

HC2 HOLDINGS, INC.
Form DEF 14A
April 26, 2017

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
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- 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.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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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):
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1. Amount previously paid:
2. Form, Schedule or Registration Statement No.:
3. Filing Party:
4. Date Filed:

HC2 Holdings, Inc.
450 Park Avenue, 30th Floor
New York, NY 10022

Notice of 2017 Annual Meeting
And
Proxy Statement

HC2 Holdings, Inc.
450 Park Avenue, 30th Floor
New York, NY 10022

April 26, 2017

Dear HC2 Holdings, Inc. Stockholder:

It is my pleasure to invite you to attend the 2017 Annual Meeting of Stockholders (the “2017 Annual Meeting”) of HC2 Holdings, Inc. (“HC2” or the “Company”). We will hold the 2017 Annual Meeting on Wednesday, June 14, 2017 at 11:00 a.m., Eastern Time, at the law offices of Hogan Lovells LLP at 875 3rd Avenue, New York, NY 10022.

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 2017 Annual Meeting, we urge you to cause your shares to be voted via the Internet at www.voteproxy.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., AST, Attn: Operation Center, 6201 15th Avenue, Brooklyn, NY 11219. 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 2017 Annual Meeting, please vote your shares in order to ensure the presence of a quorum. If you attend the 2017 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.voteproxy.com, the Proxy Statement, the Notice and our Annual Report on Form 10-K for the year ended December 31, 2016 are available for viewing and printing under the “Investor Relations-Proxy Materials” section of our website at www.hc2.com. These materials were first sent or made available to stockholders on our website on or about April 26, 2017. Any stockholder may, at no cost to the stockholder, request to receive proxy materials in printed form by mail or electronically by e-mail; to ensure timely delivery, please be sure to complete this request by June 2, 2017. 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. You will not otherwise receive a printed or e-mail copy of the proxy materials.

Thank you for your continued support and interest in HC2. We look forward to seeing you at the 2017 Annual Meeting on Wednesday, June 14, 2017.

Very truly yours,

Philip A. Falcone

Chairman, President and Chief Executive Officer

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE ANNUAL MEETING OF
STOCKHOLDERS TO BE HELD ON JUNE 14, 2017**

This proxy statement and the 2016 Annual Report are available at www.hc2.com (Investor Relations-Proxy Materials).

HC2 Holdings, Inc.
450 Park Avenue, 30th Floor
New York, NY 10022

NOTICE OF 2017 ANNUAL MEETING
OF STOCKHOLDERS

To be Held on Wednesday, June 14, 2017, at 11:00 a.m. (EST)

April 26, 2017

To our Stockholders:

HC2 Holdings, Inc. (“HC2” or the “Company”) will hold its 2017 Annual Meeting of Stockholders (the “2017 Annual Meeting”) on Wednesday, June 14, 2017 at 11:00 a.m., Eastern Time, at the law offices of Hogan Lovells LLP at 875 3rd Avenue, New York, NY 10022. At the 2017 Annual Meeting, holders of HC2’s outstanding common and preferred 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 2018 Annual Meeting of Stockholders and until his successor is duly elected and qualified.
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 the HC2 Holdings, Inc. Amended and Restated 2014 Omnibus Equity Award Plan (the “Amended 2014 Plan”).
4. To ratify the appointment of BDO USA, LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2017.
5. To consider and take action upon any other business that may properly come before the 2017 Annual Meeting or any continuations, postponements or adjournments thereof.

Only stockholders of record of HC2’s common and preferred stock as of the close of business on April 17, 2017, which is the record date for the 2017 Annual Meeting, are entitled to notice of, and to vote at, the 2017 Annual Meeting and any continuations, adjournments or postponements of the 2017 Annual Meeting. A list of stockholders of record will be available at the 2017 Annual Meeting and for the 10 days prior to the 2017 Annual Meeting, during ordinary business hours, at the office of the Secretary of HC2, 450 Park Avenue, 30th Floor, New York, NY 10022.

All stockholders are cordially invited to attend the 2017 Annual Meeting. You must bring with you proof of stock ownership as of the April 17, 2017 record date and a valid personal photo identification card, such as a driver’s license or passport, in order to be admitted to the 2017 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 2017 Annual Meeting will not preclude you from voting in person at the 2017 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 the Amended and Restated 2014 Omnibus Equity Award Plan (Proposal 3).

•“FOR” the ratification of the appointment of BDO USA, LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2017 (Proposal 4).

By Order of the Board of Directors,

Paul L. Robinson

Chief Legal Officer and Corporate Secretary

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 2017 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, 2016 ARE AVAILABLE AT WWW.VOTEPROXY.COM.

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HC2 Holdings, Inc.
450 Park Avenue, 30th Floor
New York, NY 10022

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 14, 2017

GENERAL INFORMATION ABOUT THE 2017 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 2017 Annual Meeting of Stockholders (the “2017 Annual Meeting”) to be held on June 14, 2017, at 11:00 a.m., Eastern Time at the law offices of Hogan Lovells LLP at 875 3rd Avenue, New York, NY 10022, and any continuations, adjournments or postponements of the 2017 Annual Meeting. HC2 expects to mail the Notice of Internet Availability of Proxy Materials (the “Notice”) to all stockholders entitled to vote at the 2017 Annual Meeting on or about May 3, 2017. The purpose of the 2017 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, 2016, by providing access to such documents on the Internet instead of mailing a printed copy of such proxy materials to each stockholder of record. The Notice provides instructions on how to access and review all of these proxy materials and how to submit your proxy on the Internet or by telephone. 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. In order to ensure timely delivery, please be sure to complete this request by June 2, 2017. If you would like to receive a printed or e-mail copy of these proxy materials, you should follow the instructions for requesting such materials in the Notice. You will not otherwise receive a printed or email copy of the proxy materials. Our Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2016 are available at www.voteproxy.com and under the “Investor Relations-Proxy Materials” section of our website at www.hc2.com. These materials were first sent or made available to stockholders on our website on or about April 26, 2017.

