HC2 Holdings, Inc.
Form PRE 14A
April 11, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant o
Check the appropriate box:

Preliminary Proxy Statement
o **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12
HC2 Holdings, Inc.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):
No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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April __, 2016

Dear HC2 Holdings, Inc. Stockholder:

It is my pleasure to invite you to attend the 2016 Annual Meeting of Stockholders (the 2016 Annual Meeting) of HC2 Holdings, Inc. (HC2 or the Company). We will hold the 2016 Annual Meeting on Tuesday, June 14, 2016 at 10:00 a.m., Eastern Daylight Saving Time, at the offices of Latham & Watkins LLP, 885 Third Avenue, 12th floor, New York, NY 10022-4834.

This year we are furnishing our proxy materials via the Internet. Providing our proxy materials to stockholders electronically allows us to be green by conserving natural resources and reducing our printing and mailing costs related to the distribution of the proxy materials. To ensure your representation at the 2016 Annual Meeting, we urge you to cause your shares to be voted via the Internet at www.proxyvote.com or by telephone by following the instructions on the Notice of Internet Availability of Proxy Materials (the Notice) that you received in the mail and that is also provided on that website, or, if you have requested a paper copy of the proxy materials and the proxy card by mail, by signing, voting and returning your proxy card to HC2 Holdings, Inc., Voting Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. For specific instructions on how to vote your shares, please review the instructions for each of these voting options that are detailed in the Notice and in the accompanying Proxy Statement. Whether or not you expect to attend the 2016 Annual Meeting, please vote your shares in order to ensure the presence of a quorum. If you attend the 2016 Annual Meeting, you may vote in person even if you have previously returned your proxy card or have voted via the Internet or by telephone.

In addition to their availability at www.proxyvote.com, the Proxy Statement, the Notice and our Annual Report on Form 10-K for the year ended December 31, 2015 are available for viewing and printing under the Investor Relations—Proxy Materials section of our website at www.hc2.com.

Thank you for your continued support and interest in HC2. We look forward to seeing you at the 2016 Annual Meeting on June 14, 2016.

Very truly yours,

Philip A. Falcone
Chairman, President and Chief Executive Officer

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HC2 Holdings, Inc.
505 Huntmar Park Drive, Suite 325
Herndon, VA 20170

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To our Stockholders:

HC2 Holdings, Inc. (HC2 or the Company) will hold its 2016 Annual Meeting of Stockholders (the 2016 Annual Meeting) on Tuesday, June 14, 2016, at 10:00 a.m., Eastern Daylight Saving Time, at the offices of Latham & Watkins LLP, 885 Third Avenue, 12th floor, New York, NY 10022-4834. At the 2016 Annual Meeting, holders of HC2 s outstanding stock will be asked to vote upon the following proposals:

1. To elect the five (5) nominees identified in the accompanying Proxy Statement as directors of the Company, each to hold office until the 2017 Annual Meeting of Stockholders and until his successor is duly elected and qualified, as outlined below.
   a. Philip A. Falcone, Wayne Barr, Jr., Warren Gfeller and Robert V. Leffler are to be elected by a plurality of the votes received from holders of HC2's common stock, Series A Convertible Participating Preferred Stock (the Series A Preferred Stock), Series A-1 Convertible Participating Preferred Stock (the Series A-1 Preferred Stock) and Series A-2 Convertible Participating Preferred Stock (the Series A-2 Preferred Stock and, together with the Series A Preferred Stock and Series A-1 Preferred Stock, the Preferred Stock), voting as a single class and with the Preferred Stock voting on an as-converted basis.
   b. Lee Hillman is to be elected by the affirmative vote of the holders of more than 75% of HC2's outstanding Series A Preferred Stock and Series A-1 Convertible Participating Preferred Stock, voting together as a separate class.
2. To approve, on a non-binding, advisory basis, the compensation of our named executive officers (also known as a Say on Pay vote).
3. To approve an amendment to the Company's Certificate of Incorporation to provide that holders of common stock shall not be entitled to vote on any amendment to the Certificate of Incorporation (including any certificate of designation) relating solely to the terms of one or more series of the Company's preferred stock.

This proposal requires the favorable vote of both:

   a. A majority of the votes entitled to be cast by holders of HC2's outstanding shares of common stock and Preferred Stock, voting together as a single class and with the Preferred Stock voting on an as-converted basis; and
   b. A majority of the votes entitled to be cast by holders of HC2's outstanding shares of common stock, voting as a separate class.

4. To approve an amendment and restatement of the Certificate of Designation for the Series A Preferred Stock to, among other things, adjust the conversion price of the Series A Preferred Stock in certain circumstances.

This proposal requires the favorable vote of both:

   a. A majority of the votes entitled to be cast by holders of HC2's outstanding shares of common stock and Preferred Stock, voting together as a single class and with the Preferred Stock voting on an as-converted basis; and
   b. More than 75% of the votes entitled to be cast by holders of HC2's outstanding shares of Series A Preferred Stock, voting as a separate class in their capacity as preferred stockholders (and not on an as-converted basis).

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5. To approve an amendment and restatement of the Certificate of Designation for the Series A-1 Preferred Stock to, among other things, adjust the conversion price of the Series A-1 Preferred Stock in certain circumstances.

This proposal requires the favorable vote of both:

a. A majority of the votes entitled to be cast by holders of HC2's outstanding shares of common stock and Preferred Stock, voting together as a single class and with the Preferred Stock voting on an as-converted basis; and
b. More than 75% of the votes entitled to be cast by holders of HC2's outstanding shares of Series A-1 Preferred Stock, voting as a separate class in their capacity as preferred stockholders (and not on an as-converted basis).

6. To approve an amendment and restatement of the Certificate of Designation for the Series A-2 Preferred Stock to make certain technical and administrative changes.

This proposal requires the favorable vote of both:

a. A majority of the votes entitled to be cast by holders of HC2's outstanding shares of common stock and Preferred Stock, voting together as a single class and with the Preferred Stock voting on an as-converted basis; and
b. More than 75% of the votes entitled to be cast by holders of HC2's outstanding shares of Series A-2 Preferred Stock, voting as a separate class in their capacity as preferred stockholders (and not on an as-converted basis).

7. To consider and take action upon any other business that may properly come before the 2016 Annual Meeting or any continuations, postponements or adjournments thereof.

Only stockholders of record of HC2 s stock as of the close of business on April 18, 2016, which is the record date for the 2016 Annual Meeting, are entitled to notice of, and to vote at, the 2016 Annual Meeting and any continuations, adjournments or postponements of the 2016 Annual Meeting. A list of stockholders of record will be available at the 2016 Annual Meeting and for the 10 days prior to the 2016 Annual Meeting, during ordinary business hours, at the office of the Secretary of HC2, 505 Huntmar Park Drive, Suite 325, Herndon, VA 20170.

All stockholders are cordially invited to attend the 2016 Annual Meeting. You must bring with you proof of stock ownership as of the April 18, 2016 record date and a valid personal photo identification card, such as a driver s license or passport, in order to be admitted to the 2016 Annual Meeting.

Your vote is important. We appreciate your taking the time to vote promptly. After reading the accompanying Proxy Statement, please cause your shares to be voted at your earliest convenience to ensure the presence of a quorum by voting over the Internet, by telephone, or, if you have requested a paper copy of the proxy materials and the proxy card by mail, by completing, signing and returning the proxy card in the postage pre-paid envelope accompanying the proxy materials, as described in the Notice of Internet Availability of Proxy Materials. Submitting your proxy before the 2016 Annual Meeting will not preclude you from voting in person at the 2016 Annual Meeting if you decide to attend.

The Board of Directors of HC2 recommends that stockholders vote:

- **FOR the election of the five (5) nominees identified in the accompanying Proxy Statement as directors (Proposal 1).**
- **FOR the approval of, on a non-binding, advisory basis, the compensation of our named executive officers (Proposal 2).**
- **FOR the approval of an amendment to the Company's Certificate of Incorporation to provide that holders of common stock shall not be entitled to vote on any amendment to the Certificate of**

Incorporation (including any certificate of designation) relating solely to the terms of one or more series of the Company's preferred stock (Proposal 3).

- **FOR the approval of the amendment and restatement of the Certificate of Designation for the Series A Preferred Stock to, among other things, adjust the conversion price of the Series A Preferred Stock in certain circumstances (Proposal 4).**

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- **FOR the approval of the amendment and restatement of the Certificate of Designation for the Series A-1 Preferred Stock to, among other things, adjust the conversion price of the Series A-1 Preferred Stock in certain circumstances (Proposal 5).**
- **FOR the approval of the amendment and restatement of the Certificate of Designation for the Series A-2 Preferred Stock to make certain technical and administrative changes (Proposal 6).**

By Order of the Board of Directors,

Paul Robinson, Esq.
Chief Legal Officer and Corporate Secretary
Herndon, Virginia

April __, 2016

YOUR VOTE IS VERY IMPORTANT. PLEASE CAUSE YOUR SHARES TO BE VOTED AS PROMPTLY AS POSSIBLE BY USING THE INTERNET OR TELEPHONE OR, IF YOU HAVE REQUESTED A PAPER COPY OF THE PROXY MATERIALS AND THE PROXY CARD BY MAIL, BY COMPLETING, SIGNING AND RETURNING THE PROXY CARD IN THE ENVELOPE PROVIDED WITH YOUR PROXY MATERIALS, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. STOCKHOLDERS WHO DECIDE TO ATTEND THE 2016 ANNUAL MEETING MAY, IF THEY SO DESIRE, REVOKE THEIR PROXIES AND VOTE THEIR SHARES IN PERSON.

AS DESCRIBED IN THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS, COPIES OF THE PROXY STATEMENT AND OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2015 ARE AVAILABLE AT www.proxyvote.com.

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HC2 Holdings, Inc.
505 Huntmar Park Drive, Suite 325
Herndon, VA 20170

Annual Meeting of Stockholders
June 14, 2016
PROXY STATEMENT

GENERAL INFORMATION ABOUT THE 2016 ANNUAL MEETING

Why Am I Receiving Proxy Materials?

The Board of Directors (the Board) of HC2 Holdings, Inc. (HC2 or the Company) is soliciting your proxy to vote at the 2016 Annual Meeting of Stockholders (the 2016 Annual Meeting) to be held at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, NY 10022-4834, on June 14, 2016, at 10:00 a.m., Eastern Daylight Saving Time, and any continuations, adjournments or postponements of the 2016 Annual Meeting. HC2 expects to mail the Notice of Internet Availability of Proxy Materials (the Notice) to all stockholders entitled to vote at the 2016 Annual Meeting on or about May _, 2016. The purpose of the 2016 Annual Meeting and the matters to be acted upon are set forth in this Proxy Statement, the Notice of Annual Meeting of Stockholders and the Notice.

Why Did I Receive a One-Page Notice of Internet Availability of Proxy Materials this Year Instead of a Full Set of Proxy Materials?

The rules and regulations of the U.S. Securities and Exchange Commission (the SEC) allow us to furnish proxy materials, including this Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2015, by providing access to such documents on the Internet instead of mailing a printed copy of such proxy materials to each shareholder of record. The Notice provides instructions on how to access and review all of the proxy materials and how to submit your proxy on the Internet. As described in the Notice, any stockholder, at no cost to the stockholder, may request to receive proxy materials in printed form by mail or electronically by e-mail. If you would like to receive a printed or e-mail copy of the proxy materials, you should follow the instructions for requesting such materials in the Notice. Our Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2015 are available at www.proxyvote.com and under the Investor Relations—Proxy Materials section of our website at www.hc2.com.

Who Can Vote?

Stockholders who owned HC2 s common stock, Series A Convertible Participating Preferred Stock (Series A Preferred Stock), Series A-1 Convertible Participating Preferred Stock (Series A-1 Preferred Stock) or Series A-2 Convertible Participating Preferred Stock (Series A-2 Preferred Stock and, together with the Series A Preferred Stock and Series A-1 Preferred Stock, the Preferred Stock) as of the close of business on April 18, 2016 are entitled to vote at the 2016 Annual Meeting.

How Many Votes Do I Have?

Each share of common stock then outstanding on the record date entitles the holder thereof to one vote, without cumulation, on each matter to be voted upon at the meeting, as further described in this Proxy Statement. Holders of Preferred Stock will vote together as a single class with holders of common stock, on an as-converted basis, with respect to all matters except the election of Mr. Hillman, or the Preferred Elected Director (as defined below under Proposal 1—Election of Directors). In addition, holders of Series A Preferred Stock will vote as a separate class on

Proposal 4; holders of Series A-1 Preferred Stock will vote as a separate class on Proposal 5; and holders of Series A-2 Preferred Stock will vote as a separate class on Proposal 6, with each share of Series A Preferred Stock, Series A-1 Preferred Stock and Series A-2 Preferred Stock, as applicable, entitling the holder thereof to one vote on the matter. Holders of Series A Preferred Stock and Series A-1 Preferred Stock will vote together as a separate class for the election of the Preferred Elected Director, with each share of Series A Preferred Stock and Series A-1 Preferred Stock entitling the holder thereof to one vote on that matter.

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As of the record date for the 2016 Annual Meeting, there were (i) _____ shares of common stock outstanding, (ii) 30,000 shares of Series A Preferred Stock outstanding, or _____ shares of common stock on an as-converted basis, (iii) _____ shares of Series A-1 Preferred Stock outstanding, or _____ shares of common stock on an as-converted basis, and (iv) _____ shares of Series A-2 Preferred Stock outstanding, or _____ shares of common stock on an as-converted basis, or a total of _____ shares of common stock (including the Preferred Stock on an as-converted basis) outstanding and entitled to vote.

