-TERM INVESTMENTS

Short-term investments carried at Level 1 consist of money market funds and investments purchased with maturities of greater than three months and less than or equal to 12 months. These are carried at amortized cost and approximate fair value.

SEPARATE ACCOUNT ASSETS

Separate account assets primarily consist of mutual funds. The fair value of mutual funds is based upon quoted prices in an active market, resulting in classification in Level 1.

A.

(1) Fair Value Measurements at Reporting Date

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Corporate Securities	\$	\$ 3,600,000	\$	\$ 3,600,000
Asset-Backed Securities			378,000	378,000
Common Stock - Unaffiliated	53,144,000		5,370,000	58,514,000
Separate Account Assets	55,015,000			55,015,000
Total	\$ 108,159,000	\$ 3,600,000	\$ 5,748,000	\$ 117,507,000

Liabilities at Fair Value	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Total	\$	\$	\$	\$

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

	Beginning Balance at current period	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 at current period
a. Assets										
Common Stock - Unaffiliated	\$ 4,275,000	\$ 1,095,000	\$	\$	\$	\$	\$	\$	\$	\$ 5,370,000
Asset-Backed Securities		378,000								378,000
Total	\$ 4,275,000	\$ 1,473,000	\$	\$	\$	\$	\$	\$	\$	\$ 5,748,000

	Beginning Balance at current period	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 at current period
b. Liabilities										
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

(3) When a determination is made to classify a financial instrument within level 3, the determination is based upon the significance of the unobservable parameters to the overall fair value measurement. However, level 3 financial instruments typically include, in addition to the unobservable or level 3 components, observable components (that is, components that are actively quoted and can be validated to external sources); accordingly, the gains and losses in the table below include changes in fair value due in part to observable factors that are part of the valuation methodology. There were \$1,473,000 of assets transferred in and no assets transferred out of Level 3 for the period ended September 30, 2016.

(4) The following summarizes the fair value, valuation techniques and significant unobservable inputs of the Level 3 fair value measurements that were developed as of September 30, 2016:

NOTES TO FINANCIAL STATEMENTS

	Fair Value	Valuation Technique	Significant Unobservable Inputs	Rate/ Range or /weighted avg.
Assets:				
Investments				
Asset-backed securities	\$ 378,000	Broker quote	Not available	N/A
Common stock, unaffiliated	4,275,000	Set by issuer – FHLB-PGH (1)	Not available	N/A
Common Stock, unaffiliated	1,095,000	Carried at Cost	Not available	N/A
Total Investments	\$ 5,748,000			

(1) The par value of capital stock is \$100. The capital stock is issued, redeemed and repurchased at par

(5) Not applicable

B. Not applicable

C. The following table summarizes the 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, for which it is practicable to estimate fair value, at September 30, 2016:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Financial Assets:	\$	\$	\$	\$	\$	\$
Bonds	2,704,269,000	2,468,932,000	163,000	2,548,707,000	155,399,000	
Preferred Stock	19,842,000	18,970,000	12,270,000	7,572,000		
Common Stock - Unaffiliated	58,514,000	58,514,000	53,144,000		5,370,000	
Cash and Short-Term Investments	31,117,000	31,117,000	31,117,000			
Separate Account Assets	55,015,000	55,015,000	55,015,000			
Financial Liabilities:						
Investment Type Contracts						
Individual Annuities	28,236,000	25,307,000			25,236,000	
Separate Account Liabilities	55,015,000	55,015,000	55,015,000			

D. Not Practicable to Estimate Fair Value

Type of Class or Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
	\$			

NOTE 21 – OTHER ITEMS

No significant changes

Note 22 – Events Subsequent

There have been no extraordinary events or transactions, which have a material effect on the financial condition of the Company.

Note 23 – Reinsurance

No significant changes

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company does not have any retrospectively rated contracts.

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

Not applicable

Note 26 – Intercompany Pooling Arrangements

The Company is not part of a group of affiliated insurers that utilizes a pooling arrangement.

Note 27 – Structured Settlements

Not applicable

Note 28 – Health care receivables

Not applicable

Note 29 – Participating policies

All policies and contracts issued by the Company are non-participating.

NOTES TO FINANCIAL STATEMENTS

Note 30 – Premium Deficiency Reserves

The Company does not have accident and health or property and casualty contracts.

Note 31 – Reserves for Life Contracts and Deposit-Type Contracts

No significant changes

Note 32 – Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics

No significant changes

Note 33 – Premium and Annuity Considerations Deferred and Uncollected

No significant changes

Note 34 – Separate Accounts

No significant changes

Note 35 – Loss/Claim Adjustment Expenses

Not applicable

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? If yes, complete Schedule Y, Parts 1 and 1A. Yes [X] No []
- 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 name of 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? If yes, attach an explanation. Yes [] No [X] N/A []

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2015
- 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. 12/31/2015
- 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). 10/07/2016

6.4 By what department or departments?
Delaware Department of Insurance

- 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 [] No [] N/A [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]
- 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 with 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 the 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
Hornor, Townsend & Kent, LLC	Horsham, PA	NO	NO	NO	YES
Janney Montgomery Scott, LLC	Philadelphia, PA	NO	NO	NO	YES

- 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 [] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

- 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).

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

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 No
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 0
13. Amount of real estate and mortgages held in short-term investments: \$ 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No
- 14.2 If yes, please complete the following:

- 14.21 Bonds
- 14.22 Preferred Stock
- 14.23 Common Stock
- 14.24 Short-Term Investments
- 14.25 Mortgage Loans on Real Estate
- 14.26 All Other
- 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)
- 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above

	1 Prior Year-End Book/Adjusted Carrying Value		2 Current Quarter Book/Adjusted Carrying Value
	\$ 0		\$ 0
	0		0
	83,735,503		89,005,138
	0		0
	0		0
	8,895,014		20,090,062
	\$ 92,630,517		\$ 109,095,200
	\$ 0		\$ 0

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No
- If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as of current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0
- 16.3 Total payable for securities lending reported on the liability page: \$ 0
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 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
State Street Corporation	2 World Financial Center 225 Liberty Street 24th Floor New York, NY 10281

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
- 17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
107518	Penn Mutual Asset Management, LLC	600 Dresher Road Horsham, PA 19044

- 18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes No
- 18.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2 - LIFE & HEALTH

1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:

	Amount
1.1 Long-term mortgages in good standing	
1.11 Farm mortgages.....	\$.....
1.12 Residential mortgages.....	\$.....
1.13 Commercial mortgages.....	\$.....
1.14 Total mortgages in good standing.....	\$.....0
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.....	\$.....0
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.....	\$.....0
1.5 Total mortgage loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2)	\$.....0
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.....	\$.....0
2. Operating Percentages:	
2.1 A&H loss percent.....	.....
2.2 A&H cost containment percent.....	.....
2.3 A&H expense percent excluding cost containment expenses.....	.....
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
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NONE

