

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name HC2 Holdings, Inc.		2 Issuer's employer identification number (EIN) 54-1708481	
3 Name of contact for additional information Robert Meloni	4 Telephone No. of contact 703-865-0717	5 Email address of contact rmeloni@hc2.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 505 Huntmar Park Drive, Suite 325		7 City, town, or post office, state, and Zip code of contact Herndon, VA 20170	
8 Date of action July 15, 2015		9 Classification and description Preferred stock	
10 CUSIP number 741929301	11 Serial number(s) N/A	12 Ticker symbol	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On July 15, 2015, HC2 Holdings, Inc. (HC2) made cash distributions to its preferred shareholders on record on June 30, 2015, as follows:
\$19.00 per share of Series A preferred stock for a total of \$570,145
\$18.768 per share of Series A-1 preferred stock for a total of \$187,688
\$18.75 per share of Series A-2 preferred stock for a total of \$262,500

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The distributions per share were \$19.00, \$18.768, and \$18.75 respectively.
\$0.00 per share is estimated to be taxable dividend (with no effect on basis). The remaining \$19.00, \$18.768, and \$18.75 per share is a reduction in the stock basis in each share. To the extent the tax basis in a share is less than \$19.00, \$18.768, or \$18.75 per share, the excess over the basis in that share is recognized as capital gain.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ When a cash distribution (or other distribution of property) is made by a corporation it is treated as a taxable dividend to the extent of the current and accumulated earning and profits ("E&P") of that corporation at the date of the distribution or, in certain cases, at the end of the tax year in which the distribution was made. In order to determine what portion of this cash distribution should be treated as a taxable dividend versus return of capital/ capital gain, HC2 completed a computation of E&P as of December 31, 2015, with an estimate of the current E&P for the year ended December 31, 2015. According to this computation, HC2 had approximately \$0.00 of E&P per outstanding share of stock. As a result, the distributions of \$19.00, \$18.768, and \$18.75 per share resulted in a dividend of \$0.00 per share as a reduction in basis of up to \$19.00, \$18.768, and \$18.75 per share.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

Section 316 - Dividend defined _____

Section 317 - Property defined _____

Section 301(c) - Distributions of property _____

Section 312 - Effect on earnings and profits _____

Reg. Section 1.1502-33 Earnings and profits as applies to taxpayers filing a consolidated federal income tax return _____

18 Can any resulting loss be recognized? ▶ This distribution would not create a loss

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The adjustment to basis would be taken into account in the tax year of the shareholder during which the distribution was received (e.g., 2015 for calendar year taxpayers).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Keith M. Hladek* Date ▶ 1/15/2016

Print your name ▶ Keith Hladek Title ▶ COO

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
<u>David J. Sharkey</u>	<u><i>[Signature]</i></u>	<u>1/15/2016</u>		<u>P00536618</u>
Firm's name ▶ <u>RyanSharkey, LLP</u>	Firm's EIN ▶ <u>20-0298559</u>		Phone no. <u>703-652-1124</u>	
Firm's address ▶ <u>12700 Sunrise Valley Drive, Suite 450, Reston, VA 20191</u>				

Part II Organizational Action (continued)

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Keith M. Hladek*

Date ▶ 1/15/2016

Print your name ▶ Keith Hladek

Title ▶ COO

Paid Preparer Use Only

Print/Type preparer's name
David J. Sharkey

Preparer's signature
[Signature]

Date
1/15/2016

Check if self-employed PTIN
P00536618

Firm's name ▶ RyanSharkey, LLP

Firm's EIN ▶ 20-0298559

Firm's address ▶ 12700 Sunrise Valley Drive, Suite 450, Reston, VA 20191

Phone no. 703-652-1124

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1 Issuer's name		2 Issuer's employer identification number (EIN)	
HC2 Holdings, Inc.		54-1708481	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Robert Meloni	703-865-0717	rmeloni@hc2.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
505 Huntmar Park Drive, Suite 325		Herndon, VA 20170	
8 Date of action		9 Classification and description	
December 14, 2015		Preferred stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
741929301	N/A		N/A

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14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On December 14, 2015, HC2 Holdings, Inc. (HC2) made a \$15.626 per share cash distribution to its Series A preferred shareholders on record on December 14, 2015, for a total of \$12,938.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The distribution per share was \$15.626. \$0.00 per share is estimated to be taxable dividend (with no effect on basis). The remaining \$15.626 per share is a reduction in the stock basis in each share. To the extent the tax basis in a share is less than \$15.626 per share, the excess over the basis in that share is recognized as capital gain.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ When a cash distribution (or other distribution of property) is made by a corporation it is treated as a taxable dividend to the extent of the current and accumulated earning and profits ("E&P") of that corporation at the date of the distribution or, in certain cases, at the end of the tax year in which the distribution was made. In order to determine what portion of this cash distribution should be treated as a taxable dividend versus return of capital/ capital gain, HC2 completed a computation of E&P as of December 31, 2015, with an estimate of the current E&P for the year ended December 31, 2015. According to this computation, HC2 had approximately \$0.00 of E&P per outstanding share of stock. As a result, the distribution of \$15.626 per share resulted in a dividend of \$0.00 per share as a reduction in basis of up to \$15.626 per share.