How Do I Vote?

Whether or not you plan to attend the 2016 Annual Meeting, we urge you to vote by proxy. If you vote by proxy, the individuals named on the proxy card, or your proxies, will vote your shares in the manner you indicate. If you submit a proxy but do not indicate any voting instructions, shares of our voting stock represented by proxies will be voted in accordance with the Board s recommendations. Voting by proxy will not affect your right to attend the 2016 Annual Meeting.

If your shares are registered directly in your name through our stock transfer agent, Broadridge Corporate Issuer Solutions, Inc., or you have stock certificates registered in your name, you may vote:

- **By Internet or by telephone.** Follow the instructions included in the Notice to vote by Internet or telephone. Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m., Eastern Daylight Saving Time, on June 13, 2016.
- **By mail.** As described in the Notice, you may request printed proxy materials, in which case you may complete, sign and return the proxy card in the postage pre-paid envelope accompanying the proxy materials so that it is received prior to the 2016 Annual Meeting.
- **In person at the 2016 Annual Meeting.** If you attend the 2016 Annual Meeting, you may deliver your completed proxy card in person or you may vote your shares in person by completing a ballot, which will be available at the 2016 Annual Meeting.

If your shares are held in street name (meaning the shares are held in the name of a bank, broker or other nominee who is the record holder), you must provide the bank, broker or other nominee with instructions on how to vote your shares and can do so as follows:

- **By Internet or by telephone.** Follow the instructions you receive from the bank, broker or other nominee to vote by Internet or telephone.
- **By mail.** You will receive instructions from the bank, broker or other nominee explaining how to vote your shares.
- **In person at the 2016 Annual Meeting.** Contact the bank, broker or other nominee who holds your shares to obtain a legal proxy and bring it with you to the 2016 Annual Meeting. You will not be able to vote in person at the 2016 Annual Meeting unless you have a legal proxy from your bank, broker or other nominee.

How Does the Board Recommend that I Vote on the Proposals?

The Board recommends that you vote as follows:

- **FOR** the election of the five (5) nominees identified in this Proxy Statement as directors (Proposal 1).
- **FOR** the approval, by non-binding vote, of the compensation of our named executive officers (also known as a Say on Pay vote) (Proposal 2).
- **FOR** the approval of an amendment to the Company’s Certificate of Incorporation to provide that holders of common stock shall not be entitled to vote on any amendment to the Certificate of Incorporation (including any certificate of designation) relating solely to the terms of one or more series of the Company’s preferred stock (Proposal 3).

- **FOR** the approval of the amendment and restatement of the Certificate of Designation for the Series A Preferred Stock to, among other things, adjust the conversion price of the Series A Preferred Stock in certain circumstances (Proposal 4).

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- **FOR** the approval of the amendment and restatement of the Certificate of Designation for the Series A-1 Preferred Stock to, among other things, adjust the conversion price of the Series A-1 Preferred Stock in certain circumstances (Proposal 5).
- **FOR** the approval of the amendment and restatement of the Certificate of Designation for the Series A-2 Preferred Stock to make certain technical and administrative changes (Proposal 6).

If any other matter is presented at the 2016 Annual Meeting, your proxy provides that your shares will be voted by the proxy holder listed on the proxy card in accordance with his or her discretion. As of the time this Proxy Statement was printed, we knew of no matters that need to be acted on at the 2016 Annual Meeting, other than those described in this Proxy Statement.

May I Change or Revoke My Proxy?

You may change or revoke your previously submitted proxy at any time before the 2016 Annual Meeting or, if you attend the 2016 Annual Meeting in person, at the 2016 Annual Meeting.

If you hold your shares as a record holder, you may change or revoke your proxy in any one of the following ways:

- By re-voting at a subsequent time by Internet or by telephone as instructed above;
- By signing a new proxy card with a date later than your previously delivered proxy and submitting it as instructed above;
- By delivering a signed revocation letter to Paul Robinson, the Company's Corporate Secretary, at the Company's address above before the 2016 Annual Meeting, which states that you have revoked your proxy; or
- By attending the 2016 Annual Meeting and voting in person. Attending the 2016 Annual Meeting in person will not in and of itself revoke a previously submitted proxy. You must specifically request at the 2016 Annual Meeting that it be revoked.

Your latest dated proxy card, Internet or telephone vote is the one that is counted.

If your shares are held in the name of a bank, broker or other nominee, you may change your voting instructions by following the instructions of your bank, broker or other nominee.

What if I Receive More Than One Notice or Proxy Card?

You may receive more than one Notice or, if you have requested proxy materials, more than one proxy card, if you hold shares of our common stock or Preferred Stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described under How Do I Vote? for each account to ensure that all of your shares are voted.

Will My Shares be Voted if I Do Not Vote or Instruct my Nominee How to Vote?

If your shares are registered in your name, they will not be voted if you do not vote by Internet, by telephone, by completing, signing and returning your proxy card, if you have requested printed proxy materials, or in person at the 2016 Annual Meeting, as described above under How Do I Vote?

With respect to shares held in street name, your bank, broker or other nominee generally has the discretionary authority to vote uninstructed shares on routine matters, but cannot vote such uninstructed shares on non-routine matters. A broker non-vote will occur if your bank, broker or other nominee cannot vote your shares on a particular matter because it has not received instructions from you and does not have discretionary voting authority on that matter or because your bank, broker or other nominee chooses not to vote on a matter for which it does have discretionary voting authority. Proposals 1, 2, 3, 4, 5 and 6 are considered non-routine matters under applicable rules, and therefore your bank, broker or other nominee does not have discretionary authority to vote your uninstructed shares on such matters. Therefore, if you hold your shares in street name, it is critical that you instruct your bank, broker or other nominee how to vote if you want your vote to be counted.

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What Vote is Required to Approve Each Proposal and How are Votes Counted?

Proposal 1: **Elect Directors**	a. Messrs. Barr, Falcone, Gfeller and Leffler are to be elected by a plurality of the votes received from holders of HC2's common stock and Preferred Stock, voting as a single class and with the Preferred Stock voting on an as-converted basis. This means that the four nominees who receive the most FOR votes will be elected as directors. Voting stockholders may vote either FOR any or all of these nominees or WITHHOLD their votes from any or all of these nominees. Votes that are withheld and broker non-votes will have no effect on the outcome of the election of these directors. b. Mr. Hillman, or the Preferred Elected Director, must be elected by the affirmative vote of the holders of more than 75% of HC2's outstanding Series A Preferred Stock and Series A-1 Preferred Stock, voting together as a separate class. Holders of Series A Preferred Stock and Series A-1 Preferred Stock may vote either FOR the Preferred Elected Director or AGAINST the Preferred Elected Director, or can ABSTAIN from voting on the election of the Preferred Elected Director. Abstentions and broker non-votes will have the same effect as votes against the Preferred Elected Director.
Proposal 2: **Approval of, on a non-binding, advisory basis, the compensation of our named executive officers**	The favorable vote of a majority of the votes cast by holders of HC2's common stock and Preferred Stock, voting as a single class and with the Preferred Stock voting on an as-converted basis will constitute the stockholders' non-binding approval of the compensation of our named executive officers. Abstentions and broker non-votes will have no effect on the outcome of this proposal.
Proposal 3: **Approval of the amendment to the Company's Certificate of Incorporation to provide that holders of common stock shall not be entitled to vote on any amendment to the Certificate of Incorporation (including any certificate of designation) relating solely to the terms of one or more series of the Company's preferred stock**	**To be approved, this proposal requires the favorable vote of both:** 1) A majority of the votes entitled to be cast by holders of HC2's outstanding shares of common stock and Preferred Stock, voting together as a single class and with the Preferred Stock voting on an as-converted basis; and 2) A majority of the votes entitled to be cast by holders of HC2's outstanding shares of common stock, voting together as a separate class. Abstentions and broker non-votes will have the same effect as a vote against Proposal 3.
Proposal 4: **Approval of the amendment and restatement of the Certificate of**	**To be approved, this proposal requires the favorable vote of both:** 1) A majority of the votes entitled to be cast by holders of HC2's outstanding shares of common stock and Preferred Stock, voting together as a single class

Designation for the Series A Preferred Stock to, among other things, adjust the conversion price of the Series A Preferred Stock in certain circumstances	and with the Preferred Stock voting on an as-converted basis; and 2) More than 75% of the votes entitled to be cast by holders of HC2's outstanding shares of Series A Preferred Stock, voting as a separate class in their capacity as preferred stockholders (and not on an as-converted basis). Abstentions and broker non-votes will have the same effect as a vote against Proposal 4.

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Proposal 5:	**To be approved, this proposal requires the favorable vote of both:**
Approval of the amendment and restatement of the Certificate of Designation for the Series A-1 Preferred Stock to, among other things, adjust the conversion price of the Series A-1 Preferred Stock in certain circumstances	1) A majority of the votes entitled to be cast by holders of HC2's outstanding shares of common stock and Preferred Stock, voting together as a single class and with the Preferred Stock voting on an as-converted basis; and 2) More than 75% of the votes entitled to be cast by holders of HC2's outstanding shares of Series A-1 Preferred Stock, voting as a separate class in their capacity as preferred stockholders (and not on an as-converted basis). Abstentions and broker non-votes will have the same effect as a vote against Proposal 5.
Proposal 6:	**To be approved, this proposal requires the favorable vote of both:**
Approval of the amendment and restatement of the Certificate of Designation for the Series A-2 Preferred Stock	1) A majority of the votes entitled to be cast by holders of HC2's outstanding shares of common stock and Preferred Stock, voting together as a single class and with the Preferred Stock voting on an as-converted basis; and 2) More than 75% of the votes entitled to be cast by holders of HC2's outstanding shares of Series A-2 Preferred Stock, voting as a separate class in their capacity as preferred stockholders (and not on an as-converted basis). Abstentions and broker non-votes will have the same effect as a vote against Proposal 6.

What Are the Costs of Soliciting these Proxies?

We will pay all of the costs of soliciting these proxies. Our directors, officers and employees may solicit proxies in person or by e-mail or other electronic means or by telephone. We will pay these directors, officers and employees no additional compensation for these services. We will ask banks, brokers and other nominees to forward these proxy materials to their principals and to obtain authority to execute proxies. We will then reimburse them for their reasonable, out-of-pocket expenses.

What Constitutes a Quorum for the Annual Meeting?

The presence, in person or by proxy, of the holders of a majority of the voting power of the capital stock of HC2 outstanding and entitled to vote at the 2016 Annual Meeting, including its common stock and Preferred Stock, on an as-converted basis, is necessary to constitute a quorum at the 2016 Annual Meeting, except (i) with respect to the vote to elect the Preferred Elected Director, for which a majority of the voting power of HC2 s outstanding Series A Preferred Stock and Series A-1 Preferred Stock together as a separate class present, in person or by proxy, shall constitute a quorum entitled to take action on that matter, (ii) with respect to the class vote of the common stock to approve Proposal 3, for which a majority of the voting power of HC2 s outstanding common stock present, in person or by proxy, shall constitute a quorum entitled to take action on the matter, and (iii) with respect to the class vote of the applicable series of preferred stock to approve Proposals 4, 5 and 6, respectively, for which a majority of the voting power of HC2 s outstanding Series A Preferred Stock, Series A-1 Preferred Stock and Series A-2 Preferred Stock, as applicable, present, in person or by proxy, shall constitute a quorum entitled to take action on the matter. Votes of stockholders of record who are present at the 2016 Annual Meeting in person or by proxy and abstentions will be counted for purposes of determining whether a quorum exists. A quorum is necessary before business may be transacted at the 2016 Annual Meeting except that, even if a quorum is not present, with respect to some or all matters to be voted upon, the chairman of the 2016 Annual Meeting or the holders of shares having a majority of the voting power present, in person or by proxy, with respect to the matter or matters to be voted upon, shall have the power to adjourn the 2016 Annual Meeting from time to time until a quorum is present with respect to such matter

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or matters to be voted upon. As of the record date for the 2016 Annual Meeting, there were (i) _____ shares of common stock outstanding, (ii) _____ shares of Series A Preferred Stock outstanding, or _____ shares of common stock on an as-converted basis, (iii) _____ shares of Series A-1 Preferred Stock outstanding, or _____ shares of common stock on an as-converted basis, and (iv) _____ shares of Series A-2 Preferred Stock outstanding, or _____ shares of common stock on an as-converted basis, or a total of _____ shares of common stock (including the Preferred Stock on an as-converted basis) outstanding and entitled to vote. Thus, the holders of _____ shares of common stock or its equivalents must be present in person or represented by proxy at the meeting to have a quorum for the transaction of business, except that the holders of _____ shares of Series A Preferred Stock and Series A-1 Preferred Stock must be present in person or represented by proxy at the meeting to have a quorum for the vote to elect the Preferred Elected Director.

How do I Attend the 2016 Annual Meeting?

The 2016 Annual Meeting will be held on Tuesday, June 14, 2016 at 10:00 a.m., Eastern Daylight Saving Time, at the offices of Latham & Watkins LLP, 885 Third Avenue, 12th floor, New York, NY 10022-4834. In order to be admitted into the 2016 Annual Meeting, you must present a valid personal photo identification card, such as a driver s license or passport. If your shares are held in street name, you must also bring with you proof of HC2 stock ownership as of the close of business on April 18, 2016, which is the record date for the 2016 Annual Meeting, such as the Notice you received from your bank or broker, or a bank or brokerage statement or a letter from your bank or broker evidencing your HC2 stock ownership at the close of business on the record date. The purpose of this requirement is to assist us in verifying that you are a stockholder of HC2. Should you require directions to the 2016 Annual Meeting, please call (703) 865-0700. You do not need to attend the 2016 Annual Meeting in order to vote.