PENN INSURANCE AND ANNUITY COMPANY SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.		1		Direct Business Only					
				Life Contracts		4	5	6	7
				2	3				
		Active Status	Life Insurance Premiums	Annuity Considerations	A&H Insurance Premiums, Including Policy Membership and Other Fees	Other Considerations	Total Columns 2 through 5	Deposit-Type Contracts	
1.	Alabama.....	AL	L	559,789				559,789	
2.	Alaska.....	AK	L	80,371				80,371	
3.	Arizona.....	AZ	L	2,982,345			42,000	3,024,345	
4.	Arkansas.....	AR	L	1,392,247			40,000	1,432,247	
5.	California.....	CA	L	17,415,003				17,415,003	
6.	Colorado.....	CO	L	1,362,126				1,362,126	
7.	Connecticut.....	CT	L	3,105,834			2,500	3,108,334	
8.	Delaware.....	DE	L	838,612				838,612	
9.	District of Columbia.....	DC	L	162,055				162,055	
10.	Florida.....	FL	L	7,646,496				7,646,496	
11.	Georgia.....	GA	L	1,273,976			100,000	1,373,976	
12.	Hawaii.....	HI	L	129,737				129,737	
13.	Idaho.....	ID	L	174,056				174,056	
14.	Illinois.....	IL	L	13,376,392			369,960	13,746,352	
15.	Indiana.....	IN	L	3,971,893				3,971,893	
16.	Iowa.....	IA	L	1,883,111				1,883,111	
17.	Kansas.....	KS	L	3,530,063			206,539	3,736,602	
18.	Kentucky.....	KY	L	263,061				263,061	
19.	Louisiana.....	LA	L	832,839			195,634	1,028,473	
20.	Maine.....	ME	L	216,188				216,188	
21.	Maryland.....	MD	L	1,762,332				1,762,332	
22.	Massachusetts.....	MA	L	3,997,468			162,562	4,160,030	
23.	Michigan.....	MI	L	15,689,460			1,300	15,690,760	
24.	Minnesota.....	MN	L	7,646,718				7,646,718	
25.	Mississippi.....	MS	L	122,279				122,279	
26.	Missouri.....	MO	L	1,642,632				1,642,632	
27.	Montana.....	MT	L	41,558				41,558	
28.	Nebraska.....	NE	L	198,911				198,911	
29.	Nevada.....	NV	L	1,073,720				1,073,720	
30.	New Hampshire.....	NH	N	10,597				10,597	
31.	New Jersey.....	NJ	L	10,857,919				10,857,919	
32.	New Mexico.....	NM	L	147,051				147,051	
33.	New York.....	NY	N	4,121,514				4,121,514	
34.	North Carolina.....	NC	L	2,857,962				2,857,962	
35.	North Dakota.....	ND	L	37,869				37,869	
36.	Ohio.....	OH	L	3,423,609			25,161	3,448,770	
37.	Oklahoma.....	OK	L	905,427				905,427	
38.	Oregon.....	OR	L	1,164,072				1,164,072	
39.	Pennsylvania.....	PA	L	13,551,698			1,340,426	14,892,124	
40.	Rhode Island.....	RI	L	454,012				454,012	
41.	South Carolina.....	SC	L	338,313				338,313	
42.	South Dakota.....	SD	L	680,238				680,238	
43.	Tennessee.....	TN	L	650,832			349,951	1,000,783	
44.	Texas.....	TX	L	17,452,758			800	17,453,558	
45.	Utah.....	UT	L	3,407,936				3,407,936	
46.	Vermont.....	VT	L	295,360				295,360	
47.	Virginia.....	VA	L	2,340,938				2,340,938	
48.	Washington.....	WA	L	4,095,156			109,000	4,204,156	
49.	West Virginia.....	WV	L	54,785				54,785	
50.	Wisconsin.....	WI	L	3,068,866				3,068,866	
51.	Wyoming.....	WY	L	72,108				72,108	
52.	American Samoa.....	AS	N					0	
53.	Guam.....	GU	N					0	
54.	Puerto Rico.....	PR	N	67				67	
55.	US Virgin Islands.....	VI	N					0	
56.	Northern Mariana Islands.....	MP	N					0	
57.	Canada.....	CAN	N					0	
58.	Aggregate Other Alien.....	OT	XXX	619,416	0	0	0	619,416	0
59.	Subtotal.....	(a). 49	XXX	163,979,773	0	0	2,945,833	166,925,606	0
90.	Reporting entity contributions for employee benefit plans.....	XXX						0	
91.	Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX						0	
92.	Dividends or refunds applied to shorten endowment or premium paying period.....	XXX						0	
93.	Premium or annuity considerations waived under disability or other contract provisions.....	XXX		384,569				384,569	
94.	Aggregate other amounts not allocable by State.....	XXX		1,124,677	0	0	0	1,124,677	0
95.	Totals (Direct Business).....	XXX		165,489,019	0	0	2,945,833	168,434,852	0
96.	Plus Reinsurance Assumed.....	XXX		214,915,710				214,915,710	
97.	Totals (All Business).....	XXX		380,404,729	0	0	2,945,833	383,350,562	0
98.	Less Reinsurance Ceded.....	XXX		109,902,092				109,902,092	
99.	Totals (All Business) less Reinsurance Ceded.....	XXX		270,502,637	0	0	2,945,833	273,448,470	0

DETAILS OF WRITE-INS

58001.	Military APO/FPO.....	XXX		619,416				619,416	
58002.	.....	XXX						0	
58003.	.....	XXX						0	
58998.	Summary of remaining write-ins for line 58 from overflow page.....	XXX		0	0	0	0	0	0
58999.	Total (Lines 58001 thru 58003 plus 58998) (Line 58 above).....	XXX		619,416	0	0	0	619,416	0
9401.	Internal Replacements.....	XXX		1,124,677				1,124,677	
9402.	.....	XXX						0	
9403.	.....	XXX						0	
9498.	Summary of remaining write-ins for line 94 from overflow page.....	XXX		0	0	0	0	0	0
9499.	Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....	XXX		1,124,677	0	0	0	1,124,677	0

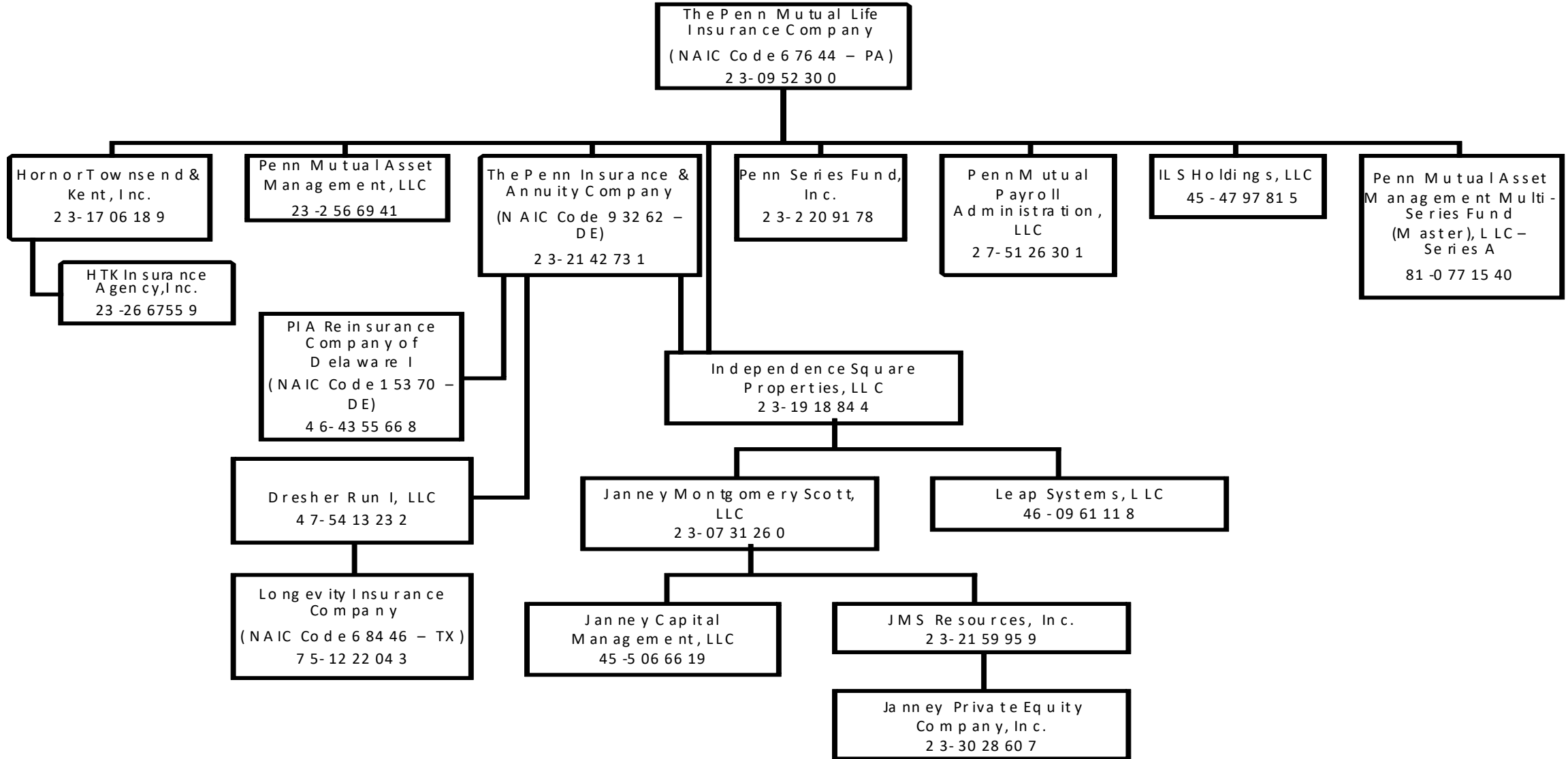
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(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.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



Q12

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
Members														
0850.....	The Penn Mutual Life Insurance Company	67644...	23-0952300..				The Penn Mutual Life Insurance Company.....	PA.....	UDP.....					
0850.....	The Penn Mutual Life Insurance Company	93262...	23-2142731..				The Penn Insurance and Annuity Company.....	DE.....	IA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company	15370...	46-4355668..				PIA Reinsurance Company of Delaware I.....	DE.....	IA.....	The Penn Insurance and Annuity Company....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-1706189..		0000077131		Honor Townsend & Kent, Inc.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-2667559..				HTK Insurance Agency, Inc.....	DE.....	DS.....	Honor Townsend & Kent, Inc.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-1918844..				Independence Square Properties, LLC.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...95.780	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-2566941..				Penn Mutual Asset Management, LLC.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-2209178..				Penn Series Fund, Inc.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		27-5126301..				Penn Mutual Payroll Administration, LLC.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		45-4797815..				ILS Holdings, LLC.....	PA.....	NIA.....	The Penn Mutual Life Insurance Company.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-0731260..		0000200401		Janney Montgomery Scott, LLC.....	PA.....	DS.....	Independence Square Properties, LLC.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		46-0961118..				Leap Systems, LLC.....	PA.....	DS.....	Independence Square Properties, LLC.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		45-5066619..				Janney Capital Management, LLC.....	PA.....	DS.....	Janney Montgomery Scott, LLC.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-2159959..				JMS Resources, Inc.....	PA.....	DS.....	Janney Montgomery Scott, LLC.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		23-3028607..				Janney Private Equity Company, Inc.....	DE.....	DS.....	JMS Resources, Inc.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		47-5413232..				Dresher Run I, LLC.....	DE.....	NIA.....	The Penn Insurance and Annuity Company....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company	68446...	75-1222043..				Longevity Insurance Company.....	TX.....	DS.....	Dresher Run I, LLC.....	Ownership.....	...100.000	The Penn Mutual Life Insurance Company.....	
0850.....	The Penn Mutual Life Insurance Company		81-0771540..				Penn Mutual Asset Management Multi-Series Fund (Master), LLC - Series A	PA.....	OTH.....	The Penn Mutual Life Insurance Company.....	Influence.....		The Penn Mutual Life Insurance Company.....	1.....

