

Form **8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

▶ 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 Michael Sena	4 Telephone No. of contact 212-235-2690	5 Email address of contact msena@hc2.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 450 Park Avenue, 30th Floor		7 City, town, or post office, state, and Zip code of contact New York, NY 10022	
8 Date of action April 15, 2016		9 Classification and description Preferred Stock	
10 CUSIP number 741929301	11 Serial number(s) N/A	12 Ticker symbol HCHC	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 April 15, 2016, HC2 Holdings, Inc. (HC2) made cash distributions to its preferred shareholders on record on March 31, 2016, as follows:
\$19.00 per share of Series A preferred stock for a total of \$537,989
\$18.77 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, \$18.77, and \$18.75 respectively. \$0.00 per share is estimated to be taxable dividend (with no effect on basis). The remaining \$19.00, \$18.77, 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, \$18.77, and \$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 earnings 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, 2016, with an estimate of the current E&P for the year ended December 31, 2016. 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, \$18.77, and \$18.75 per share resulted in a dividend of \$0.00 per share as a reduction in basis of up to \$19.00, \$18.77, and \$18.75 per share.

For Paperwork Reduction Act Notice, see the separate Instructions.

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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., 2016 for calendar year taxpayers).

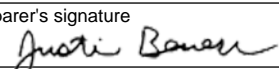
Sign Here

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.

Signature ▶  Date ▶ 1/13/2017

Print your name ▶ Michael Sena Title ▶ CFO

Paid Preparer Use Only

Print/Type preparer's name <u>PRICEWATERHOUSECOOPERS LLP</u>	Preparer's signature 	Date <u>01/13/2017</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P01440910</u>
Firm's name ▶ <u>PRICEWATERHOUSECOOPERS LLP</u>			Firm's EIN ▶ <u>13-4008324</u>	
Firm's address ▶ <u>300 MADISON AVENUE NEW YORK, NY 10017</u>			Phone no. <u>646-471-3000</u>	