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ELECTION OF DIRECTORS
(PROPOSAL 1)

The size of our Board is determined by resolution of the Board, subject to the requirements of our Second Amended and Restated Certificate of Incorporation (as amended, the Certificate of Incorporation) and Second Amended and Restated By-laws (as amended, the By-laws). Our Board currently consists of the following five directors: Wayne Barr, Jr., Philip A. Falcone, Robert V. Leffler, Robert M. Pons and Daniel Tseung. Mr. Pons, who has served on our Board since 2011, and Mr. Tseung, who has served on our Board since 2014, have not been nominated for re-election as directors at the 2016 Annual Meeting following the end of their current terms. The Board has nominated five director candidates for election as directors at the 2016 Annual Meeting: Wayne Barr, Jr., Philip A. Falcone, Warren Gfeller, Lee Hillman and Robert V. Leffler. Proxies cannot be voted for a greater number of persons than the number of nominees named in this proposal.

The Board will continue to evaluate the size of the Board and make adjustments as needed to meet the current and future needs of the Company.

Pursuant to the terms of the Company s Series A Preferred Stock and Series A-1 Preferred Stock, for so long as the holders of such Preferred Stock maintain a minimum ownership threshold of HC2 s voting stock, the holders of the Series A Preferred Stock and Series A-1 Preferred Stock are entitled, voting together as a separate class, to the exclusion of all other classes of voting stock, to elect at least one director, which number may be increased based on such holders ownership of HC2 s voting stock relative to their Board representation (the Preferred Elected Director). The holders of the Series A Preferred Stock and Series A-1 Preferred Stock have designated Mr. Hillman as the Preferred Elected Director nominee.

At the recommendation of our Nominating and Governance Committee, our Board has nominated each of Messrs. Barr, Falcone, Gfeller, Leffler and Hillman for election as a director at the 2016 Annual Meeting, to hold office until the Annual Meeting of Stockholders in 2017 and until his successor is duly elected and qualified.

The Preferred Elected Director must be elected by the affirmative vote of the holders of more than 75% of HC2 s outstanding Series A Preferred Stock and Series A-1 Preferred Stock, voting together as a separate class. Messrs. Barr, Falcone, Gfeller and Leffler are to be elected by a plurality of the votes received from holders of HC2 s common stock and Preferred Stock, voting as a single class and with the Preferred Stock voting on an as-converted basis.

If you vote by proxy, the proxy holders will vote your shares in the manner you indicate. If you submit a proxy but do not indicate any voting instructions, the persons named as proxies will vote the shares of Common Stock represented thereby for the election as directors the persons whose names and biographies appear below. All of the persons whose names and biographies appear below are currently serving as our directors, except nominees Mr. Gfeller and Mr. Hillman. Each nominee has consented to be named in this Proxy Statement, and we expect each nominee to be able to serve if elected. If any nominee is unable to serve or for good cause will not serve as a director, it is intended that proxies will be voted for a substitute nominee designated by the Board, or, in the discretion of the Board, the Board may elect to reduce its size.

The principal occupations and certain other information about the nominees for director (including the skills and qualifications that led to the conclusion that they should serve as directors) are set forth below.

The Board unanimously recommends a vote FOR the election of Messrs. Barr, Falcone, Gfeller, Leffler and Hillman as directors.

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BOARD OF DIRECTORS

Information Regarding Directors

Set forth below is certain information with respect to our nominees for election as directors at the 2016 Annual Meeting, all of whom are current directors of the Company, except Warren Gfeller and Lee Hillman. This information has been provided by each director or director nominee at the request of the Company. None of the directors or nominees is related to any other director or nominee or to any executive officer of the Company. Each of the director nominees has been nominated by our Board for election at the 2016 Annual Meeting, to hold office until the Annual Meeting of Stockholders in 2017 and until his successor is duly elected and qualified.

Director Nominees

Name	Age	Director Since
Philip A. Falcone	53	2014
Wayne Barr, Jr. (1)(2)(3)	52	2014
Warren Gfeller (4)	63	
Robert V. Leffler (1)(2)(3)	70	2014
Lee Hillman (4)	60	

(1) Member of the Compensation Committee. Mr. Leffler is the Chairman of this Committee.
(2) Member of the Audit Committee. Mr. Barr is the Chairman of this Committee.
(3) Member of the Nominating and Governance Committee. Mr. Barr is the Chairman of this Committee.
(4) The Board of Directors has appointed each of Mr. Gfeller and Mr. Hillman to serve on the Audit, Nominating and Governance, and Compensation Committees effective immediately following the 2016 Annual Meeting if such nominee is elected as a director by our stockholders at the 2016 Annual Meeting.

Philip A. Falcone, 53, has served as a director of HC2 since January 2014, and as Chairman, President, and Chief Executive Officer of HC2 since May 2014. Mr. Falcone served as a director, Chairman of the Board and Chief Executive Officer of HRG Group, Inc. (f/k/a Harbinger Group Inc., HRG) from July 2009 to November 2014. From July 2009 to July 2011, Mr. Falcone also served as the President of HRG. Mr. Falcone is also the Chief Investment Officer and Chief Executive Officer of Harbinger Capital Partners LLC (Harbinger Capital), and is the Chief Investment Officer of other Harbinger Capital affiliated funds. Mr. Falcone co-founded the funds affiliated with Harbinger Capital in 2001. Mr. Falcone has over two decades of experience in leveraged finance, distressed debt and special situations. Prior to joining the predecessor of Harbinger Capital, Mr. Falcone served as Head of High Yield trading for Barclays Capital. From 1998 to 2000, he managed the Barclays High Yield and Distressed trading operations. Mr. Falcone held a similar position with Gleacher Natwest, Inc., from 1997 to 1998. Mr. Falcone began his career in 1985, trading high yield and distressed securities at Kidder, Peabody & Co. Mr. Falcone currently serves on the board of directors of Novatel Wireless, Inc., a provider of intelligent wireless solutions for the worldwide mobile communications market. Mr. Falcone received an A.B. in Economics from Harvard University.

Wayne Barr, Jr., 52, has served as a director of HC2 since January 2014. Mr. Barr is managing director of Alliance Group of NC, LLC, a full service real estate firm providing brokerage, planning and consulting services throughout North Carolina to a wide variety of stakeholders including landowners, developers, builders and investors, a position he has held since 2013. Mr. Barr is also the principal of Oakleaf Consulting Group LLC, a management consulting firm focusing on technology and telecommunications companies, which he founded in 2001. Mr. Barr also co-founded and was president from 2003 to 2008 of Capital & Technology Advisors, a management consulting and restructuring firm. Mr. Barr has served on the boards of directors of Anacomp, Leap Wireless International, NEON

Communications and Globix Corporation. He has served as a director of Evident Technologies, Inc. since 2005. Mr. Barr received his J.D. degree from Albany Law School of Union University and is admitted to practice law in New York State. He is also a licensed real estate broker in the state of North Carolina.

Warren H. Gfeller, 63, is a nominee for director of HC2. He has been a member of Crestwood Equity GP LLC s board of directors since March 2001. He served as a director of Crestwood Midstream GP LLC from December 2011 to October 2015. He has engaged in private investments since 1991. From 1984 to 1991, Mr. Gfeller served as president and chief executive officer of Ferrellgas, Inc., a retail and wholesale marketer of propane and other natural gas liquids. Mr. Gfeller began his career with Ferrellgas in 1983, as an executive vice president and financial officer. Prior to joining Ferrellgas, Mr. Gfeller was the chief financial officer of Energy Sources, Inc. and a CPA at Arthur Young & Co. He also served as a director of Inergy Holdings GP, LLC, Zapata Corporation and Duckwall-Alco Stores, Inc. Mr. Gfeller received a Bachelor of Arts degree from Kansas State University.

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Robert V. Leffler, Jr., 70, has served as a director of HC2 since September 2014. He owns The Leffler Agency, Inc., a full service advertising agency founded in 1984. The firm specializes in the areas of sports/entertainment and media. Headquartered in Baltimore, the agency also has an office in Tampa and operates in 20 U.S. markets. Leffler Agency also has a subsidiary media buying service, Media Moguls, LLC, which specializes in mass retail media buying. Mr. Leffler served as a director and Chairman of the Compensation Committee of HRG from 2008 to 2013 and a director and Chairman of the Compensation Committee of Zapata, Inc. from 1995 to 2008. Mr. Leffler holds a B.A. in social science/history from Towson University and an M.A. in Urban Studies and Popular Culture History from Morgan State University.

Lee Hillman, 60, is a nominee for director of HC2. He has served as President of Liberation Advisory Group, a private management consulting firm, since 2003. Mr. Hillman has served as Chief Executive Officer of Performance Health Systems, LLC and certain of its predecessors, the manufacturer and distributor of Power Plate® and bioDensity® branded, advanced technology health and exercise equipment, since 2006. Mr. Hillman currently serves as a director at Lawson Products, Inc., where he chairs compensation and financial strategies committees of the board and serves as a member of its audit committee. Mr. Hillman also serves as a trustee and member of the audit committee at Adelphia Recovery Trust. Mr. Hillman has served as a member of the board of directors as well as a member of the audit committees of: HealthSouth Corporation, Wyndham International, and RCN Corporation (where he also served as Chairman of the Board). From 1996 to 2002, Mr. Hillman led the successful turnaround of Bally Total Fitness Corp as its CEO. Previously, from 1991 to 1996, he was instrumental as the CFO in the turnaround of Bally Entertainment Corp. Mr. Hillman received a Masters of Business Administration from the University of Chicago's Booth Graduate School of Business and a Bachelor of Science from the Wharton School of Finance, University of Pennsylvania.

In accordance with HC2 s Certificate of Incorporation, the holders of the Series A Preferred Stock and Series A-1 Preferred Stock have designated Mr. Hillman as the Preferred Elected Director nominee, which the holders of the Series A Preferred Stock and Series A-1 Preferred Stock are entitled to elect, voting as a separate class.

On October 8, 2015, the Hudson Bay Capital Absolute Return Credit Opportunities Master Fund, Ltd. (the HB Fund) entered into an Irrevocable Proxy Agreement (the Irrevocable Proxy Agreement) with Daniel Tseung, a current director of the Company (the Proxy Holder), pursuant to which the HB Fund granted to the Proxy Holder an irrevocable proxy with respect to HB Fund's right to vote on the Preferred Elected Director set forth in Section 7 of the Series A Preferred Stock Certificate of Designation with respect to 12,500 shares of Series A Preferred Stock held by the HB Fund.

Analysis of Our Directors in Light of Our Business

We are a diversified holding company with seven reportable operating segments based on management s organization of the enterprise—Manufacturing, Marine Services, Insurance, Utilities, Telecommunications, Life Sciences and Other, which includes operations that do not meet the separately reportable segment thresholds. We expect to continue to focus on acquiring and investing in businesses with attractive assets that we consider to be undervalued or fairly valued and growing our acquired businesses.

Our Board has considered the experience, qualifications, attributes and skills of its members in light of our business and structure, and concluded that each of our current directors should serve on the Board. In particular, the Board considered:

- Mr. Falcone’s success in the growth of HRG during his tenure as Chairman of the Board and Chief Executive Officer, as well as his extensive investment experience consisting of over two decades in leveraged finance, distressed debt and special situations.
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Mr. Barr's experience as a director in the telecommunications and technology industries and his knowledge regarding management consulting matters, which are valuable to HC2 and the Board.

- Mr. Gfeller's experience in the energy industry and prior experience in various executive positions, as well as his service on the boards of directors of publicly traded companies, coupled with his extensive financial and accounting training and practice.
- Mr. Hillman's experience in managing and restructuring businesses and prior experience in various executive positions, as well as his service as a director on other publicly traded U.S. and international companies and as a former audit/assurance partner of an international accounting firm.
- Mr. Leffler's experience in the media industry, as well as his service on the board of directors of HRG from 2008 until 2013 and Zapata, Inc. from 1995 to 2008.

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Certain Legal Proceedings Affecting Mr. Falcone

On September 16, 2013, the United States District Court for the Southern District of New York entered a final Judgment (the Final Judgment) approving a settlement between the SEC and Harbinger Capital, Harbinger Capital Partners Special Situations GP, LLC, Harbinger Capital Partners Offshore Manager, L.L.C., and Philip A. Falcone (collectively, the HCP Parties), in connection with two civil actions previously filed against the HCP Parties by the SEC. One civil action alleged that Harbinger Capital Partners Special Situations GP, LLC, Harbinger Capital Partners Offshore Manager, L.L.C., and Mr. Falcone violated the anti-fraud provisions of the federal securities laws by engaging in market manipulation in connection with the trading of the debt securities of a particular issuer from 2006 to 2008. The other civil action alleged that Harbinger Capital and Mr. Falcone violated the anti-fraud provisions of the federal securities laws in connection with a loan made by Harbinger Capital Partners Special Situations Fund, L.P. to Mr. Falcone in October 2009 and in connection with the circumstances and disclosure regarding alleged preferential treatment of, and agreements with, certain fund investors.