Q13

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*

Asterisk	Explanation
1	Entity over which The Penn Mutual Life Insurance Company has significant influence, but no ownership.

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?	YES
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?	NO

Explanations:

1. The data for this supplement is not required to be filed.
2. The data for this supplement is not required to be filed.
3. The data for this supplement is not required to be filed.
4. The data for this supplement is not required to be filed.
5. The data for this supplement is not required to be filed.
- 6.
7. The data for this supplement is not required to be filed.

Bar Code:



NONE

Statement as of September 30, 2016 of the **PENN INSURANCE AND ANNUITY COMPANY**
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.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
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.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	0	0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

NONE

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.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
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).....	0	0
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	0	0
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	0	0

NONE

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.....	161,787,407	129,086,578
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....	1,724,103	4,914,603
2.2 Additional investment made after acquisition.....	12,503,085	32,457,018
3. Capitalized deferred interest and other.....		21,267
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....	(2,367,505)	3,887,238
6. Total gain (loss) on disposals.....		109,241
7. Deduct amounts received on disposals.....	6,132,348	6,344,153
8. Deduct amortization of premium and depreciation.....	1,551,001	2,076,866
9. Total foreign exchange change in book/adjusted carrying value.....	95,233	(267,519)
10. Deduct current year's other-than-temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	166,058,974	161,787,407
12. Deduct total nonadmitted amounts.....	3,526,056	3,594,785
13. Statement value at end of current period (Line 11 minus Line 12).....	162,532,918	158,192,622

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.....	2,342,209,099	1,868,253,446
2. Cost of bonds and stocks acquired.....	485,528,160	691,507,459
3. Accrual of discount.....	884,630	9,510,885
4. Unrealized valuation increase (decrease).....	10,533,387	3,578,312
5. Total gain (loss) on disposals.....	9,027,334	(3,714,234)
6. Deduct consideration for bonds and stocks disposed of.....	203,519,594	215,658,442
7. Deduct amortization of premium.....	9,241,912	11,268,327
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).....	2,635,421,104	2,342,209,099
11. Deduct total nonadmitted amounts.....	89,005,139	83,735,503
12. Statement value at end of current period (Line 10 minus Line 11).....	2,546,415,965	2,258,473,596

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).....	1,623,212,229	218,856,181	173,079,369	(11,877,804)	1,598,390,788	1,623,212,229	1,657,111,237	1,484,246,967
2. NAIC 2 (a).....	659,007,952	39,269,732	6,348,757	9,034,389	653,162,220	659,007,952	700,963,316	635,620,351
3. NAIC 3 (a).....	100,618,682	1,000,000	1,076,715	(4,937,784)	105,946,037	100,618,682	95,604,183	93,363,249
4. NAIC 4 (a).....	35,698,323		4,364,685	4,228,239	28,856,672	35,698,323	35,561,877	25,907,305
5. NAIC 5 (a).....	6,717,332			(115)	3,982,076	6,717,332	6,717,217	3,982,218
6. NAIC 6 (a).....	3,815,472		3,666	279,265	3,446,950	3,815,472	4,091,071	3,178,266
7. Total Bonds.....	2,429,069,990	259,125,913	184,873,192	(3,273,810)	2,393,784,743	2,429,069,990	2,500,048,901	2,246,298,356
PREFERRED STOCK								
8. NAIC 1.....		2,515,000					2,515,000	
9. NAIC 2.....	11,554,687	2,500,000			11,554,687	11,554,687	14,054,687	11,554,687
10. NAIC 3.....							0	
11. NAIC 4.....		7,394,113	4,994,113				2,400,000	
12. NAIC 5.....							0	
13. NAIC 6.....							0	
14. Total Preferred Stock.....	11,554,687	12,409,113	4,994,113	0	11,554,687	11,554,687	18,969,687	11,554,687
15. Total Bonds and Preferred Stock.....	2,440,624,677	271,535,026	189,867,305	(3,273,810)	2,405,339,430	2,440,624,677	2,519,018,588	2,257,853,043

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:

NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

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.....	31,116,544	.XXX.....	31,116,544	.672	

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.....	21,558,076	52,285,272
2. Cost of short-term investments acquired.....	356,404,816	448,993,142
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....	346,777,999	479,720,338
7. Deduct amortization of premium.....	68,349	
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).....	31,116,544	21,558,076
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	31,116,544	21,558,076

**Sch. DB - Pt. A - Verification
NONE**

**Sch. DB - Pt. B - Verification
NONE**

**Sch. DB - Pt. C - Sn. 1
NONE**

**Sch. DB - Pt. C - Sn. 2
NONE**

**Sch. DB - Verification
NONE**

**Sch. E - Verification
NONE**

**Sch. A - Pt. 2
NONE**

**Sch. A - Pt. 3
NONE**

**Sch. B - Pt. 2
NONE**

**Sch. B - Pt. 3
NONE**

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made after Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership	
		City	State										
Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Unaffiliated													
000000 00 0	Battery Ventures X, L.P.	Waltham	MA	Battery Ventures		06/13/2013	1		49,500		685,270	0.462	
000000 00 0	Battery Ventures XI Side Fund, L.P.	Waltham	MA	Battery Ventures		06/21/2016	1	238,000			2,912,000	1.167	
000000 00 0	Bessemer Venture Partners IX Institutional L.P.	Menlo Park	CA	Bessemer Venture Partners		05/22/2015	1	209,030			2,175,041	0.188	
000000 00 0	Frazier Life Sciences VIII, L.P.	Seattle	WA	Frazier Healthcare Ventures		01/25/2016	1	66,000			2,593,500	1.333	
000000 00 0	Jackson Square Ventures I, L.P.	Menlo Park	CA	Jackson Square Ventures		11/28/2011	1	52,349			584,666	1.611	
000000 00 0	Lightspeed Venture Partners IX, L.P.	Menlo Park	CA	Lightspeed Venture Partners		03/12/2012	1	45,000			165,000	0.438	
000000 00 0	Lightspeed Venture Partners X, L.P.	Menlo Park	CA	Lightspeed Venture Partners		07/07/2014	1	105,000			1,125,000	0.480	
000000 00 0	Lightspeed Venture Partners Select II, L.P.	Menlo Park	CA	Lightspeed Venture Partners		06/24/2016	1	75,000			2,275,000	0.500	
000000 00 0	Longitude Venture Partners II, L.P.	Menlo Park	CA	Longitude Capital Partners, LLC		04/25/2013	1	173,878			1,156,681	1.039	
000000 00 0	Menlo Special Opportunities Fund, L.P.	Menlo Park	CA	Menlo Ventures		05/13/2016	1	142,560			1,737,848	1.000	
000000 00 0	New Leaf Ventures III, L.P.	New York	NY	New Leaf Venture Partners		06/09/2015	1	570,000			3,480,000	1.600	
000000 00 0	Omega Fund IV, L.P.	Boston	MA	Omega Fund Management		06/20/2013		54,433			471,991	1.089	
000000 00 0	Point 406 Ventures II, L.P.	Boston	MA	406 Ventures Management, LLC		12/13/2011	1	80,000			258,000	0.571	
000000 00 0	Shasta Ventures IV, L.P.	Menlo Park	CA	Shasta Ventures IV GP, LLC		10/10/2014	1	150,000			550,000	1.132	
000000 00 0	Sigma Prime Partners IX, L.P.	Menlo Park	CA	Sigma Management 9, LLC		05/29/2012	1	220,545			1,058,187	2.941	
000000 00 0	Summit Partners Growth Equity Fund VIII-A, L.P.	Boston	MA	Summit Partners		06/14/2012	1	30,000			320,798	0.101	
000000 00 0	Summit Partners Venture Capital Fund IV-A, L.P.	Boston	MA	Summit Partners		06/06/2016	1	141,241			1,785,324	0.333	
000000 00 0	Summit Partners Venture Capital III-A	Boston	MA	Summit Partners		06/28/2012	1	80,000				0.473	
000000 00 0	Trinity Ventures XII, L.P.	Menlo Park	CA	Trinity Ventures		04/07/2016	1	30,000			1,810,000	0.500	
000000 00 0	Upfront Opportunity Fund I, L.P.	Los Angeles	CA	Upfront Ventures		03/19/2015	1	4,358			757,204	4.000	
000000 00 0	US Venture Partners XI, L.P.	Los Angeles	CA	Upfront Ventures		03/31/2015	1	175,000			3,975,000	1.818	
000000 00 0	Warburg Pincus Private Equity XI, LP	New York	NY	Warburg Pincus Partners		05/24/2012	1	15,000			375,000	0.028	
000000 00 0	Warburg Pincus Private Equity XII, LP	New York	NY	Warburg Pincus Partners		12/21/2015	1	207,500			4,442,500	0.039	
1599999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Unaffiliated									0	2,914,394	0	34,694,010	XXX
Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Affiliated													
000000 00 0	Dresher Run I, LLC	Philadelphia	PA						100,000				
1699999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Affiliated									0	100,000	0	0	XXX
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated													
000000 00 0	ABRY Advanced Securities Fund II, L.P.	Boston	MA	ABRY ASF Investors II, L.P.		05/04/2011	2		31,068		1,426,415	0.237	
000000 00 0	ABRY Partners VII, L.P.	Boston	MA	ABRY VII Capital Partners, LP		08/10/2011	3	5,969			297,063	0.184	
000000 00 0	Century Focused Fund III, L.P.	Boston	MA	Century Capital		12/22/2011	3	27,669			179,466	0.922	
000000 00 0	Columbia Capital Equity Partners VI (QP), L.P.	Alexandria	VA	Columbia Capital		09/16/2015	3	154,582			2,222,294	0.600	
000000 00 0	EnCap Energy Capital Fund VIII, L.P.	Houston	TX	EnCap Equity Fund VIII GP, L.P.		11/30/2010		71,752			411,666	0.083	
000000 00 0	Frazier Growth Buyout VIII, L.P.	Seattle	WA	Frazier Healthcare Ventures		09/29/2016	3	240,000			3,760,000	0.800	
000000 00 0	Fulcrum Capital Partners V, LP	Vancouver	BC	Fulcrum Capital Partners Inc.		07/16/2015	3	222,611			1,914,003	1.000	
000000 00 0	Highbridge Specialty Loan Fund III LP	New York	NY	Highbridge Capital Management, LLC		05/06/2013		19,847			398,677	0.899	
000000 00 0	MHR Institutional Partners IV, L.P.	New York	NY	MHR Fund Management		07/19/2016	11	750,000	150,000		4,100,000	0.556	
000000 00 0	NGP Natural Resources X, L.P.	Irving	TX	NGP Energy Capital Management		01/27/2012		9,953			363,481	0.084	
000000 00 0	Resolution Recovery Partners, LP	New York	NY	Resolution Recovery Partners GP, LLC		02/03/2012		47,279			1,128,383	0.500	
000000 00 0	Selene Residential Mortgage Opportunity Fund II L.P.	Uniondale	NY	Selene Investment Partners II, LLC		12/27/2010		17,483			1,817,029	2.721	

