

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 703-639-4794	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 460 Herndon Parkway Suite 150		7 City, town, or post office, state, and Zip code of contact Herndon, Va 20170	
8 Date of action July 15, 2014		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, 2014, HC2 Holdings, Inc. (HC2) made a cash distribution of \$6.67 per share of Series A preferred stock for a total of \$200,000 to its preferred shareholders on record on June 30, 2014.**

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 \$6.67. \$0.00 per share is estimated to be a taxable dividend (with no effect on basis). The remaining \$6.67 per share is a reduction in the stock basis in each share. To the extent the tax basis in a share is less than \$6.67 per share, the excess of \$6.67 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, 2013, with an estimate of the current E&P for the year ended December 31, 2014. According to this computation, HC2 had approximately \$0.00 of E&P per outstanding share of stock. As a result, the distribution of \$6.67 per share resulted in a dividend of \$0.00 per share as a reduction in basis of up to \$6.67 per share.**

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6 Number and street (or P.O. box if mail is not delivered to street address) of contact 460 Herndon Parkway Suite 150		7 City, town, or post office, state, and Zip code of contact Herndon, Va 20170	
8 Date of action October 15, 2014		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 October 15, 2014, HC2 Holdings, Inc. (HC2) made a cash distribution of \$18.81667 per share of Series A preferred stock and \$1.875 per share of Series A-1 preferred stock for a total of \$585,125 to its preferred shareholders on record on September 30, 2014.**

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 Series A share was \$18.81667. The distribution per Series A-1 was \$1.875. \$0.00 per share is estimated to be a taxable dividend. The remaining \$18.81667 and \$1.875 per share is a reduction in the stock basis in each share. To the extent the tax basis in a share is less than \$18.81667 per Series A share and \$1.875 per Series A-1 share, the excess of \$18.81667 and \$1.875 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, 2013, with an estimate of the current E&P for the year ended December 31, 2014. According to this computation, HC2 had approximately \$0.00 of E&P per outstanding share of stock. As a result, the distribution of \$18.81667 per Series A share and \$1.875 per Series A-1 share resulted in a dividend of \$0.00 per share as a reduction in basis of up to \$18.81667 per Series A share and \$1.875 per Series A-1 share.**