The Final Judgment bars and enjoins Mr. Falcone for a period of five years (after which he may seek to have the bar and injunction lifted) from acting as or being an associated person of any broker, dealer, investment adviser, municipal securities dealer, municipal adviser, transfer agent, or nationally recognized statistical rating organization (as those terms are defined under the federal securities laws, collectively, the Specified Entities).

During the period of the bar, Mr. Falcone may remain associated with Harbinger Capital and certain other Harbinger Capital-related entities, provided that, during such time, Mr. Falcone s association will be limited as set forth in the Final Judgment. The HCP Parties must take all actions reasonably necessary to expeditiously satisfy all redemption requests of investors in the Harbinger Capital-related funds, which may include the orderly disposition of Harbinger Capital-related fund assets. In addition, during the bar period, the HCP Parties and certain Harbinger Capital-related entities may not raise new capital or make capital calls from existing investors. The Final Judgment requires the HCP Parties to pay disgorgement, prejudgment interest, and civil penalties totaling approximately $18 million. In addition, certain of the activities of the HCP Parties at the Harbinger Capital-related funds will be subject to the oversight of an independent monitor for two years.

Additionally, on October 7, 2013, HRG, Fidelity & Guaranty Life (formerly, Harbinger F&G, LLC), a subsidiary of HRG, Fidelity & Guaranty Life Insurance Company of New York (FGL NY Insurance), a subsidiary of FGL, and Mr. Falcone delivered a commitment (the NYDFS Commitment) to the New York State Department of Financial Services (NYDFS) pursuant to which Mr. Falcone agreed for a period of up to seven years that he will not, directly or indirectly, individually or through any person or entity, exercise control (within the meaning of Insurance Law § 1501(a)(2)) over FGL NY Insurance or any other New York-licensed insurer. In connection with the NYDFS Commitment, neither Mr. Falcone nor any employee of Harbinger Capital, may (i) serve as a director or officer of FGL or (ii) be involved in making investment decisions for FGL s portfolio of assets or any funds withheld account supporting credit for reinsurance for FGL. The NYDFS Commitment provides that: (i) Mr. Falcone may continue to own any direct or indirect interest in HRG and serve as an officer or director of HRG and (ii) HRG may continue to own any direct or indirect interest in FGL NY Insurance and any other New York-licensed insurer. Any other activities related solely to FGL (other than FGL NY Insurance) are not prohibited and HRG executives may continue to serve on FGL s board of directors. In addition, in connection with its re-domestication to Iowa, on October 7, 2013, Fidelity & Guaranty Life Insurance Company (FGL Insurance), a subsidiary of FGL, agreed to the conditions set by the Iowa Insurance Commissioner (together with the NYDFS Commitment, the Commitments) that neither Mr. Falcone nor any employees of Harbinger Capital may serve as an officer or director of FGL Insurance or FGL (but FGL Insurance may request that the Iowa Insurance Division lift this restriction after five years) and neither Mr. Falcone nor Harbinger Capital will be involved in making investment decisions for FGL Insurance or any funds withheld account that supports credit for reinsurance for FGL Insurance for five years.

Director Independence

HC2 s common stock is listed on the NYSE MKT LLC (the NYSE MKT) under the symbol HCHC. Under the corporate governance listing standards of the NYSE MKT, at least a majority of the Company s directors, and all of the members of the Company s Audit Committee, Compensation Committee and Nominating and Governance Committee, must meet the test of independence as defined under the listing standards of the NYSE MKT. The NYSE MKT listing standards provide that to qualify as an independent director, in addition to satisfying certain bright-line criteria, the Board must affirmatively determine that a director has no relationship with the Company that

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would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. We have also adopted director independence standards included in our Guidelines (as defined below under —Corporate Governance Guidelines), which our Board uses to determine if a particular director is independent.

In addition to the independence standards discussed above, members of the Audit Committee must satisfy enhanced independence requirements established by the SEC and the NYSE MKT for audit committee members. Specifically, members of the Audit Committee may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries other than their directors compensation and they may not be an affiliated person of Company or any of its subsidiaries.

Finally, in affirmatively determining the independence of any director who will serve on the Compensation Committee, the Board must consider all factors specifically relevant to determining whether a director has a relationship to the Company that is material to that director s ability to be independent from management in connection with the duties of a member of the Compensation Committee, including (1) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and (2) whether the director is affiliated with the Company, its subsidiaries or its affiliates.

In March 2016, the Board undertook a review of director independence. During this review, the Board considered, among other things, relationships and transactions during the past three years between each director or any member of his or her immediate family, on the one hand, and the Company and its subsidiaries and affiliates, on the other hand. The purpose of the review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent as defined under the NYSE MKT listing standards and our Guidelines, as well as the additional independence requirements applicable to Audit Committee and Compensation Committee members. Based on the review, our Board has affirmatively determined that Messrs. Barr, Leffler and Tseung are independent directors under NYSE MKT listing standards and our Guidelines and are independent for purposes of serving on the Audit Committee, Compensation Committee and Nominating and Governance Committee. The Board has also determined that Messrs. Gfeller and Hillman, nominees for election as directors at the 2016 Annual Meeting, are independent directors under NYSE MKT listing standards and our Guidelines and are independent for purposes of serving on the Audit Committee, Compensation Committee and Nominating and Governance Committee.

Board Committees

The Board maintains standing Audit, Compensation, and Nominating and Governance Committees.

Audit Committee and Audit Committee Financial Expert

During the year ended December 31, 2015, the Audit Committee held six meetings. The Audit Committee currently consists of Wayne Barr, Jr. (Chairman), Robert V. Leffler and Daniel Tseung. Our Board has determined that Mr. Tseung qualifies as an audit committee financial expert as such term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC. The Board has considered the qualifications of the current members of the Audit Committee and has determined that they possesses the skills necessary to review and analyze the Company s financial statements and processes and to fulfill their other duties in accordance with the terms of the Audit Committee Charter. The Board of Directors has appointed each of Mr. Gfeller and Mr. Hillman to serve on the Audit Committee effective immediately following the 2016 Annual Meeting if such nominee is elected as a Director by our stockholders at the 2016 Annual Meeting, and our Board has determined that each Mr. Gfeller and Mr. Hillman qualifies as an audit committee financial expert .

The Audit Committee is responsible, among its other duties, for engaging, overseeing, evaluating and replacing the Company s independent registered public accounting firm, pre-approving all audit and non-audit services by the independent registered public accounting firm, reviewing the scope of the audit plan and the results of each audit with management and the independent registered public accounting firm, reviewing the Company s internal audit function, reviewing the adequacy of the Company s system of internal accounting controls and disclosure controls and procedures, reviewing the financial statements and other financial information included in the Company s annual and quarterly reports filed with the SEC, and exercising oversight with respect to the Company s code of conduct (the Code of Conduct) and other policies and procedures regarding adherence with legal requirements. The Audit Committee s duties are set forth in the Audit Committee Charter. A copy of the Audit Committee Charter is available under the Investor Relations—Corporate Governance section of our website at www.hc2.com.

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Compensation Committee

During the year ended December 31, 2015, the Compensation Committee held six meetings. The Compensation Committee currently consists of Robert V. Leffler (Chairman), Wayne Barr, Jr. and Daniel Tseung. The Board of Directors has appointed each of Mr. Gfeller and Mr. Hillman to serve on the Compensation Committee effective immediately following the 2016 Annual Meeting if such nominee is elected as a director by our stockholders at the Annual Meeting.

The Compensation Committee is primarily responsible for fixing the compensation of our Chief Executive Officer (our CEO), our other executive officers and our directors, deciding other compensation matters such as those relating to the operation of our 2014 Omnibus Equity Award Plan (the Omnibus Plan), or any other compensation plan that may be adopted from time to time, including the award of equity instruments under the Omnibus Plan or other compensation plans, and administering and approving the Company s annual incentive plan, if any. The CEO (or other principal executive officer, as applicable) recommends to the Compensation Committee the compensation for the other executive officers. The Delaware General Corporation Law (the DGCL) generally permits the Compensation Committee to delegate its authority and responsibilities to subcommittees consisting of one or more members of such committee. A copy of the Compensation Committee Charter is available under the Investor Relations—Corporate Governance section of our website at www.hc2.com.

Nominating and Governance Committee

During the year ended December 31, 2015, the Nominating and Governance Committee held one meeting. The Nominating and Governance Committee currently consists of Wayne Barr, Jr. (Chairman), Robert V. Leffler and Daniel Tseung. The Board of Directors has appointed each of Mr. Gfeller and Mr. Hillman to serve on the Nominating and Governance Committee effective immediately following the Annual Meeting if such nominee is elected as a director by our stockholders at the 2016 Annual Meeting.

The Nominating and Governance Committee is responsible for (i) identifying, reviewing and evaluating candidates to serve as directors of the Company, (ii) serving as a focal point for communication between such candidates, non-committee directors and the Company s senior management, (iii) recommending such candidates to the Board, and (iv) making such other recommendations to the Board regarding the governance affairs relating to the directors of the Company (excluding director compensation, which is the responsibility of the Compensation Committee) and advising the Board with respect to Board composition, procedures and committees. The Nominating and Governance Committee s duties are set forth in the Nominating and Governance Committee Charter. A copy of the Nominating and Governance Committee Charter is available under the Investor Relations—Corporate Governance section of our website at www.hc2.com.

Corporate Governance Guidelines

The Board has approved, following recommendation by the Nominating and Governance Committee, Corporate Governance Guidelines (the Guidelines), which address director qualifications and independence standards, responsibilities of the Board, access to management and independent advisors, certain Board compensation matters, procedures for review of related party transactions, Board orientation and continuing education, Board committees, succession planning, communications with stockholders and the media, and certain matters with respect to our Code of Conduct. A copy of the Guidelines is available under the Investor Relations—Corporate Governance section of our website at www.hc2.com.

Director Nomination Process

The Nominating and Governance Committee has the primary responsibility for identifying, evaluating, reviewing and recommending qualified candidates to serve on the Board. The Nominating and Governance Committee considers the following factors set forth in the Nominating and Governance Committee Charter in selecting candidates for Board service: experience, skills, expertise, diversity (Diversity Considerations), personal and professional integrity, character, business judgment, sufficient time to devote to Board matters, conflicts of interest and other relevant factors deemed appropriate in the context of the needs of the Board. In evaluating Diversity Considerations, the Nominating and Governance Committee utilizes an expansive definition of diversity that includes differences of experience, education and talents, among other things. While the Nominating and Governance Committee does not have a formal diversity policy, it seeks to achieve a range of talents, skills and expertise on the Board and evaluates each nominee with regard to the extent to which he or she contributes to this overall mix.

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The Nominating and Governance Committee may use multiple sources for identifying director candidates, including its own contacts and referrals from other directors, members of management, the Company s advisors, and executive search firms. The Nominating and Governance Committee will consider director candidates recommended by stockholders, in accordance with the procedures described below, and will evaluate such director candidates in the same manner that it evaluates candidates recommended by other sources. For the nominees for election as directors at the 2016 Annual Meeting, Mr. Gfeller was recommended by a non-management director and Mr. Hillman was recommend by the security holders. For those potential new director candidates who appear upon first consideration to meet the Board s selection criteria, the Nominating and Governance Committee will conduct appropriate inquiries into their background and qualifications and, depending on the result of such inquiries, arrange for in-person meetings with the potential candidates. Directors are obligated to complete orientation training concerning the Company and to comply with limitations on outside activities that directors may engage in without Board approval.

Stockholders may submit written recommendations of director candidates by submitting such recommendation, including the candidate s name and contact information and a statement of the candidate s background and qualifications, to HC2 Holdings, Inc., 505 Huntmar Park Drive, Suite 325, Herndon, Virginia 20170, Attention: Corporate Secretary. Such recommendation must be received by the Corporate Secretary no later than February 1, 2017.

The Nominating and Governance Committee is responsible for reviewing and making a recommendation to the Board regarding the continued service of the Company s directors, (i) based upon service to the Company during a director s term, attendance, participation, quality of performance and actual or potential conflicts of interest, and (ii) in the event an employee director s employment with the Company is terminated for any reason or a non-employee director changes his/her primary job responsibility since the time such director was most recently elected to the Board. The Guidelines provide that members of the Company s management serving on the Board who cease to serve as a member of the Company s management shall offer his or her resignation from the Board effective on the last date of employment; while the Board need not accept such offer of resignation, in general a member of the Company s management shall not continue to serve as a member of the Board following such cessation of employment. The Guidelines also provide that members of the Board will offer to resign from the Board upon the occurrence of certain specified sanctions, charges or admissions of fault or liability, subject to the Board s refusal to accept such resignations in certain circumstances.

The Nominating and Governance Committee Charter and the Guidelines are intended to provide a flexible set of criteria for the effective functioning of the Company s director nomination process. The Nominating and Governance Committee intends to review its Charter and the Guidelines at least annually and anticipates that modifications may be necessary from time to time as the Company s needs and circumstances evolve, and as applicable legal or listing standards change. The Nominating and Governance Committee may recommend to the Board for approval amendments to the Nominating and Governance Committee Charter and Guidelines at any time.

Pursuant to the terms of the Company s Series A Preferred Stock and Series A-1 Preferred Stock, which are set forth in the Certificate of Incorporation, for so long as the holders of such Preferred Stock maintain a minimum ownership threshold of HC2 s voting stock, the holders of the Series A Preferred Stock and Series A-1 Preferred Stock are entitled as a class, to the exclusion of all other classes of voting stock, to elect the Preferred Elected Director. Subject to the Preferred Elected Director meeting applicable independence standards, the Preferred Elected Director is also entitled to be a member of each of the Board s committees, including our Audit Committee, Compensation Committee and Nominating and Governance Committee.