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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
2199999	Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated							750,000	998,213	0	18,018,477	XXX
4499999	Subtotal - Unaffiliated							750,000	3,912,607	0	52,712,487	XXX
4599999	Subtotal - Affiliated							0	100,000	0	0	XXX
4699999	Totals							750,000	4,012,607	0	52,712,487	XXX

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location		5	6	7	8	Changes in Book/Adjusted Carrying Value						15	16	17	18	19	20
		3	4					9	10	11	12	13	14						
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization) / Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B./A.C.V. (9+10-11+12)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated																			
000000	00 0 ABRY Advanced Securities Fund II, L.P.	Boston	MA	Return of Capital	05/04/2011	08/31/2016	266,018					0		266,018	266,018			0	
G0676@	10 4 Avenue Europe Special Situations Fund II (U.S.), L.P.	New York	NY	Return of Capital	10/04/2011	08/19/2016	403,107					0		403,107	403,107			0	
000000	00 0 BlueBay Direct Lending Fund I, LP	Guernsey	GBR	Return of Capital	06/25/2013	09/06/2016	60,749					0		60,749	60,749			0	
000000	00 0 Colony American Homes Holdings III, L.P.	Santa Monica	CA	Return of Capital	01/30/2013	07/29/2016	8,030					0		8,030	8,030			0	
000000	00 0 EnCap Energy Capital Fund VIII, L.P.	Houston	TX	Return of Capital	11/30/2010	09/19/2016	250,809					0		250,809	250,809			0	
000000	00 0 Highbridge Specialty Loan Fund III LP	New York	NY	Return of Capital	05/06/2013	09/20/2016	247,131					0		247,131	247,131			0	
000000	00 0 New Canaan Funding Mezzanine V, L.P.	New Canaan	CT	Return of Capital	08/05/2011	08/16/2016	85,518					0		85,518	85,518			0	
000000	00 0 NGP Natural Resources X, L.P.	Irving	TX	Return of Capital	01/27/2012	09/02/2016	196,236					0		196,236	196,236			0	
000000	00 0 Resolution Recovery Partners, LP	New York	NY	Return of Capital	02/03/2012	08/12/2016	163,505					0		163,505	163,505			0	
2199999	Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Other - Unaffiliated						1,681,103	0	0	0	0	0	0	1,681,103	1,681,103	0	0	0	0
4499999	Subtotal - Unaffiliated						1,681,103	0	0	0	0	0	0	1,681,103	1,681,103	0	0	0	0
4699999	Totals						1,681,103	0	0	0	0	0	0	1,681,103	1,681,103	0	0	0	0

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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)
Bonds - U.S. Government												
33803W AB 5	FISHERS LANE ASSOC LLC.....				08/31/2016....	RAYMOND JAMES.....			3,885,603	3,250,000	494	1FE.....
38378B A2 5	GNR 2012-95 Z.....				08/18/2016....	VARIOUS.....			6,905	6,905	1	1.....
38378B G9 4	GNR 2012-109 Z.....				07/01/2016....	CAPITALIZED INTEREST.....			22,440	22,440	1	1.....
38378B M6 3	GNR 2012-120 Z.....				09/01/2016....	CAPITALIZED INTEREST.....			48,332	48,332	1	1.....
0599999. Total Bonds - U.S. Government.....									3,963,280	3,327,677	494	XXX
Bonds - U.S. Special Revenue and Special Assessment												
3136A8 N5 5	FNR 2012-117 DZ.....				09/01/2016....	CAPITALIZED INTEREST.....			67,303	67,303	1	1.....
3136A8 SM 3	FNR 2012-102 AZ.....				09/01/2016....	CAPITALIZED INTEREST.....			61,930	61,930	1	1.....
3136A8 XR 6	FNR 2012-94 LZ.....				09/01/2016....	CAPITALIZED INTEREST.....			254,615	254,615	1	1.....
3199999. Total Bonds - U.S. Special Revenue and Special Assessment.....									383,848	383,848	0	XXX
Bonds - Industrial and Miscellaneous												
04248N AA 1	ARMY HAWAII FAMILY.....				07/25/2016....	RAYMOND JAMES.....			9,546,976	7,924,380	52,286	1FE.....
05491H AA 5	BAMLL 2016-FR13 A.....				09/09/2016....	PERFORMANCE TRUST.....			4,030,469	5,000,000	3,154	1F.....
064058 AF 7	BANK OF NY MELLON.....				07/25/2016....	MORGAN STANLEY.....			5,000,000	5,000,000		2FE.....
073945 AH 0	BSCMS 2007-T28 AJ.....				07/13/2016....	BANK OF AMERICA.....			3,498,069	3,485,000	9,738	1F.....
126281 BB 9	CSAIL 2015-C1 XA.....				09/23/2016....	DEUTSCHE BANK.....			1,443,015		20,536	1FE.....
126307 AQ 0	CVC 5 1/2 04/15/27.....				09/09/2016....	JP MORGAN CHASE.....			1,000,000	1,000,000		3FE.....
14040H BK 0	CAPITAL ONE FINANCIAL.....				07/25/2016....	MORGAN STANLEY.....			2,989,350	3,000,000		2FE.....
16164A AC 9	CHASE 2016-2 M2.....				07/19/2016....	JP MORGAN CHASE.....			6,154,876	6,000,000	16,875	1FE.....
23306L AA 4	DBRR 2015-FRR1 A711.....				07/14/2016....	PERFORMANCE TRUST.....			2,983,582	3,141,000	4,751	1F.....
26439R AK 2	SPECTRA ENERGY CAPITAL.....				09/07/2016....	WILLIAM BLAIR.....			5,570,300	5,000,000	25,313	2FE.....
277345 AG 9	EASTL 2007-1A A3.....				08/18/2016....	KGS ALPHA.....			4,127,040	4,299,000	3,038	1FE.....
3137B2 GY 0	FHMS K713 X3.....				07/15/2016....	PERFORMANCE TRUST.....			6,447,677		103,726	1.....
3137BA HB 1	FHMS K715 X1.....				09/21/2016....	BANK OF AMERICA.....			6,784,418		144,352	1FE.....
3137BH XK 8	FHMS K045 X1.....				09/13/2016....	BANK OF AMERICA.....			4,954,037		36,953	1FE.....
33616C AB 6	FIRST REPUBLIC BANK.....				07/25/2016....	BANK OF AMERICA.....			2,938,110	3,000,000		2FE.....
337358 BH 7	FIRST UNION CORP.....				09/02/2016....	JEFFERIES & CO.....			2,777,715	2,090,000	16,269	1FE.....
437076 BP 6	HD 3 1/2 09/15/56.....				09/08/2016....	BARCLAYS CAPITAL.....			2,924,220	3,000,000		1FE.....
55616X AM 9	MACY'S RETAIL HLDG.....				07/15/2016....	OPPENHEIMER INC.....			1,499,042	1,650,000	7,219	2FE.....
559080 AL 0	MMP 4 1/4 09/15/46.....				09/06/2016....	JP MORGAN CHASE.....			2,962,860	3,000,000		2FE.....
56585A AH 5	MARATHON PETROLEUM CORP.....				08/23/2016....	STIFEL, NICOLAUS & CO.....			1,824,220	2,000,000	42,486	2FE.....
606935 AL 8	MLCFC 2006-1 B.....				07/15/2016....	BROADCORT CAPITAL.....			4,381,285	4,408,840	13,541	1F.....
61767F BB 6	MSC 2016-UB11 XA.....				08/16/2016....	MORGAN STANLEY.....			2,935,975		31,674	1FE.....
665859 AQ 7	NORTHERN TRUST CORP.....				08/01/2016....	MORGAN STANLEY.....			5,000,000	5,000,000		2FE.....
754730 AF 6	RAYMOND JAMES.....				07/07/2016....	RAYMOND JAMES.....			3,509,510	3,500,000		2FE.....
774262 AF 6	ROCKW 2006-1A.....				07/13/2016....	MORGAN STANLEY.....			1,318,384	1,404,404	8,671	1F.....
78419C AG 9	SGCMS 2016-C5 XA.....				07/06/2016....	SOCIETY GENERALE.....			4,999,987		40,344	1FE.....
822582 BY 7	RDSALN 3 3/4 09/12/46.....				09/07/2016....	JP MORGAN CHASE.....			2,986,080	3,000,000		1FE.....
85022W AB 0	SCFT 2016-AA B.....				09/16/2016....	BANK OF AMERICA.....			2,999,846	3,000,000		1FE.....

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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)
89171V AC 1	TPMT 2015-5 M1.....		07/06/2016....	BANK OF AMERICA.....		5,023,242	5,000,000	4,861	1FE.....
89356B AB 4	TRANSCANADA TRUST.....		08/08/2016....	JP MORGAN CHASE.....		2,000,000	2,000,000		2FE.....
89366L AE 4	TRANSELEC SA.....		07/07/2016....	SALOMON/CITIGROUP.....		1,977,140	2,000,000		2FE.....
EJ5246 28 9	GENERAL ELECTRIC COMPANY.....		08/17/2016....	FTN FINANCIAL.....		715,750	700,000	1,709	1FE.....
09626E AG 9	BLUEM 2011-1A D.....	F.....	08/24/2016....	STIFEL, NICOLAUS & CO.....		5,030,000	5,000,000	8,700	1FE.....
107265 AE 0	BRENT 2006-1A B.....	F.....	08/01/2016....	RAYMOND JAMES.....		2,842,500	3,000,000	394	1FE.....
318030 AG 8	FINNS 2012-1A C.....	F.....	09/12/2016....	CANTOR FITZGERALD.....		3,999,200	4,000,000	39,103	2FE.....
77426N AC 7	ROCKW 2007-1A A2L.....	F.....	09/13/2016....	CFG CAPITAL MARKETS.....		2,898,750	3,000,000	5,583	1FE.....
89641A AJ 4	TRNTS 2016-5A D.....	F.....	08/19/2016....	MORGAN STANLEY.....		7,162,500	7,500,000		1F.....
3899999	Total Bonds - Industrial and Miscellaneous.....					139,236,125	111,102,624	641,276	XXX
8399997	Total Bonds - Part 3.....					143,583,253	114,814,149	641,770	XXX
8399999	Total Bonds.....					143,583,253	114,814,149	641,770	XXX
Preferred Stocks - Industrial and Miscellaneous									
29364D 76 1	ENTERGY ARKANSAS.....		07/20/2016....	US BANCORP/PIPER JAFFRAY.....	100,000.000	2,515,000			RP1LFE.....
464288 68 7	ISHARES US PREFERRED STOCK.....		07/13/2016....	WELLS FARGO.....	125,000.000	4,994,113			P4L.....
74460W 73 5	PUBLIC STORAGE.....		07/14/2016....	MORGAN STANLEY.....	100,000.000	2,500,000			P2LFE.....
88166# 12 7	TEX PFD INC.....		09/16/2016....	DEUTSCHE BANK.....	2,400.000	2,400,000			RP4VZ.....
8499999	Total Preferred Stocks - Industrial and Miscellaneous.....					12,409,113	XXX	0	XXX
8999997	Total Preferred Stocks - Part 3.....					12,409,113	XXX	0	XXX
8999999	Total Preferred Stocks.....					12,409,113	XXX	0	XXX
Common Stocks - Industrial and Miscellaneous									
003009 10 7	ABERDEEN ASIA PAC INCOME FUND.....		08/18/2016....	WELLS FARGO.....	380,100.000	2,010,654	XXX		L.....
035710 40 9	ANNALY CAPITAL MANAGEMENT INC.....		07/15/2016....	TENDER OFFER.....	163,844.000	1,705,665	XXX		L.....
09257A 10 8	BLACKROCK RESOURCES & CO.....		09/27/2016....	WELLS FARGO.....	363,100.000	2,934,757	XXX		L.....
617477 10 4	MORGAN STANLEY EMERGING MARK.....		09/13/2016....	WELLS FARGO.....	698,706.000	5,674,121	XXX		L.....
66706L 10 1	NORTHSTAR REALITY EUROPE.....		01/01/2016....	DISTRIBUTION.....	13,336.000		XXX		L.....
9099999	Total Common Stocks - Industrial and Miscellaneous.....					12,325,197	XXX	0	XXX
9799997	Total Common Stocks - Part 3.....					12,325,197	XXX	0	XXX
9799999	Total Common Stocks.....					12,325,197	XXX	0	XXX
9899999	Total Preferred and Common Stocks.....					24,734,310	XXX	0	XXX
9999999	Total Bonds, Preferred and Common Stocks.....					168,317,563	XXX	641,770	XXX

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(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

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	Forfeiture	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 B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	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)
Bonds - U.S. Government																					
30250W	AB 9 SSGN 2010-S2 2A.....		09/30/2016	MBS PAYDOWN.....		123,409	123,409	123,546	123,546				.0		123,546		(137)	(137)	2,136	07/29/2047	1
36296Q	RJ 0 GNSF POOL 698089.....		09/01/2016	MBS PAYDOWN.....		66,100	66,100	62,970	65,448		.652		.652		66,100			.0	1,757	04/15/2039	1
38375U	SC 5 GNR 2014-H22 CI.....		09/01/2016	INTEREST ONLY PAYMENT.....				183,882	175,593		(175,593)		(175,593)					.0	16,674	11/20/2064	1
38378B	A2 5 GNR 2012-95 Z.....		09/30/2016	VARIOUS.....		2,793,596	2,975,816	2,603,099	2,626,667		(1,865)		(1,865)		2,624,802		168,794	168,794	50,521	01/16/2055	1
38378B	G9 4 GNR 2012-109 Z.....		09/30/2016	VARIOUS.....		8,863,577	9,027,915	8,560,139	8,590,819		(15,691)		(15,691)		8,575,128		288,450	288,450	186,265	10/16/2053	1
38378N	XK 4 GNR 2014-17 IO.....		09/01/2016	INTEREST ONLY PAYMENT.....				272,604	186,742		(186,742)		(186,742)					.0	40,081	06/16/2048	1
38378X	PE 5 GNR 2014-135 IO.....		09/01/2016	INTEREST ONLY PAYMENT.....				72,502	65,268		(65,268)		(65,268)					.0	9,420	01/16/2056	1
805649	AA 8 EXIM - SAYARRA LTD.....	F	07/29/2016	SINKING FUND REDEMPTION.....		267,141	267,141	267,141	267,141				.0		267,141			.0	5,558	10/29/2021	1
0599999. Total Bonds - U.S. Government.....						12,113,823	12,460,381	12,145,883	12,101,224	.0	(444,507)	.0	(444,507)	.0	11,656,717	.0	457,107	457,107	312,412	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
45656R	CX 8 INDUSTRY-A-REF-TXBL.....		08/16/2016	CANTOR FITZGERALD.....		2,778,050	2,500,000	2,446,100	2,446,204		.649		.649		2,446,853		331,197	331,197	91,111	01/01/2051	1FE
2499999. Total Bonds - U.S. Political Subdivisions of States, Territories and Possessions.....						2,778,050	2,500,000	2,446,100	2,446,204	.0	.649	.0	.649	.0	2,446,853	.0	331,197	331,197	91,111	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment																					
3128PK	WJ 9 FGCI J07849.....		09/01/2016	MBS PAYDOWN.....		23,365	23,365	22,693	23,247		.118		.118		23,365			.0	.674	05/01/2023	1
3128PL	AW 2 FGCI J08121.....		09/01/2016	MBS PAYDOWN.....		17,628	17,628	17,502	17,609		.19		.19		17,628			.0	.549	06/01/2023	1
31412B	DS 8 FN 920013.....		09/01/2016	MBS PAYDOWN.....		49,738	49,738	49,458	49,746		(8)		(8)		49,738			.0	2,234	10/01/2047	1
31412M	2X 5 FN 929690.....		09/01/2016	MBS PAYDOWN.....		1,408	1,408	1,369	1,403		.4		.4		1,408			.0	.42	07/01/2023	1
31412T	AZ 6 FN 933924.....		09/01/2016	MBS PAYDOWN.....		539	539	524	532		.7		.7		539			.0	.16	05/01/2023	1
31412W	WB 8 FN 937242.....		09/01/2016	MBS PAYDOWN.....		390	390	386	390		.0		.0		390			.0	.16	05/01/2047	1
31412W	WC 6 FN 937243.....		09/01/2016	MBS PAYDOWN.....		45,483	45,483	45,063	45,356		.126		.126		45,483			2,042	05/01/2047	1	
31412X	K4 5 FN 937815.....		09/01/2016	MBS PAYDOWN.....		37,660	37,660	37,342	37,618		.43		.43		37,660			.0	1,506	06/01/2047	1
31414E	2V 5 FNCI 964388.....		09/01/2016	MBS PAYDOWN.....		50,951	50,951	50,655	50,898		.53		.53		50,951			.0	1,747	07/01/2023	1
31414L	C4 8 FN 969091.....		09/01/2016	MBS PAYDOWN.....		677	677	658	672		.5		.5		677			.0	.21	04/01/2023	1
31414M	BH 8 FN 969940.....		09/01/2016	MBS PAYDOWN.....		2,990	2,990	2,908	2,971		.19		.19		2,990			.0	.83	03/01/2023	1
31414R	LG 8 FN 973827.....		09/01/2016	MBS PAYDOWN.....		134	134	131	133		.1		.1		134			.0	.4	03/01/2023	1
31414R	NV 3 FN 973904.....		09/01/2016	MBS PAYDOWN.....		480	480	467	477		.3		.3		480			.0	.15	04/01/2023	1
31414S	AA 1 FN 974401.....		09/01/2016	MBS PAYDOWN.....		1,854	1,854	1,803	1,845		.9		.9		1,854			.0	.56	04/01/2023	1
31414U	G3 6 FN 976418.....		09/01/2016	MBS PAYDOWN.....		1,830	1,830	1,779	1,820		.9		.9		1,830			.0	.55	03/01/2023	1
31415B	AE 9 FN 981605.....		09/01/2016	MBS PAYDOWN.....		103	103	100	102		.0		.0		103			.0	.3	06/01/2023	1
31415C	ND 5 FN 982888.....		09/01/2016	MBS PAYDOWN.....		1,491	1,491	1,450	1,485		.6		.6		1,491			.0	.42	05/01/2023	1
31415P	AE 8 FN 984805.....		09/01/2016	MBS PAYDOWN.....		2,092	2,092	2,034	2,080		.11		.11		2,092			.0	.67	06/01/2023	1
31415P	AR 9 FN 984816.....		09/01/2016	MBS PAYDOWN.....		3,254	3,254	3,165	3,243		.11		.11		3,254			.0	.97	06/01/2023	1
31415P	WA 2 FN 985441.....		09/01/2016	MBS PAYDOWN.....		600	600	584	599		.1		.1		600			.0	.18	07/01/2023	1
31415P	XP 8 FN 985486.....		09/01/2016	MBS PAYDOWN.....		4,880	4,880	4,745	4,862		.18		.18		4,880			.0	131	07/01/2023	1
31415Q	BX 3 FN 985754.....		09/01/2016	MBS PAYDOWN.....		1,188	1,188	1,155	1,175		.13		.13		1,188			.0	.34	06/01/2023	1