The holders of the Series A Preferred Stock and Series A-1 Preferred Stock have designated Mr. Hillman as the Preferred Elected Director nominee, whom the holders of the Series A Preferred Stock and Series A-1 Preferred Stock are entitled to elect. At the recommendation of our Nominating and Governance Committee, our Board has nominated the Preferred Elected Director for election as a director at the 2016 Annual Meeting.

Stockholder and Other Interested Party Communications with the Board and/or non-Employee Directors

The Board welcomes communications from the Company s stockholders and other interested parties and has adopted a procedure for receiving and addressing those communications. Stockholders and other interested parties may send written communications to the Board or the non-employee directors by writing to the Board or the non-employee directors at the following applicable address: Board / Non-Employee Directors, HC2 Holdings, Inc., 505 Huntmar Park Drive, Suite 325, Herndon, Virginia 20170, Attention: Corporate Secretary. Communications by e-mail should be addressed to corpsec@hc2.com and marked Attention: Corporate Secretary in the Subject

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field. The Corporate Secretary will review and forward all communications from stockholders or other interested parties to the intended recipient, except for those communications from stockholders or other interested parties that are outside the scope of Board matters or duplicative of other communications by the applicable stockholder or interested party and previously forwarded to the intended recipient.

Annual Meeting Attendance

During the year ended December 31, 2015, our Board held fourteen meetings. During 2015, each of our directors attended more than 75% of the aggregate number of meetings of our Board held during the period in which he was a director and the committees on which he served during the periods that he served. Directors are expected, absent schedule conflicts, to attend our Annual Meeting of Stockholders each year. All our then-serving directors attended the 2015 Annual Meeting of Stockholders.

Code of Conduct

We have adopted a Code of Conduct applicable to all directors, officers and employees, including the CEO, senior financial officers and other persons performing similar functions. The Code of Conduct is a statement of business practices and principles of behavior that support our commitment to conducting business in accordance with the highest standards of business conduct and ethics. Our Code of Conduct covers, among other things, compliance resources, conflicts of interest, compliance with laws, rules and regulations, internal reporting of violations and accountability for adherence to the Code of Conduct. A copy of the Code of Conduct is available under the Investor Relations—Corporate Governance section of our website at www.hc2.com. Any amendment of the Code of Conduct or any waiver of its provisions for a director or executive officer must be approved by the Board or a duly authorized committee thereof. We intend to post on our website all disclosures that are required by law or the rules of the NYSE MKT concerning any amendments to, or waivers from, any provision of the Code of Conduct.

Board Leadership Structure

The Company s leadership structure consists of a combined Chairman of the Board and Chief Executive Officer and a Lead Independent Director. At this time, the Board believes that it is in the best interests of the Company to have Mr. Falcone serve as Chairman and Chief Executive Officer to implement the short- and long-term strategies of the Company, particularly in light of Mr. Falcone s acquisition and investment experience. The Board believes that this joint position provides it with the ability to perform its oversight role over management with the benefit of a management perspective as to the Company s business strategy and all other aspects of the business.

The Guidelines provide that the Chairman shall be elected annually by the Board and that in the event the Chairman is neither a non-executive nor an independent director, the Board shall select another director to serve as Lead Independent Director from among the members of the Board that are determined at that time by the Board to be independent. The Chairman may be removed as Chairman at any time by a majority of the members of the Board.

With the position of Lead Independent Director, our governance structure provides a form of leadership that allows the Board to function distinct from management, capable of objective judgment regarding management s performance, and enables the Board to fulfill its duties effectively and efficiently. Mr. Barr currently serves as the Company s Lead Independent Director. The Board also believes that the strength of its independent directors, each of whom serves on the Board without any affiliation with management or any stockholder group, mitigates the risk of any potential conflicts that might result from combining the roles of Chief Executive Officer and Chairman.

The Chairman of the Board s duties include:

- presiding over all meetings and strategy sessions of the Board;
- preparing the agenda for Board meetings with the Corporate Secretary and in consultation with the other members of the Board;
- ensuring information flows openly between senior management and the Board; and
- presiding over all meetings of shareholders.

The Lead Independent Director s duties include:

- convening executive sessions of the independent directors;

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- setting the agenda of and leading meetings of the independent directors;
- briefing the Chairman and Chief Executive Officer regarding issues arising during executive sessions, as necessary;
- collaborating with the Chairman and Chief Executive Officer to determine the Board agenda and Board information following consultations with the independent directors and the committee chairpersons; and
- facilitating Board communication among the independent directors outside of Board meetings.

Board Role in Risk Oversight

The Board supervises and has control over the Company s governance and compliance processes and procedures. As part of this role, the Board has overall responsibility for risk supervision, with a focus on material risks facing the Company. The Board primarily discharges its risk supervision responsibilities through its Audit Committee and Compensation Committee functions, each of which reports its activities to the Board. The risk supervision responsibilities of the Board s committees include the following:

- *Audit Committee*. The Audit Committee is responsible for the supervision of risk policies and processes relating to the Company’s financial statements and financial reporting processes. This Committee reviews the Company’s risk management procedures and policies and discusses with management the Company’s material operating and financial risk exposures and the manner in which such exposures are managed. The Audit Committee also discusses these potential risks with the Company’s outside independent registered public accounting firm responsible for auditing the Company’s books, records and financial statements.
- *Compensation Committee*. The Compensation Committee is responsible for evaluating potential compensation-related risks and supervising management’s assessment of risks related to employee compensation policies and programs, as discussed further below under —Risk Considerations in Our Compensation Program.

HC2 s CEO and other members of the Company s senior management team primarily design, implement, execute and monitor HC2 s risk management policies and procedures. The Audit Committee meets with our senior management team periodically to review HC2 s risk management practices. The Board does not believe that its role in the oversight of our risks affects the Board s leadership structure.

Risk Considerations in Our Compensation Program

Our Compensation Committee, on an ongoing basis, reviews, assesses and discusses with management (i) whether the compensation of the Company s employees (including named executive officers) encourages employees to engage in excessive risk, (ii) the relationship between risk and management policies, practices and compensation, and (iii) compensation policies and practices that could mitigate any such risk. Our Compensation Committee has concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company, particularly in light of the following factors:

- Our use of a variety of elements in our compensation program, such as base salary, annual performance-based incentive compensation and equity awards, which provide a balance of long- and short-term incentives;
- Our use of a variety of financial and strategic performance objectives within our compensation elements, which helps ensure that the Company’s overall business strategy is appropriately promoted; and
- Our internal controls and procedures, which help us to monitor excessive or inappropriate risk taking.

Compensation of Directors

Annual Cash Compensation. Effective October 1, 2014, the Company adopted a director compensation policy pursuant to which it will pay non-employee directors the following fees on a quarterly basis in arrears: (i) $45,000 annual fee for each non-employee director; (ii) $15,000 annual retainer for the Chair of the Audit Committee; (iii)

$10,000 annual retainer for the Chair of the Compensation Committee; (iv) $7,500 annual retainer for the Chair of the Nominating and Governance Committee; (v) $10,000 annual retainer for each member of the Audit Committee; (vi) $8,000 annual retainer for each member of the Compensation Committee; and (vii) $6,000 annual retainer for each member of the Nominating and Governance Committee. Such amounts are prorated for non-employee directors who are elected or appointed during the year.

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The Company also reimburses non-employee directors for their out-of-pocket expenses incurred in connection with their service on the Board. Employees of the Company who also serve as directors do not receive separate compensation for their service on the Board. Because Messrs. Falcone and Pons are named executive officers due to their positions with the Company, their compensation is reflected in the Summary Compensation Table below in the Compensation Tables section, rather than in the Non-Employee Director Compensation Table below in this —Compensation of Directors section.

Stock-Based Compensation. On April 11, 2014, the Board adopted the HC2 Holdings, Inc. 2014 Omnibus Equity Award Plan (the Omnibus Plan), which was approved by our stockholders at the annual meeting of stockholders held on June 12, 2014 (the 2014 Annual Meeting). The Omnibus Plan provides that no further awards will be granted pursuant to the Company s Management Compensation Plan, as amended (the Management Compensation Plan). However, awards that had been previously granted pursuant to the Management Compensation Plan will continue to be subject to and governed by the terms of the Management Compensation Plan.

Commencing with the 2014 Annual Meeting, unless otherwise provided by the Compensation Committee, following each annual meeting of stockholders during the term of the Omnibus Plan and for so long as equity is available to issue under such plan, each non-employee director will be granted an award of restricted stock (RSAs) with a fair market value of $60,000 on the date of grant. Each RSA award so granted will vest in three equal installments on the grant date and each of the first and second anniversaries of the grant date (subject to continued service with the Company through each applicable vesting date). All other terms and conditions of the grants will be established by the Compensation Committee and set forth in the non-employee director s award agreement. In accordance with this policy, on June 11, 2015, the Compensation Committee awarded each of Messrs. Barr, Leffler and Tseung 5,435 shares of restricted stock, vesting ratably in three installments commencing on date of grant and each of June 11, 2016 and June 11, 2017 (subject to continued service as a non-employee director through each applicable vesting date).

Employees of the Company, such as our named executive officers, who also serve as directors do not receive separate compensation for service on the Board.

Non-Employee Director Compensation Table

The following table provides compensation information for the year ended December 31, 2015 for each non-employee director:

Director	Fess Earned or Paid in Cash ($)	Stock Awards ($) (1)	Total ($)
Wayne Barr, Jr. (2)	75,500	60,002	135,502
Robert V. Leffler, Jr. (3)	71,000	60,002	131,002
Daniel Tseung (4)	69,000	60,002	129,002

(1) These amounts represent the aggregate grant date fair value of RSAs and RSUs granted in 2015 computed in accordance with FASB ASC Topic 718, formerly SFAS No. 123(R) (ASC 718). A discussion of the assumptions used in determining grant date fair value may be found in Note 17 to our Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.

(2) As of December 31, 2015, Mr. Barr had (i) 7,970 RSAs outstanding, (ii) 1,116 RSUs outstanding and (iii) 4,466 stock options outstanding, of which 2,978 options were vested and 1,488 were unvested. Mr. Barr received a grant of 5,435 RSAs on June 11, 2015. These RSAs had an aggregate grant date fair value of $60,002 based on the closing price of HC2 common stock on June 11, 2015 of $11.04.

(3)

As of December 31, 2015, Mr. Leffler had 6,685 RSAs outstanding. Mr. Leffler received a grant of 5,435 RSAs on June 11, 2015. These RSAs had an aggregate grant date fair value of $60,002 based on the closing price of HC2 common stock on June 11, 2015 of $11.04.

(4) As of December 31, 2015 Mr. Tseung had 6,685 RSAs outstanding. Mr. Tseung received a grant of 5,435 RSAs on June 11, 2015. These RSAs had an aggregate grant date fair value of $60,002 based on the closing price of HC2 common stock on June 11, 2015 of $11.04.

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EXECUTIVE OFFICERS

Executive Officers

Executive officers are elected by and serve at the discretion of the Board. Set forth below is information regarding our executive officers as of April 18, 2016.

Name	Age	Position
Philip A. Falcone	53	Chairman, President and Chief Executive Officer
Keith M. Hladek	40	Chief Operating Officer
Michael J. Sena	43	Chief Financial Officer
Paul K. Voigt	56	Senior Managing Director of Investments
Paul L. Robinson	49	Chief Legal Officer & Corporate Secretary
Robert M. Pons	59	Executive Vice President of Business Development
Ian W. Estus	41	Managing Director of Investments
Andrea L. Mancuso	45	Deputy General Counsel and Assistant Corporate Secretary
Suzi Herbst	40	Chief Administrative Officer

Philip A. Falcone. Mr. Falcone s biography can be found under Board of Directors—Information Regarding Directors.

Keith M. Hladek, 40, has been the Chief Operating Officer of HC2 since May 2014. Mr. Hladek is also the Chief Financial Officer and Chief Operating Officer of Harbinger Capital. Prior to joining Harbinger Capital in 2009, Mr. Hladek was the Controller at Silver Point Capital, L.P Prior to joining Silver Point Capital, L.P. Mr. Hladek was the Assistant Controller at GoldenTree Asset Management and a fund accountant at Oak Hill Capital Management. Mr. Hladek also previously served as a director of Zap.Com, a subsidiary of HRG. Mr. Hladek started his career in public accounting and received his Bachelor of Science in Accounting from Binghamton University. Mr. Hladek is a Certified Public Accountant in New York.

Michael J. Sena, 43, has been the Company s Chief Financial Officer since June 2015. Prior to joining the Company, Mr. Sena was the Senior Vice President and Chief Accounting Officer of HRG Group, Inc. since October 2014, and had previously served as the Vice President and Chief Accounting Officer, from November 2012 to October 2014. Mr. Sena was also the Vice President and Chief Accounting Officer of Zap.Com, a subsidiary of HRG Group, Inc., and has served as a director of Zap.Com since December 2014. From January 2009 until November 2012, Mr. Sena held various accounting and financial reporting positions with Reader s Digest Association, Inc., last serving as Vice President and North American Controller. Before joining Reader s Digest Association, Inc., Mr. Sena served as Director of Reporting and Business Processes for Barr Pharmaceuticals from July 2007 until January 2009. Prior to that, Mr. Sena held various positions with PricewaterhouseCoopers, LLP. Mr. Sena is a Certified Public Accountant and holds a B.S. in Accounting from Syracuse University.

Paul K. Voigt, 56, has been the Senior Managing Director of Investments of HC2 since October 2014. Mr. Voigt is involved with sourcing deals and capital raising. Previously, Mr. Voigt served as Executive Vice President on the sales and trading desk at Jefferies and Company from 1996 to 2013. Prior to joining Jefferies, Mr. Voigt was Managing Director on the high yield sales desk at Prudential Securities from 1988 to 1996. Prior to 1988, Mr. Voigt played professional baseball. Mr. Voigt attended the University of Virginia from 1976 to 1980 where he received a B.S. in electrical engineering, and the University of Southern California where he received an MBA in 1988.

Paul L. Robinson, 49, was appointed Chief Legal Officer & Corporate Secretary of HC2 in March 2016. Prior to joining HC2, Mr. Robinson was the Executive Vice President, Chief Legal Officer and Corporate Secretary of SEACOR Holdings Inc. (NYSE: CKH) from November 2007 through March 2015. From 1999 through June 2007, he held various positions at Comverse Technology, Inc. (NASD: CMVT), including Chief Operating Officer, Executive Vice President, General Counsel and Corporate Secretary. Prior to that, Mr. Robinson was counsel to the United States Senate Committee on Governmental Affairs with respect to its special investigation into illegal and improper campaign fund-raising activities during the 1996 federal election and an associate attorney at Kramer, Levin, Naftalis & Frankel and Skadden, Arps, Slate, Meagher & Flom. Mr. Robinson was also previously a Director at Verint Systems Inc. (NASD: VRNT) and Ulticom, Inc. (NASD: ULCM). Mr. Robinson received a B.A. in Political Science and was Phi Beta Kappa from State University of New York at Binghamton in 1989 and a J.D., cum laude, from Boston University School of Law in 1992.

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Ian W. Estus, 41, has been the Managing Director of Investments of HC2 since May 2014. Prior to joining the Company, Mr. Estus was a Senior Vice President at Five Island Asset Management, a subsidiary of HRG, from April 2013 to May 2014. Prior to joining Five Island, Mr. Estus spent eleven years at Harbinger Capital where he served in various capacities as a trader and assisting in management of the portfolio. Prior to joining Harbinger Capital in 2002, Mr. Estus was a Trading Assistant in the Smith Barney Asset Management High Yield Investments Group. Prior to that role, Mr. Estus served as a Fund Accountant in the Mutual Fund Accounting Group of Smith Barney Asset Management. Mr. Estus received a B.S. in Business Administration with a Concentration in Accounting from the State University of New York at Buffalo.

Andrea L. Mancuso, 45, has served as HC2 s Deputy General Counsel and Assistant Corporate Secretary since March 2016 and General Counsel and Corporate Secretary from March 2015 to March 2016. Ms. Mancuso joined the Company as Associate General Counsel in November 2011, and became Associate General Counsel & Assistant Corporate Secretary in 2012, Acting General Counsel and Corporate Secretary in September 2013 and General Counsel and Corporate Secretary in March 2015. Prior to joining HC2, from August 2010 to September 2011, Ms. Mancuso was Senior Counsel and Assistant Corporate Secretary of SRA International, Inc. (SRA), a provider of IT solutions and professional services to the federal government, and provided leadership and expertise to expedite the sale of SRA to a private equity firm. From March 2002 to September 2009, Ms. Mancuso was a Corporate & Securities Associate at Arnold & Porter LLP law firm advising clients on securities law matters and corporate transactions. Ms. Mancuso is a certified public accountant and, prior to becoming an attorney, held various accounting positions. Ms. Mancuso holds a Juris Doctor from Georgetown Law Center and a Bachelor of Science from Lehigh University.

Suzi Raftery Herbst, 40, has served as the Chief Administrative Officer of HC2 since March 2015. Ms. Herbst has over 17 years of diverse human resources, recruiting, equity and foreign exchange sales experience. Prior to joining HC2, Ms. Herbst was the Senior Vice President and Director of Human Resources of Harbinger Capital and HRG. Before joining Harbinger Capital and HRG, Ms. Herbst was the Head of Recruiting at Knight Capital Group. Prior to Knight, Ms. Herbst held various positions in Human Resources, as well as Foreign Exchange Sales at Cantor Fitzgerald. Ms. Herbst started her career in Equity Sales at Merrill Lynch. Ms. Herbst earned a Bachelor of Arts degree in Communications and Studio Art from Marist College.

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COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis in this section provides information regarding the fiscal 2015 compensation program for the principal executive and principal financial officers of the Company and for up to three of the Company s other most highly compensated individuals who served as executive officers as of the last day of the year ending December 31, 2015. We refer to these officers as our named executive officers in this proxy statement.

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis and the tables that follow provide information regarding the fiscal 2015 compensation program for our named executive officers, who are listed below:

- Philip A. Falcone, Chairman, President and Chief Executive Officer;
- Michael Sena, Chief Financial Officer;
- Keith M. Hladek, Chief Operating Officer;
- Paul Voigt, Senior Managing Director, Investments;
- Robert M. Pons, Executive Vice President of Business Development;
- Ian Estus, Managing Director, Investments; and
- Mesfin Demise, Former Chief Financial Officer.

Executive Summary

Fiscal 2015 was a year of significant milestones for HC2. Our management team, including our named executive officers, oversaw the following significant developments of the Company:

Corporate

— Adjusted EBITDA for our Core Operating Subsidiaries (Manufacturing, Marine Services, Telecommunications, Utilities, and Insurance segments), was a combined $96.9 million for fiscal year 2015. *See Exhibit A for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure.*

— Our consolidated cash and investments as of December 31, 2015 was $1.5 billion, which includes the addition of our Insurance Segment, and corporate cash of $41.1 million.

— We received total dividends of approximately $25 million from our core operating subsidiaries during 2015.

— On January 5, 2015, we issued 14,000 shares of Series A-2 Convertible Participating Preferred Stock convertible at a price of $8.25.

— On March 26, 2015, we issued $50.0 million in aggregate principal amount of 11% Senior Secured Notes due 2019.

— On November 4, 2015, we announced the pricing of an underwritten public offering of 8,452,500 newly issued shares of our common stock. The net proceeds to HC2 from the offering, after deducting underwriting discounts and commissions and offering expenses, were approximately $54.7 million.

Subsidiaries

— In November 2015, Global Marine announced the expiration of their non-compete with Prysmian and successfully re-entered the offshore power market by securing their first contract with the Wikinger offshore wind farm, due for completion in 2016-17.

Global Marine also recently announced the award of the extension of the North America Maintenance Zone (NAZ) submarine cable maintenance contract up to December 31, 2024.

— In December 2015, we completed the acquisition of United Teacher Associates Insurance Company and Continental General Insurance Company, forming the long term care division of our insurance platform, Continental Insurance Group.

— Schuff’s backlog was $380.8 million as of December 31, 2015. Notable ongoing projects include the Wilshire Grand Center in Los Angeles, the new Apple headquarters in Cupertino, CA, the new Volvo facility in South Carolina, the Anaheim Convention Center, and the Loma Linda Hospital in Los Angeles.

During 2015, our Board also oversaw the transition of our finance department with the appointment of Mr. Sena as the Company s Chief Financial Officer in June 2015.

We believe that a skilled and motivated team of senior executives is essential to achieving positive results and implementing our business objectives. We have structured our compensation program to provide our named executive officers and other senior executives with levels of compensation that we believe are necessary to retain their services and with incentives to achieve positive results and successfully implement our business objectives, in both the short and long term.

Compensation Program Overview, Philosophy and Objectives

Overview

The Compensation Committee of our Board administers our compensation program. The Compensation Committee is responsible for reviewing and approving base salaries, annual incentive bonuses, equity incentive awards and other elements of compensation for all named executive officers.

The Compensation Committee s Annual Compensation Decision-Making Process

Following the end of each fiscal year, the Compensation Committee reviews the Company s performance and the performance of each named executive officer for such fiscal year. Based on such review, the Compensation Committee generally discusses and approves any potential base salary increases related to the current fiscal year, awards annual incentive bonuses with respect to the prior fiscal year, and authorizes equity award grants.

Typically, our CEO makes compensation recommendations to the Compensation Committee with respect to named executive officers other than himself. With respect to our CEO, the Compensation Committee makes its decisions absent the CEO. Our compensation program recognizes the importance of ensuring that discretion is provided to the Compensation Committee and CEO in determining all compensation levels and awards.

The Compensation Committee has the authority to retain any compensation consultants or other advisors to assist in its evaluation of the appropriate compensation program for our named executive officers. In accordance with this authority, in 2014, the Compensation Committee engaged the services of Exequity LLP (Exequity) as its independent outside compensation consultant.

All executive compensation services provided by Exequity were conducted under the direction or authority of the Compensation Committee, and all work performed by Exequity was pre-approved by the Compensation Committee. Neither Exequity nor any of its affiliates maintains any other direct or indirect business relationships with us or any of our subsidiaries. The Compensation Committee evaluated whether any work provided by Exequity raised any conflict of interest for services performed during 2015 and determined that it did not.

As requested by the Compensation Committee, Exequity s services to the Compensation Committee included, among other things, providing perspective on current trends and developments in executive and director compensation as well as analysis of benchmarking data and confirmation of our peer group composition. Specifically, the peer group analyzed by Exequity and the Compensation Committee included the following companies, which we believe also focus on acquisitions and operations of subsidiaries:

Affiliated Managers Group, Inc.	Apollo Global Management, LLC
Calamos Asset Management Inc.	The Carlyle Group LP
CIFC Corp.	Cohen & Steers, Inc.
Cowen Group, Inc.	Eaton Vance Corp.
Federated Investors, Inc.	Financial Engines, Inc.
Fortress Investment Group LLC	Gamco Investors, Inc.
Greenhill & Co., Inc.	Janus Capital Group, Inc.
Lazard Ltd	Legg Mason, Inc.
Manning & Napier, Inc.	MSCI Inc.

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The analysis indicated that the total compensation was at the appropriate level with respect to the executive positions analyzed. While the Compensation Committee took into account the results of the compensation analysis in structuring our compensation program, other factors such as our general business and industry developments and individual performance influenced the Compensation Committee s decision as to the appropriate compensation levels and structure for our named executive officers.

The Compensation Committee reviews the benchmark community each year to ensure peer company comparability based on the Company s current business model, labor market, and financial structure. In 2016, the Compensation Committee will be working with Exequity to perform an in-depth review of the peer group composition to ensure its continued relevance given the Company s existing state and future outlook. The results of this analysis may lead to the establishment of a new peer group that will be used in the process of benchmarking executive compensation levels and pay program design going forward.

Advisory Vote on Executive Compensation (Say-on-Pay)

Our Compensation Committee and our Board considered the results of our stockholder vote regarding the non-binding resolution on executive compensation presented at the 2015 Annual Meeting, where 78.4% of votes cast approved the compensation program described in the Company s proxy statement for the 2015 Annual Meeting. Any changes made to our executive compensation programs for 2015 were tied to the Company s 2015 initiatives and were not made in response to the say-on-pay vote at the 2015 Annual Meeting.

Philosophy and Objectives

Our compensation program is designed to recognize the level of responsibility of a named executive officer within the Company, taking into account the named executive officer s role and expected leadership within the Company, as well as to encourage decisions and actions that have a positive impact on our overall performance.

Our compensation philosophy is based upon the following objectives:

- to reinforce the achievement of key business strategies and objectives, through the grant of at-risk compensation based upon the level of established performance targets for our Company results;
- to reward our executives for their outstanding performance and business results, based upon achievement of individual goals and objectives recommended to the Compensation Committee by the CEO with respect to his direct reports or, in the case of the CEO, agreed upon by the CEO and the Compensation Committee
- to value each executive’s unique skills and competencies;
- to attract and retain qualified executives;
- to provide a competitive compensation structure; and
- to emphasize the enhancement of stockholder value and align our executives’ interests with those of our stockholders.

Elements of Compensation

For 2015, executive compensation consisted of primarily: (i) a base annual salary; and (ii) an annual bonus based on the achievement of Company performance measures and each executive s individual contributions to such achievement, payable in a mix of cash and equity. This total mix of payments has allowed us to provide compensation that directly addresses our compensation goals of retention, alignment of executive and stockholder interests and linking pay with performance. We also provide our executive officers with other benefits, including limited perquisites, and a 401(k) plan. The Compensation Committee also from time to time may grant special cash bonuses, sign-on bonuses, cash retention bonuses or incentive equity awards to certain executive officers to recognize particularly strong achievement or for specific inducement or retention purposes. Information on the total compensation of each named executive officer during fiscal year 2015 is set forth under Compensation Tables—Summary Compensation Table below.

Base Annual Salary

The base annual salaries we provide to our named executive officers are intended as compensation for each named executive officer s ongoing contributions to the performance of the operational areas for which he is responsible. The respective employment arrangements we have maintained with our named executive officers

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provide for minimum annual base salaries, which may be increased or, in certain circumstances, decreased from time to time at the discretion of the Compensation Committee. Individual performance is reviewed on an annual basis during our annual evaluation process, which is designed to ensure consistent global Company results, hold our named executive officers accountable for results (i.e., financial, leadership and individual goals) and set the tone for future results (i.e., actual results against budgeted goals). The goals and objectives considered during the annual evaluation process are prepared and reviewed on an annual basis.