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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			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 B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	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)	
31415Q E8 5	FN 985859			09/01/2016	MBS PAYDOWN		710	710	690	705		5		5		710			0	21	07/01/2023	1	
31415R 4B 7	FN 987418			09/01/2016	MBS PAYDOWN		488	488	475	487		2		2		488			0	15	06/01/2023	1	
3199999 Total Bonds - U.S. Special Revenue and Special Assessment							249,933	249,933	247,136	249,455	0	475	0	475	0	249,933	0	0	0	9,488	XXX	XXX	
Bonds - Industrial and Miscellaneous																							
009090 AB 7	AIR CANADA 2015-1B PTT			A 09/15/2016	SINKING FUND REDEMPTION		38,434	38,434	38,434	38,434				0	38,434			0	1,489	03/15/2023	2FE		
023766 AD 0	AM AIRLINE 13-1 B			07/15/2016	SINKING FUND REDEMPTION		25,921	25,921	26,180	25,943		(22)		(22)	25,921			0	1,458	01/15/2021	3FE		
02376T AC 2	AM AIRLINE 13-2 B			07/15/2016	SINKING FUND REDEMPTION		46,381	46,381	46,845	46,417		(36)		(36)	46,381			0	2,597	07/15/2020	3FE		
02376Y AA 5	AMERICAN AIRLINES			07/15/2016	SINKING FUND REDEMPTION		16,009	16,009	16,009					0	16,009			0	411	01/15/2024	2FE		
02377B AA 4	AAL 4 09/22/27			09/22/2016	SINKING FUND REDEMPTION		47,297	47,297	47,297	47,297				0	47,297			0	1,881	09/22/2027	1FE		
03512T AD 3	ANGLOGOLD HOLDS			F 08/01/2016	CALL at 106.375		1,063,750	1,000,000	990,900	990,900				0	990,900		72,850	72,850	88,778	07/30/2020	3FE		
045424 EX 2	ASC 1997-D4 B4			09/11/2016	MBS PAYDOWN		163,905	163,905	161,446	163,020		885		885	163,905			0	8,218	04/14/2029	1FM		
05947U ZK 7	BACM 2004-6 E			09/30/2016	VARIOUS		(30,249)	19,883	14,314	19,881				0	19,881		(50,130)	(50,130)	13,240	12/10/2042	1FM		
12592K BD 5	COMM 2014-UBS5 XA			09/01/2016	INTEREST ONLY PAYMENT				10,285	8,583		(8,583)		(8,583)				0	1,132	09/10/2047	1FE		
126175 AM 0	COMM 2003-LB1A H			09/01/2016	MBS PAYDOWN		82,810	82,810	74,529	82,464		346		346	82,810			0	2,660	06/10/2038	1FM		
126281 BB 9	CSAIL 2015-C1 XA			09/01/2016	INTEREST ONLY PAYMENT				3,587	3,256		(3,256)		(3,256)				0	361	04/15/2050	1FE		
12649X BC 2	CSMC 2015-3 B2			09/01/2016	MBS PAYDOWN		25,925	25,925	26,232			(28)		(28)	25,925			0	511	03/25/2045	1FE		
12677# AA 1	CVS CAREMARK CORP			09/15/2016	SINKING FUND REDEMPTION		5,086	5,086	5,086	5,086				0	5,086			0	185	01/15/2040	2		
16164A AC 9	CHASE 2016-2 M2			09/01/2016	VARIOUS		184,605	184,605	189,370			(68)		(68)	184,605			0	433	02/25/2044	1FE		
173067 EH 8	CGCMT 2004-C2 B			09/01/2016	MBS PAYDOWN		24,662	24,662	23,861	24,663				0	24,662			0	794	10/15/2041	1FM		
17321L AE 9	CMLTI 2013-J1 B1			09/01/2016	MBS PAYDOWN		17,211	17,211	16,975			3		3	17,211			0	306	10/25/2043	1FE		
17323E AN 3	CMLTI 2014-J2 B2			09/01/2016	MBS PAYDOWN		28,905	28,905	29,555	28,952		(47)		(47)	28,905			0	761	11/25/2044	1FM		
20047P AL 1	COMM 2005-LP5 D			08/10/2016	MBS PAYDOWN		137,549	137,549	123,794	137,544		5		5	137,549			0	17,605	05/10/2043	1FM		
202795 HN 3	COMMONWEALTH EDISON			08/15/2016	MATURITY		5,000,000	5,000,000	4,997,260	4,999,767		233		233	5,000,000			0	297,500	08/15/2016	1FE		
20605P AB 7	CONCHO RESOURCES INC			09/19/2016	CALL at 103.500		1,195,425	1,155,000	1,178,100	1,176,857		18,568		18,568	1,195,425			0	95,223	01/15/2021	4FE		
247367 BJ 3	DELTA AIR 2007 1B			08/10/2016	SINKING FUND REDEMPTION		54,908	54,908	61,908	55,669		(762)		(762)	54,908			0	4,404	08/10/2022	2FE		
26827E AE 5	ECAF 2015-1A B1			R 09/15/2016	MBS PAYDOWN		39,267	39,267	39,267	39,267				0	39,267			0	1,519	07/15/2040	2FE		
268617 AC 1	EMAC 1998-1 A3			09/15/2016	MBS PAYDOWN		5,031	5,031	3,324	3,666				0	3,666		1,365	1,365	219	01/15/2025	6*		
29429C AJ 4	CGCMT 2016-P3 XA			09/01/2016	INTEREST ONLY PAYMENT				2,034			(2,034)		(2,034)				0	101	04/15/2049	1FE		
3137AB FW 6	FHMS K702 X1			09/01/2016	INTEREST ONLY PAYMENT				23,301	14,608		(14,608)		(14,608)				0	5,240	02/25/2018	1		
3137AE V8 5	FHMS K703 X1			09/01/2016	INTEREST ONLY PAYMENT				17,551	12,966		(12,966)		(12,966)				0	4,274	05/25/2018	1		
3137AJ MG 6	FHMS K016 X1			09/01/2016	INTEREST ONLY PAYMENT				20,720	18,317		(18,317)		(18,317)				0	2,642	10/25/2021	1FE		
3137AT RX 2	FHMS K020 X1			09/01/2016	INTEREST ONLY PAYMENT				31,687			(31,687)		(31,687)				0	3,340	05/25/2022	1FE		
3137AW QJ 7	FHMS K023 X1			09/01/2016	INTEREST ONLY PAYMENT				11,308			(11,308)		(11,308)				0	1,340	08/25/2022	1FE		
3137B1 UH 3	FHMS K027 X1			09/01/2016	INTEREST ONLY PAYMENT				25,372	23,200		(23,200)		(23,200)				0	2,887	01/25/2023	1FE		
3137B7 N2 1	FHMS K036 X1			09/01/2016	INTEREST ONLY PAYMENT				9,038	8,135		(8,135)		(8,135)				0	933	10/25/2023	1FE		