The base annual salary levels of each of our named executive officers are established and may be adjusted from time to time based on market conditions and comparative salary information or to recognize individual performance, promotions, retention requirements, internal pay equity and other qualitative factors. The base salaries for our named executive officers (other than our CEO) also reflect input from our CEO regarding individual performance, Company strategy and retention factors.

Our named executive officers, pursuant to their respective employment agreements, are entitled to base salaries of $165,000 to $300,000, except that as part of his employment, Mr. Falcone decided not to receive a base salary, instead received options to purchase common stock in lieu of any base salary, and no named executive officers received salary increases during 2015. For more detail for each named executive officer s base salary please see Compensation Tables—Summary Compensation table and Employment Arrangements and Potential Payments Upon Termination or Change of Control.

Annual Bonus Plan

Establishment of Bonus Pool

Messrs. Falcone, Hladek, Pons, Sena, Voigt, and Estus participated in the Executive Bonus Plan (the Bonus Plan), which was adopted by the Compensation Committee in June 2014 under the Company s Omnibus Plan, along with other key employees of the Company. At the end of 2015, since Mr. Demise was the Chief Financial Officer of the Company s wholly-owned subsidiary, PTGi International Carrier Services, Inc. (ICS), Mr. Demise was no longer eligible to participate in the Bonus Plan. The Bonus Plan is designed to (i) offer variable compensation that provides competitive levels of total pay to executives if the Company achieves target results and (ii) reward and encourage value creation by executives. Pursuant to the Bonus Plan, a bonus pool is funded with an amount based on corporate performance measured in terms of the change in the Company s Net Asset Value (as defined below) from the beginning of the Company s fiscal year to the end of the Company s fiscal year end (NAV Return), in excess of a threshold NAV Return (the Fiscal 2015 Threshold NAV Return). Please see the discussion below for additional details for the calculation of the NAV Return.

Each named executive officer may be granted an individual bonus under the Bonus Plan (the Individual Bonus), based on achievement of individual goals and objectives set by the Compensation Committee (based on the recommendations of the Company s CEO), and a corporate bonus under the Bonus Plan (the Corporate Bonus), based on the achievement of goals and objectives set by the Compensation Committee (based on the recommendations of the Company s CEO) tied directly to the financial and strategic goals of the Company, as well as an assessment of how well the named executive officer was able to adapt to changes and obtain overall financial results in the Company s businesses and industries and contribute to the NAV Return.

NAV Return is believed to be a good proxy for creation of value for the Company and its stockholders because it is designed to encourage, among other things, the generation of cash flow by the Company s subsidiaries and transactions resulting in appreciation of the assets of the Company and its subsidiaries. Performance-based bonuses are awarded annually with a portion immediately vested and a portion subject to vesting in future years. Our Compensation Committee believes that paying a bonus consistently based on NAV Return, partially subject to vesting over a number of years, encourages a long-term focus on value creation for the benefit of our stockholders.

For fiscal 2015, NAV Return was based on the amount calculated as the product of (i) the percentage increase in the Net Asset Value per share of the Company from the beginning of fiscal 2015 to the end of fiscal 2015 multiplied by (ii) the Net Asset Value at the beginning of 2015. The Bonus Plan provides that 12% of the excess, if any, of the NAV Return for 2015 over Fiscal 2015 Threshold NAV Return is to be allocated to fund the bonus pool for Corporate Bonuses awarded to our named executive officers and other key employees. Pursuant to the Bonus Plan, this amount may be reduced by the Compensation Committee pursuant to its exercise of its negative discretion.

For the purpose of the foregoing calculation, the Company s Net Asset Value is generally calculated by (i) starting with the value of the Company s Net Asset Value, as such term is defined in the certificates of

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designation governing our Preferred Stock (the Preferred Stock Certificates), (ii) then subtracting from such amount the Company s deferred tax liabilities, (iii) then adding to such amount the Company s capital contributions to fund start-up businesses, which is subject to a $10 million cap, (iv) then adding to such amount the Company s deferred financing costs, (v) then adding to such amount the value of the Company s assets that have not been appraised, which is subject to a $20 million cap, (vi) then eliminating the effect of any settling of legacy liabilities associated with our predecessor businesses, which is subject to a $5 million cap, (vii) then adding to such amount expenses incurred in connection with completing any acquisitions by the Company within the past twelve months, and (viii) excluding any accretion on preferred stock (calculated in the manner contained in the Preferred Stock Certificates). The Company then makes adjustments to eliminate the effects of any conversion of Preferred Stock into common stock.

The Company achieved a NAV Return of zero during the fiscal year ended December 31, 2015. Since there was no NAV Return for 2016, no funds were allocated to the bonus pool for Corporate Bonuses, and no Corporate Bonuses were paid under the Bonus Plan for 2015.

Individual Performance-Based Awards

For 2015, based on the recommendation of our CEO, the Compensation Committee paid Mr. Sena a discretionary bonus of $250,000 as a result of his exceptional performance in improving the accounting and financial procedures and internal controls of the Company. Mr. Sena s individual bonus was paid in the form of restricted stock one-half vesting on the grant date on March 18, 2016, and the other half of which will vest on the first anniversary of the grant date, subject to Mr. Sena s continued employment with the Company on such vesting date.

Mr. Sena will also receive a payment of $150,000 in respect of his annual bonus for 2015, as required by the terms of his employment agreement entered into in 2015, which will be paid on or about April 30, 2016.

Sena Sign-On Bonus

Pursuant to his employment agreement and for inducement purposes, Mr. Sena received a sign-on cash bonus of $150,000 in 2015.

Corporate Performance-Based Awards

Each named executive officer s performance (other than that of our CEO) was also subjectively evaluated by our CEO based on the achievement of goals and objectives set by the Company s CEO tied directly to the financial and strategic goals of the Company, as well as an assessment of how well the named executive officer was able to adapt to changes and obtain overall financial results in the Company s businesses and industries and contribute to the NAV Return. Since there was no NAV Return for 2015, no Corporate Bonus was awarded to the named executive officers.

Initial Long-Term Equity Grants

Our practice is to grant service-based equity to named executive officers when our Compensation Committee or Board determines that it would be to the advantage and in the best interests of the Company and its stockholders to grant such equity as an inducement to enter into or remain in the employ of the Company and as an incentive for increased efforts during such employment.

Option Agreements with Philip A. Falcone

Contemporaneously with the execution of the Falcone Employment Agreement (as defined and discussed below under Employment Arrangements and Potential Payments Upon Termination or Change of Control), the Company issued

Mr. Falcone an option (the Initial Option) to purchase 1,568,864 shares of the Company s common stock at an exercise price of $4.56 per share. The terms and amount of the Initial Option were the product of negotiations between the Company and Mr. Falcone. The Initial Option is designed to attract and retain Mr. Falcone as an executive officer, and to align his interests with those of our shareholders. The Initial Option vests in three equal installments on the date of issuance and on each of the first and second anniversaries of the date of issuance, subject to Mr. Falcone s continued employment with the Company on each vesting date, and will become immediately exercisable in the event of a Fundamental Corporate Transaction (as defined in the Initial Option to include, among other transactions, any sale or other disposition of all or substantially all of the Company s assets or the acquisition

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of a majority of the voting power of its capital stock by certain third parties). The number of shares for which the Initial Option is exercisable and the exercise price of the Initial Option are subject to adjustment for certain events, such that at all times the Initial Option as so adjusted will enable Mr. Falcone to purchase the same percentage ownership interest in the Company that the Initial Option represented on its grant date. The Initial Option contemplated that any such anti-dilution adjustments would be in the form of additional options to be granted as of the date of the event requiring adjustment.

On October 26, 2014, the Company and Mr. Falcone reformed and clarified the Initial Option (the Option Clarification and, together with the Initial Option and any options to purchase common stock issued thereunder, the Option) to clarify the operation of the anti-dilution provisions of the Initial Option upon the issuance of rights, warrants, options, exchangeable securities or convertible securities entitling the holder thereof to subscribe for, purchase or otherwise acquire shares of the Company s capital stock (each referred to as Rights) in light of the Company s issuances of common stock and its Series A Preferred Stock and Series A-1 Preferred Stock during 2014. Specifically, pursuant to the terms of the Option Clarification, additional options granted to Mr. Falcone pursuant to the anti-dilution provisions upon the issuance of Rights (i) would have an exercise price equal to the greater of the fair market value of the common stock on the trading day immediately preceding the date of grant of the option or the price payable or deemed payable in respect of the applicable common stock upon the exercise or conversion of the Rights and (ii) would be exercisable as and to the extent the Rights are exercised or converted.

In 2014 anti-dilution adjustment options (the Anti-Dilution Options) exercisable for an aggregate of 1,782,082 shares of the Company s common stock were issued to Mr. Falcone, in respect of the Company s issuances of common stock, warrants to purchase common stock and its Series A Preferred Stock and Series A-1 Preferred Stock during such year. The Anti-Dilution Options vest in three equal installments, on the date of issuance and on each of the first and second anniversaries of the date of issuance, subject to Mr. Falcone s continued employment with the Company on each vesting date, and will become immediately exercisable in the event of a Fundamental Corporate Transaction. See Compensation Tables—2014 Grants of Plan-Based Awards.

Other Initial Long-Term Equity Grants

Mr. Sena, pursuant to his employment agreement entered into in 2015, was granted an initial long-term equity grant of RSAs in the amount of $957,000, of which 43% of such RSA vested on November 30, 2015, 40% of such RSA vests on November 30, 2016, and the remainder shall vest on November 30, 2017, subject to Mr. Sena s continued employment with the Company on each vesting date. The terms and amounts of such initial equity grant were the product of negotiations between the Company and Mr. Sena. The initial equity grant was designed to attract and retain the named executive officer, and to align his interests with those of our stockholders. The RSAs were granted under the Omnibus Plan. For more detail concerning Mr. Sena s initial long-term equity grant please see Employment Arrangements and Potential Payments Upon Termination or Change of Control.

Other Benefits

The Company s named executive officers receive limited benefits that would be considered executive benefits. Most benefits are consistent with those offered generally to employees, which consist of life insurance, travel accident insurance, health insurance, dental insurance, vision insurance, short-term and long-term disability and opportunities to participate in the Company s 401(k) plan. The Company matches 50% of the employee s 401(k) plan contributions, up to the first 6% of such employee s salary, with a maximum of $6,000 annually.

Clawback/Forfeiture

Pursuant to the equity agreements under the incentive plan, incentive compensation for employees are subject to recoupment in the event the Company restates its reported financial results or makes a mistake in calculations or other administrative error.

Potential Payments to Named Executive Officers Upon Termination or Change of Control

Our employment arrangements and severance guidelines (the Severance Guidelines) provide for certain payments to be made to our named executive officers in the event that their employment with the Company is terminated. Severance benefits are an important tool in attracting and retaining key employees and provide a degree of financial security to such employees.

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The Omnibus Plan grants the Board discretion to accelerate outstanding equity awards upon a Change in Control (as defined in the Omnibus Plan), such that award recipients have the ability to participate in the Change in Control with respect to the common stock subject to such awards. We believe that the discretion afforded to the Board to accelerate vesting of equity-based RSAs and stock option awards for our named executive officers under the Omnibus Plan in the event of a Change in Control ensures that the executives, when evaluating strategic actions in the best interest of our stockholders, are not at the same time concerned with a potential loss of their incentive compensation as a result thereof.

Pursuant to the terms of Mr. Falcone s Options, any unvested portions of the Options are accelerated upon the occurrence of a Fundamental Corporate Transaction. This provision, like all other provisions of Mr. Falcone s Options, was negotiated at the time of entry into Mr. Falcone s employment agreement.

The Management Compensation Plan and the agreements governing our awards of RSUs and stock options thereunder, some of which remain outstanding following the adoption of our Omnibus Plan, generally provide that, upon termination of the grantee s service with the Company without Cause, or for Good Reason within two years of a Change of Control (as such terms are defined in the Management Compensation Plan), any unvested RSUs or stock options immediately vest (so-called double trigger accelerated vesting). For further information regarding the potential severance and change of control benefits provided to our named executive officers pursuant to our employment and equity award arrangements with such named executive officers, as well as our Severance Guidelines, see Employment Arrangements and Potential Payments Upon Termination or Change of Control.

Tax Considerations

If a named executive officer is entitled to nonqualified deferred compensation benefits that are subject to Section 409A of the Code, and such benefits do not comply with Section 409A, the executive would be subject to adverse tax treatment, including accelerated income recognition (in the first year that benefits are no longer subject to a substantial risk of forfeiture) and an additional income tax of 20% of the amount so recognized. The employment arrangements of our named executive officers described herein and the Management Compensation Plan and the Omnibus Plan, as applicable, generally contain provisions intended to limit or eliminate adverse tax consequences through timing of payments.

Section 162(m) of the Code generally denies a deduction to any publicly held corporation for compensation paid to its named executive officers to the extent that any such individual s compensation exceeds $1 million, subject to certain exceptions, including one for performance-based compensation. Generally, the Compensation Committee seeks to maximize executive compensation deductions for federal income tax purposes. However, notwithstanding this general policy, the Company also believes there may be circumstances in which the Company s interests are best served by maintaining flexibility in the way compensation is provided, whether or not compensation is fully deductible under Section 162(m). Accordingly, the Compensation Committee may, from time to time, approve compensation that is not deductible under Section 162(m) if it determines that it is in the Company s best interest to do so.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with the management of the Company. Based on this review and discussion, the Compensation Committee recommended to the full Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the SEC on March 15, 2016.