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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	For E n	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 B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	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 Design- ation or Market Indicator (a)
3137B8	G5 0 FHMS K037 X1		09/01/2016	INTEREST ONLY PAYMENT				5,667	5,118		(5,118)		(5,118)					0	578	01/25/2024	1FE
3137BA	HB 1 FHMS K715 X1		09/30/2016	INTEREST ONLY PAYMENT				9,057			(9,057)		(9,057)					0		01/25/2021	1FE
3137BB	BE 9 FHMS K038 X1		09/01/2016	INTEREST ONLY PAYMENT				8,905	8,079		(8,079)		(8,079)					0	873	03/25/2024	1FE
3137BH	XK 8 FHMS K045 X1		09/30/2016	INTEREST ONLY PAYMENT				1,496			(1,496)		(1,496)					0		01/25/2025	1FE
3137BN	GU 2 FHMS K054 X1		09/01/2016	INTEREST ONLY PAYMENT				4,498			(4,498)		(4,498)					0	192	01/25/2026	1FE
36251F	AY 2 GSMS 2015-GC28 XA		09/01/2016	INTEREST ONLY PAYMENT				5,443	4,870		(4,870)		(4,870)					0	573	02/10/2048	1FE
36298G	AA 7 GSPA MONETIZATION TRUST		09/09/2016	SINKING FUND REDEMPTION		19,720	19,720	20,114	19,736		(16)		(16)		19,720			0	845	10/09/2029	2FE
46625M	ZE 2 JPMCC 2003-PM1A F		09/01/2016	MBS PAYDOWN		98,383	98,383	68,868	98,383				0		98,383			0	5,020	08/12/2040	1FM
46625Y	DG 5 JPMCC 2004-CBX B		09/01/2016	MBS PAYDOWN		413,927	413,927	369,430	413,927				0		413,927			0	15,587	01/12/2037	1FM
46625Y	XX 6 JPMCC 2005-LDP5 C		09/01/2016	MBS PAYDOWN		60,622	60,622	56,681	60,455		167		167		60,622			0	2,303	12/15/2044	1FM
46629P	AC 2 JPMCC 2006-LDP9 A3		09/01/2016	MBS PAYDOWN		6,105,388	6,105,388	5,983,519	6,088,758		16,630		16,630		6,105,388			0	232,388	05/15/2047	1FM
46639G	AG 1 JPMMT 2013-1 B3		09/01/2016	MBS PAYDOWN		45,686	45,686	45,687	45,687				0		45,687		(1)	(1)	1,073	03/25/2043	1FM
46645L	BA 4 JPMBB 2016-C1 XA		09/01/2016	INTEREST ONLY PAYMENT				3,157			(3,157)		(3,157)					0	212	03/15/2049	1FE
52465#	AZ 8 LEGG MASON MTG CAP CORP		09/30/2016	SINKING FUND REDEMPTION		44,628	44,628	44,630	44,630				0		44,630		(2)	(2)	2,276	06/10/2021	1
59022H	DX 7 MLMT 2004-KEY2 D		09/01/2016	MBS PAYDOWN		350,634	350,634	255,963	350,634				0		350,634			0	12,616	08/12/2039	1FM
59524E	AB 8 MIDATLANTIC MILITARY CO		08/01/2016	SINKING FUND REDEMPTION		21,264	21,264	18,911	21,230		34		34		21,264			0	1,114	08/01/2050	1FE
606935	AL 8 MLCFC 2006-1 B		09/01/2016	MBS PAYDOWN		51,231	51,231	50,911			20		20		51,231			0	384	02/12/2039	1F
617451	AL 3 MSC 2005-IQ10 C		09/15/2016	VARIOUS		3,000,000	3,000,000	2,730,000	2,916,788		83,212		83,212		3,000,000			0	216,476	09/15/2042	1FM
61745M	W7 4 MSC 2005-T17 B		09/01/2016	MBS PAYDOWN		80,824	80,824	68,094	79,018		1,806		1,806		80,824			0	2,669	12/13/2041	1FM
61750W	AX 1 MSC 2006-IQ12 A4		09/15/2016	VARIOUS		7,055,082	7,055,082	5,364,067	6,700,075		355,007		355,007		7,055,082			0	241,975	12/15/2043	1FM
61761A	AA 6 MSBAM 2012-C5 XA		09/01/2016	INTEREST ONLY PAYMENT				29,238			(29,238)		(29,238)					0	4,024	08/15/2045	1FE
63939N	AD 5 NAVSL 2016-AA B		08/15/2016	JP MORGAN CHASE		4,750,000	5,000,000	4,123,921			29,436		29,436		4,153,357		596,643	596,643	94,306	12/15/2058	1FE
75086#	AA 3 RAINIER GSA PORTFOLIO LLC		09/15/2016	SINKING FUND REDEMPTION		42,206	42,206	42,207	42,207				0		42,207		(1)	(1)	1,357	06/15/2036	1
75574Q	AA 8 RCMT 2015-2 A		09/01/2016	MBS PAYDOWN		165,061	165,061	164,617	165,027		34		34		165,061			0	4,621	06/25/2055	1FE
761118	AW 8 RALI 2005-QS9 A3		09/30/2016	MBS PAYDOWN		50,249	70,254	45,672	46,068		4,181		4,181		50,249			0	454	06/25/2041	1FM
78419C	AG 9 SGCMS 2016-C5 XA		09/01/2016	INTEREST ONLY PAYMENT				6,793			(6,793)		(6,793)					0	137	10/10/2048	1FE
78469X	AC 1 SPX CORP		09/09/2016	CALL at 105.642		3,169,260	3,000,000	3,037,500	3,010,448		158,812		158,812		3,169,260			0	210,833	09/01/2017	4FE
785778	FK 2 SACO 2005-4 M1		09/25/2016	MBS PAYDOWN		168,431	168,431	137,271	148,309		20,123		20,123		168,431			0	1,484	06/25/2035	1FM
805564	GA 3 SAST 2000-2 MF2		09/01/2016	MBS PAYDOWN		32,510	32,510	26,333	32,050		460		460		32,510			0	1,261	07/25/2030	1FM
81745D	AJ 0 SEMT 2013-9 B3		09/01/2016	MBS PAYDOWN		39,659	39,659	38,358	39,586		73		73		39,659			0	926	07/25/2043	1FM
83416W	AA 1 SOLAR STAR FUND		06/30/2016	SINKING FUND REDEMPTION		1,339	1,339	1,306	1,338		1		1		1,339			0	36	06/30/2035	2FE
83416W	AB 9 TOPAZ SOLAR		07/14/2016	VARIOUS		(684)	(684)	(684)	(684)				0		(684)			0	(14)	06/30/2035	2FE
84755T	AE 7 SPECTRA ENERGY		09/07/2016	BARCLAYS CAPITAL		3,986,760	4,000,000	4,071,400	4,054,173		(4,729)		(4,729)		4,049,443		(62,683)	(62,683)	130,900	03/15/2023	2FE
86212U	AB 2 STR 2013-1A A2		09/20/2016	MBS PAYDOWN		22,103	22,103	22,096	22,049		54		54		22,103			0	684	03/20/2043	1FE
86213A	AB 5 STR 2013-3A A2		09/20/2016	MBS PAYDOWN		4,118	4,118	4,267	4,127		(9)		(9)		4,118			0	143	11/20/2043	1FE
86213B	AB 3 STR 2014-1A A2		09/20/2016	MBS PAYDOWN		1,250	1,250	1,249	1,247		3		3		1,250			0	42	04/20/2044	1FE

QE05.2

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 Identification	Description	Forfeiting	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 B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	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)
89054X AB 1	TOPAZ SOLAR.....		09/30/2016..	SINKING FUND REDEMPTION.....		62,872	62,872	62,872	62,872				0		62,872			0	1,533	09/30/2039...	2FE.....
90346W AB 9	US AIR 2013-1B.....		09/30/2016..	SINKING FUND REDEMPTION.....		3,882	3,882	3,795	3,871		11		11		3,882			0	104	11/15/2021...	3FE.....
909287 AA 2	UAL 2007 TRUST.....		07/02/2016..	SINKING FUND REDEMPTION.....		75,163	75,163	81,443	75,690		(527)		(527)		75,163			0	4,988	07/02/2022...	2FE.....
91474@ AA 2	UNIVERSITY OF MICHIGAN.....		09/15/2016..	SINKING FUND REDEMPTION.....		15,341	15,341	15,341	15,341				0		15,341			0	361	06/15/2039...	1FE.....
92930R AF 9	WFRBS 2012-C9 XA.....		09/01/2016..	INTEREST ONLY PAYMENT.....				13,486			(13,486)		(13,486)					0	2,015	11/15/2045...	1FE.....
92936T AF 9	WFRBS 2012-C7 XA.....		09/01/2016..	INTEREST ONLY PAYMENT.....				42,233	31,025		(42,233)		(42,233)					0	5,803	06/15/2045...	1FE.....
94974B GT 1	WELLS FARGO CO.....		09/02/2016..	JEFFERIES & CO.....		2,112,100	2,000,000	1,997,680			9		9		1,997,689		114,411	114,411	20,533	06/14/2046...	1FE.....
949834 AA 3	WFMS 2007-14 1A1.....		09/30/2016..	MBS PAYDOWN.....		87,248	112,705	103,559	84,968		2,280		2,280		87,248			0	4,597	10/25/2037...	1FM.....
94989D AZ 2	WFCM 2015-C27 XA.....		09/01/2016..	INTEREST ONLY PAYMENT.....				5,937	5,397		(5,397)		(5,397)					0	571	02/15/2048...	1FE.....
94989V AG 4	WFCM 2015-NXS3 XA.....		09/01/2016..	INTEREST ONLY PAYMENT.....				7,695	7,434		(7,434)		(7,434)					0	878	09/15/2057...	1FE.....
94989Y BC 6	WFCM 2016-C32 XA.....		09/01/2016..	INTEREST ONLY PAYMENT.....				6,507			(6,507)		(6,507)					0	501	01/15/2059...	1FE.....
97655J AH 5	WIN 2016-1 1A8.....		09/01/2016..	MBS PAYDOWN.....		982,608	982,608	1,001,646			(5,429)		(5,429)		982,608			0	19,941	01/20/2046...	1FE.....
BCC28G EW 7	ATLSS 2014-1 B.....		09/15/2016..	MBS PAYDOWN.....		187,200	187,200	187,200	187,200				0		187,200			0	8,567	12/15/2039...	2FE.....
05330K AA 3	AUTO METRO PR.....	F	09/30/2016..	SINKING FUND REDEMPTION.....		10,000	10,000	9,631	9,631				0		9,631		369	369	506	06/30/2035...	3FE.....
48248B AA 4	KKR 2007-1A E.....	F	08/16/2016..	CALL at 100.000.....		2,500,000	2,500,000	2,499,750	2,500,000				0		2,500,000			0	104,922	05/15/2021...	1FE.....
49638T AN 3	KING 2006-3A C2.....	F	08/25/2016..	CALL at 100.000.....		1,800,000	1,800,000	1,806,750			(6,750)		(6,750)		1,800,000			0	64,359	08/24/2021...	2FE.....
57064H AA 3	MPLT 2015-OD4 A.....	E	09/17/2016..	MBS PAYDOWN.....		1,449,998	1,449,998	1,443,450	1,442,733		7,266		7,266		1,449,998			0	30,341	12/18/2017...	1FE.....
77426N AA 1	ROCKW 2007-1A A1A.....	F	08/01/2016..	MBS PAYDOWN.....		715,726	715,726	693,359	706,349		9,376		9,376		715,726			0	4,217	08/01/2024...	1FE.....
904764 AH 0	UNILEVER CAPITAL.....		09/29/2016..	SUSQUEHANNA INTL.....		11,300,976	7,990,000	8,076,851	8,056,350		(1,807)		(1,807)		8,054,543		3,246,433	3,246,433	417,722	11/15/2032...	1FE.....
EF6935 10 2	MITCHELLS & BUTLER.....	F	09/15/2016..	MBS PAYDOWN.....		86,347	86,347	72,267	85,376		971		971		86,347			0	692	12/15/2030...	1FE.....
3899999. Total Bonds - Industrial and Miscellaneous.....						59,341,944	56,004,267	53,263,663	45,672,462	0	408,319	0	408,319	0	55,422,690	0	3,919,254	3,919,254	2,443,941	XXX	XXX
8399997. Total Bonds - Part 4.....						74,483,750	71,214,581	68,102,782	60,469,345	0	(35,064)	0	(35,064)	0	69,776,193	0	4,707,558	4,707,558	2,856,952	XXX	XXX
8399999. Total Bonds.....						74,483,750	71,214,581	68,102,782	60,469,345	0	(35,064)	0	(35,064)	0	69,776,193	0	4,707,558	4,707,558	2,856,952	XXX	XXX

QE05.3

Preferred Stocks - Industrial and Miscellaneous

464288 68 7	ISHARES US PREFERRED STOCK.....		09/20/2016..	WELLS FARGO.....		125,000,000	4,923,118		4,994,113				0		4,994,113		(70,995)	(70,995)	43,746	XXX	P4L.....
8499999. Total Preferred Stocks - Industrial and Miscellaneous.....						4,923,118	XXX	4,994,113	0	0	0	0	0	0	4,994,113	0	(70,995)	(70,995)	43,746	XXX	XXX
8999997. Total Preferred Stocks - Part 4.....						4,923,118	XXX	4,994,113	0	0	0	0	0	0	4,994,113	0	(70,995)	(70,995)	43,746	XXX	XXX
8999999. Total Preferred Stocks.....						4,923,118	XXX	4,994,113	0	0	0	0	0	0	4,994,113	0	(70,995)	(70,995)	43,746	XXX	XXX

Common Stocks - Industrial and Miscellaneous

035710 40 9	ANNALY CAPITAL MANAGEMENT INC.....		09/12/2016..	WELLS FARGO.....		225,944,000	2,367,959	XXX	2,310,654				0		2,310,654		57,305	57,305	39,491	XXX	L.....
042315 50 7	ARMOUR RESIDENTIAL REIT.....		09/26/2016..	WELLS FARGO.....		53,400,000	1,194,449	XXX	1,024,451				0		1,024,451		169,999	169,999	38,416	XXX	L.....
09248X 10 0	BLACK ROCK BUILDAMERICA BOND.....		09/12/2016..	WELLS FARGO.....		13,500,000	326,730	XXX	302,886	283,230	19,656		19,656		302,886		23,844	23,844	14,234	XXX	L.....
19624R 10 6	COLONY MORTGAGE CAPITAL LTD.....		09/28/2016..	WELLS FARGO.....		102,259,000	1,859,961	XXX	1,838,673				0		1,838,673		21,288	21,288	40,904	XXX	L.....
41902R 10 3	HATTERAS FINANCIAL CORP.....		07/15/2016..	TENDER OFFER.....		165,600,000	2,624,760	XXX	2,903,154	1,717,390	688,260		688,260		2,903,154		(278,394)	(278,394)	222,389	XXX	L.....
64828T 20 1	NEW RESIDENTIAL INVESTMENT.....		09/09/2016..	WELLS FARGO.....		33,100,000	468,053	XXX	415,513				0		415,513		52,540	52,540	15,226	XXX	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	Forfeiture	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 B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	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)
66706L 10 1	NORTHSTAR REALITY EUROPE.....		09/26/2016	WELLS FARGO.....	72,066.000	795,495	XXX	803,520					0		803,520		(8,025)	(8,025)	14,791	XXX	L.....
9099999	Total Common Stocks - Industrial and Miscellaneous.....					9,637,407	XXX	9,598,851	2,000,620	707,916	0	0	707,916	0	9,598,851	0	38,557	38,557	385,451	XXX	XXX
9799997	Total Common Stocks - Part 4.....					9,637,407	XXX	9,598,851	2,000,620	707,916	0	0	707,916	0	9,598,851	0	38,557	38,557	385,451	XXX	XXX
9799999	Total Common Stocks.....					9,637,407	XXX	9,598,851	2,000,620	707,916	0	0	707,916	0	9,598,851	0	38,557	38,557	385,451	XXX	XXX
9899999	Total Preferred and Common Stocks.....					14,560,525	XXX	14,592,964	2,000,620	707,916	0	0	707,916	0	14,592,964	0	(32,438)	(32,438)	429,197	XXX	XXX
9999999	Total Bonds, Preferred and Common Stocks.....					89,044,275	XXX	82,695,746	62,469,965	707,916	(35,064)	0	672,852	0	84,369,157	0	4,675,120	4,675,120	3,286,149	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

**Sch. DB - Pt. A - Sn. 1
NONE**

**Sch. DB - Pt. B - Sn. 1
NONE**

**Sch. DB - Pt. D - Sn. 1
NONE**

**Sch. DB - Pt. D - Sn. 2
NONE**

**Sch. DL - Pt. 1
NONE**

**Sch. DL - Pt. 2
NONE**

Statement as of September 30, 2016 of the **PENN INSURANCE AND ANNUITY COMPANY**
SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
State Street.....	New York, NY.....				5,993,211	7,138,347	9,731,668	XXX
FHLB.....	Pittsburgh, PA.....				158,490	1,158,493	1,327,246	XXX
JP Morgan Chase.....	Springfield, IL.....				62,316	72,536	61,899	XXX
Northern Trust Bank.....	Chicago, IL.....				13,499	18,533	(36,492)	XXX
PNC Bank.....	Philadelphia, PA.....				(4,777,676)	2,010,953	1,168,868	XXX
0199999. Total Open Depositories.....	XXX	XXX	0	0	1,449,839	10,398,862	12,253,189	XXX
0399999. Total Cash on Deposit.....	XXX	XXX	0	0	1,449,839	10,398,862	12,253,189	XXX
0599999. Total Cash.....	XXX	XXX	0	0	1,449,839	10,398,862	12,253,189	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 & Accrued	8 Amount Received During Year
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NONE

QE13