Submitted by the Compensation Committee,

Robert V. Leffler (Chairman)
Wayne Barr, Jr.
Daniel Tseung

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2015 and currently, the Compensation Committee consists of Robert V. Leffler (Chairman), Wayne Barr, Jr. and Daniel Tseung. None of the members of the Company s Compensation Committee during 2015: (i) served as an officer or employee of the Company during 2015, (ii) was formerly an officer of the Company or (iii) has had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K.

During 2015: (A) none of our executive officers served as a member of a compensation committee (or other body performing a similar role) of another entity, any of whose executive officers served on our Compensation Committee; (B) none of our executive officers served as a director of another entity, any of whose executive officers served on our Compensation Committee and (C) none of our executive officers served as a member of the compensation committee (or other body performing a similar role) of another entity, any of whose executive officers served as one of our directors.

COMPENSATION TABLES

Summary Compensation Table

The following table sets forth, for the fiscal years ended December 31, 2015, 2014 and 2013, the total compensation paid or accrued to our named executive officers.

Name and Principal Position (1)	Year	Salary ($)	Bonus ($) (2)	Stock Awards ($) (3)(8)	Option Awards ($) (4)(8)	Non-Equity Incentive Plan Compensation ($) (5)(8)	All Other Compensation ($) (6)	Total ($)
Falcone, Philip A.	2015	—	—	7,933,950	5,025,898	—	—	12,959,848
Chairman, President and Chief Executive Officer	2014	—	—	7,260	4,892,120	1,922,400	13,938	6,835,718
Sena, Michael	2015	167,115	150,000	969,114	—	—	4,242	1,290,471
Chief Financial Officer								
Demise, Mesfin	2015	165,000 (7)	—	17,676	2,044	—	6,000	190,720
Former Chief Financial Officer, Chief Compliance Officer	2014	154,548	30,551	60,900	4,809	58,000	5,553	314,361
Corporate Controller and Treasurer; Chief Financial Officer	2013	136,029	—	—	—	—	4,276	140,305
PTGI-International Carrier Services, Inc. (Current)								
Hladek, Keith M.	2015	300,000	—	1,116,819	161,002	—	—	1,577,821
Chief Operating Officer	2014	184,231	—	507,500	40,074	572,454	—	1,304,259
Voigt, Paul	2015	300,000	—	2,349,189	338,667	—	—	2,987,856
Senior Managing Director, Investments	2014	75,000	100,000	568,750	42,607	993,783	—	1,780,140

Pons, Robert M.	2015	300,000	—	693,207	99,931	—	5,501	1,098,639
Executive Vice	2014	184,231	100,000	253,750	20,037	393,247	24,157	975,422
President of Business Development	2013	—	—	59,450	42,296	—	193,645	295,390
Estus, Ian	2015	300,000	—	321,984	55,517	—	2,250	679,751
Managing Director, Investments	2014	184,231	—	253,750	20,037	317,220	—	775,238

(1) Information is not presented for years in which Messrs. Falcone, Sena, Demise, Hladek, Voigt, and Estus were not yet named executive officers.

(2) The amounts in this column represent cash bonuses granted to our named executive officers as sign-on bonuses or bonuses in recognition of additional responsibilities.

(3) These amounts represent the aggregate grant date fair value of RSAs and/or RSUs granted in 2015, 2014 and 2013, as applicable, computed in accordance with ASC 718. A discussion of the assumptions used in determining grant date fair value may be found in Note 17 to our Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015. See Compensation Discussion and Analysis—Elements of Compensation—Annual Bonus Plan above for a description of HC2's 2014 Bonus Plan, which provides for the payment of amounts earned with respect to the 2014 performance period in a mix of cash and equity. Amounts paid in equity in the form of RSAs to our named executive officers for the 2014 performance period are reflected as 2015 grants in the table above because the grants were made in 2015.

(4) The amounts in this column represent the aggregate grant date fair value of stock option awards granted in 2015, 2014 and 2013, as applicable, computed in accordance with ASC 718. A discussion of the assumptions used in determining grant date fair value may be found in Note 17 to our Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015. See Compensation Discussion and Analysis—Elements of Compensation—Annual Bonus Plan above for a description of HC2's Bonus Plan, which provides for the payment of amounts earned with respect to the 2014 performance period in a mix of cash and equity. Amounts paid in equity in the form of stock options to our named executive officers for the 2014 performance period are reflected as 2015 grants in the table above because the grants were made in 2015.

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(5) The amounts in this column represent annual cash incentive payments under our then-current compensation program. Amounts reported for each year are based on performance in such year, even if paid subsequent to year end. See Compensation Discussion and Analysis—Elements of Compensation—Annual Bonus Plan above for a description of HC2's Bonus Plan, which provides for the payment of amounts earned with respect to the 2014 performance period in a mix of cash and equity. As the performance goal for the 2015 performance period was not met, no cash amounts were paid under the Bonus Plan with respect to such period.

(6) The amounts in this column represent matching contributions made by the Company to the Company's 401(k) plan on behalf of each of the named executive officers who participated in such plan.

(7) Salary for Mr. Demise also includes his salary earned in his current role as Chief Financial Officer of PTGI-International Carrier Services, Inc. beginning on May 20, 2015.

(8) The amounts reported in last year's proxy statement under the 2014 stock awards and option awards columns incorrectly reported the value of equity compensation paid to the Named Executive Officers (other than Mr. Sena). Rather than reporting the value of stock options and stock awards (the awards) based on the date such awards were granted in March 2015, and therefore should not have been included as 2014 compensation. We view this error as immaterial given the fact that the difference in reporting did not have an effect on our accounting methods for the applicable year, and our 2014 proxy statement included narrative disclosure that accurately described the material terms of such awards.

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2015 Grants of Plan-Based Awards

The following table sets forth, for each named executive officer, certain information with respect to grants of plan-based equity awards granted during the fiscal year ended December 31, 2015.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (1)						
Name and Principal Position	**Grant Date**	**Compensation Committee Action Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**All Other Stock Awards: Number of Shares of Stock or Units**	**All Other Option Awards: Number of Securities Underlying Options (#)**	**Exercise or Base Price of Option Awards ($/Sh)**	**Grant Date Fair Value of Stock and Option Awards ($) (1)**
Falcone, Philip A. Chairman, President and Chief Executive Officer	January 7, 2015 (2)	—	—	—	—	—	—	—	—	169,697	$ 8.25	$ 525,563
	March 12, 2015 (2)								881,550	309,620	$ 9.00	$ 8,916,633
	November 9, 2015 (2)	—	—	—	—	—	—	—	—	845,250	$ 7.17	$ 2,854,676
	December 24, 2015 (2)	—	—	—	—	—	—	—	—	200,000	$ 7.08	$ 426,636
	December 24, 2015 (2)	—	—	—	—	—	—	—	—	100,742	$ 5.90	$ 236,340
Sena, Michael Chief Financial Officer Former Chief Financial Officer, Chief Compliance Officer, Corporate Controller and Treasurer; Chief Financial Officer	May 20, 2015	—	—	—	—	—	—	—	86,528	—	$ —	$ 969,114

Demise, Mesfin PTGI-International Carrier Services, Inc. (Current)	March 12, 2015	—	—	—	—	—	—	—	1,964	644	$ 9.00	$ 19,720
Hladek, Keith M. Chief Operating Officer	March 12, 2015	—	—	—	—	—	—	—	124,091	50,728	$ 9.00	$ 1,277,821
Voigt, Paul Senior Managing Director, Investments	March 12, 2015	—	—	—	—	—	—	—	261,021	106,706	$ 9.00	$ 2,687,856
Pons, Robert M. Executive Vice President of Business Development	March 12, 2015	—	—	—	—	—	—	—	77,023	31,486	$ 9.00	$ 793,138
Estus, Ian Managing Director, Investments	March 12, 2015	—	—	—	—	—	—	—	35,776	17,492	$ 9.00	$ 377,501

(1) Amounts shown reflect the aggregate grant date fair value in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions, see Note 17 in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Our named executive officers are participants in the Bonus Plan under the Omnibus Plan, discussed above under Compensation Discussion and Analysis—Elements of Compensation—Annual Bonus Plan, which was adopted by the Compensation Committee in June 2014. Pursuant to the Bonus Plan, a bonus pool is established in an amount based on the Company's NAV Return in excess of a threshold NAV Return amount. Each named executive officer may be granted an Individual Bonus and a Corporate Bonus under the Bonus Plan, based on his achievement of individual and corporate-related performance goals, respectively. The Omnibus Plan establishes certain limits on individual award amounts, whether cash- or equity-based, for any single performance period. Pursuant to the 2014 Bonus Plan, Corporate Bonus awards are paid out in a mix of cash and equity early in the year following the performance year following an

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evaluation of Company and individual results. No bonuses were paid under the Bonus Plan with respect to the 2015 performance period because the Company s NAV Return did not meet the threshold. However, amounts paid in equity to our named executive officers for the 2014 performance period under the Omnibus Plan (consisting of restricted stock and stock options) are reflected as 2015 grants and are included in the table above, since the grants were made in 2015.

(2) Mr. Falcone was issued 169,697, 845,250 and 300,742 stock options on January 7, 2015, November 9, 2015 and December 24, 2015, respectively as the Anti-Dilution Options. The Anti-Dilution Options were granted to Mr. Falcone pursuant to anti-dilution provisions set forth in his Option, in respect of (i) the Company's issuance of Series A-2 Preferred Stock on January 7, 2015, (ii) the Company's issuance of 8,452,500 shares of common stock on November 9, 2015, (iii) the Company's issuance of 1,007,422 shares of common stock and a warrant to purchase 2,000,000 shares of common stock to the sellers involved in the acquisition of United Teachers Associates Insurance Company (UTAIC) and Continental General Insurance Company (CGIC) on December 24, 2015. The Anti-Dilution Options have grant dates corresponding to the underlying events triggering the anti-dilution provisions in the Option. Mr. Falcone was issued 309,620 stock options on March 12, 2015 in respect of the bonus amount paid in equity pursuant to the Bonus Plan for his 2014 performance. See Compensation Discussion and Analysis—Elements of Compensation—Initial Long-Term Equity Grants—Option Agreements with Philip A. Falcone above for a description of the Options granted to Mr. Falcone in 2015.

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Outstanding Equity Awards at Fiscal Year End

The following table sets forth information with respect to our named executive officers concerning unexercised stock option awards and unvested RSA/RSU awards as of December 31, 2015.

	Options					*Stock*			
Name	**Number of Securities Underlying Unexercised Options Exercisable**	**Number of Securities Underlying Unexercised Options Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested**	**Market Value of Shares or Units of Stock That Have Not Vested ($) (1)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (2)**
Falcone, Philip A.									
Granted: January 15, 2014	2,704	1,351 (2)		3.58	1/14/2024	—	—	—	—
Granted: January 15, 2014	—	—				1,014	5,364 (2)	—	—
Granted: May 21, 2014	1,045,910	522,954 (3)		4.56	5/20/2024				
Granted: October 28, 2014	35,975	17,988 (4)		3.77	5/20/2024	—	—	—	—
Granted: October 28, 2014	1,169	585 (4)		3.98	5/20/2024	—	—	—	—
Granted: October 28, 2014	1,596	798 (4)		4.00	5/20/2024	—	—	—	—

Granted: October 28, 2014	100,000	50,000 (4)	4.05	5/20/2024	—	—	—	—
Granted: October 28, 2014	9,593	4,796 (4)	4.05	5/20/2024	—	—	—	—
Granted: October 28, 2014	470,588	235,294 (4)	4.25	5/20/2024	—	—	—	—
Granted: October 28, 2014	133	66 (4)	4.05	5/20/2024	—	—	—	—
Granted: October 28, 2014	18,780	9,390 (4)	4.05	5/20/2024	—	—	—	—
Granted: October 28, 2014	3,217	1,609 (4)	4.04	5/20/2024	—	—	—	—
Granted: October 28, 2014	9,211	4,606 (4)	4.05	5/20/2024				
Granted: October 28, 2014	18,968	9,484 (4)	4.02	5/20/2024				
Granted: October 28, 2014	12,109	6,055 (4)	4.05	5/20/2024				
Granted: October 28, 2014	18,865	9,433 (4)	4.04	5/20/2024				
Granted: October 28, 2014	6,579	3,290 (4)	4.05	5/20/2024				
Granted: October 28, 2014	7,497	3,749 (4)	4.03	5/20/2024				
Granted: October 28, 2014	14,530	7,265 (4)	4.02	5/20/2024				
Granted: October 28, 2014	27,493	13,746 (4)	4.03	5/20/2024				
Granted: October 28, 2014	2,924	1,462 (4)	3.98	5/20/2024				
Granted: October 28,	32,915	16,457 (4)	3.85	5/20/2024				

2014									
Granted: October 28, 2014	1,673	837	(4)	4.25	5/20/2024	—	—	—	—
Granted: October 28, 2014	186,981	93,491	(4)	3.99	5/20/2024				
Granted: October 28, 2014	172,549	86,275	(4)	4.36	5/20/2024				
Granted: October 28, 2014	173	86	(4)	4.46	5/20/2024	—	—	—	—
Granted: October 28, 2014	4,723	2,361	(4)	4.46	5/20/2024	—	—	—	—
Granted: January 7, 2015	56,566	113,131	(4)	8.25	5/20/2024	—	—	—	—
Granted: March 12, 2015	154,810	154,810	(6)	9.00	3/12/2025	—			