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 17, 2017 are entitled to vote at the 2017 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 before the 2017 Annual Meeting.

As of the record date for the 2017 Annual Meeting, there were (i) 42,155,860 shares of common stock outstanding, (ii) 14,808 shares of Series A Preferred Stock outstanding, equal to 3,531,590 shares of common stock on an as-converted basis, (iii) 1,000 shares of Series A-1 Preferred Stock outstanding, equal to 235,529 shares of common stock on an as-converted basis, and

(iv) 14,000 shares of Series A-2 Preferred Stock outstanding, equal to 1,794,872 shares of common stock on an as-converted basis, or a total of 47,717,851 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 2017 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 in the manner you indicate. If you submit a proxy but do not indicate any voting instructions, your votes will be voted in accordance with the Board’s recommendations.

Voting by proxy will not affect your right to attend the 2017 Annual Meeting.

If your shares are registered directly in your name through our stock transfer agent, American Stock Transfer & Trust Company, LLC, or if 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 Time, on June 13, 2017.

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 2017 Annual Meeting.

In person at the 2017 Annual Meeting. If you attend the 2017 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 2017 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 2017 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 2017 Annual Meeting. You will not be able to vote in person at the 2017 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 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 the Amended and Restated 2014 Omnibus Equity Award Plan (Proposal 3).

•“FOR” the ratification of the appointment of BDO USA, LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2017 (Proposal 4).

If any other matter is presented at the 2017 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 2017 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 2017 Annual Meeting or, if you attend the 2017 Annual Meeting in person, at the 2017 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 2017 Annual Meeting, which states that you have revoked your proxy; or

By attending the 2017 Annual Meeting and voting in person. Attending the 2017 Annual Meeting in person will not in and of itself revoke a previously submitted proxy. You must specifically request at the 2017 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 2017 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 and 3 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.

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

With respect to Proposal No. 1, each director must be elected by a plurality of the votes received from holders of HC2's common stock and Preferred Stock, voting as a single class (with the Preferred Stock voting on an as-converted basis). This means that the five 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.

With respect to Proposal Nos. 2, 3 and 4, 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 (with the Preferred Stock voting on an as-converted basis) will constitute the stockholders' approval of the proposals, which in the case of Proposal 2, will be non-binding. Because broker non-votes and abstentions are not voted affirmatively or negatively, they will have no effect on the outcome of these proposals.

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 2017 Annual Meeting, including its common stock and Preferred Stock, on an as-converted basis, is necessary to constitute a quorum at the 2017 Annual Meeting. Votes of stockholders of record who are present at the 2017 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 2017 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 2017 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 2017 Annual Meeting from time to time until a quorum is present with respect to such matter or matters to be voted upon. As of the record date for the 2017 Annual Meeting, there were (i) 42,155,860 shares of common stock outstanding, (ii) 14,808 shares of Series A Preferred Stock outstanding, equal to 3,531,590 shares of common stock on an as-converted basis, (iii) 1,000 shares of Series A-1 Preferred Stock outstanding, equal to 235,529 shares of common stock on an as-converted basis, and (iv) 14,000 shares of Series A-2 Preferred Stock outstanding, equal to 1,794,872 shares of common stock on an as-converted basis, or a total of 47,717,851 shares of common stock (including the Preferred Stock on an as-converted basis) outstanding and entitled to vote. Thus, the holders of 23,858,926 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.

How do I Attend the 2017 Annual Meeting?

The 2017 Annual Meeting will be held on Wednesday, June 14, 2017 at 11:00 a.m., Eastern Time, at the law offices of Hogan Lovells LLP at 875 3rd Avenue, New York, NY 10022. In order to be admitted into the 2017 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 17, 2017, which is the record date for the 2017 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 2017 Annual Meeting, please call (212) 235-2696. You do not need to attend the 2017 Annual Meeting in order to vote.

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, Warren H. Gfeller, Lee S. Hillman and Robert V. Leffler, Jr., each of whom is nominated for election at the 2017 Annual Meeting.

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.

At the recommendation of our Nominating and Governance Committee, our Board has nominated each of Messrs. Barr, Falcone, Gfeller, Hillman and Leffler for election as a director at the 2017 Annual Meeting, to hold office until the Annual Meeting of Stockholders in 2018 and until his successor is duly elected and qualified. Proxies cannot be voted for a greater number of persons than the number of nominees named in this proposal.

Messrs. Barr, Falcone, Gfeller, Hillman 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 (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. 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 maintained a minimum ownership threshold of HC2’s voting stock (the “Minimum Ownership Threshold”), the holders of the Series A Preferred Stock and Series A-1 Preferred Stock were entitled, voting together as a separate class, to the exclusion of all other classes of voting stock, to elect at least one director (the “Preferred Elected Director”). In 2016, the holders of the Series A Preferred Stock and Series A-1 Preferred Stock designated Mr. Hillman as the Preferred Elected Director nominee, and elected Mr. Hillman to serve on the Board until the 2017 Annual Meeting. The holders of the Series A Preferred Stock and Series A-1 Preferred Stock failed to maintain the Minimum Ownership Threshold during fiscal year 2016 (the “Minimum Threshold Event”) and therefore their right to elect the Preferred Elected Director has expired. Pursuant to the terms of the Series A Preferred Stock and Series A-1 Preferred Stock, Mr. Hillman was required to resign from the Board immediately upon the Minimum Threshold Event. However, the Board determined that it was in the best interests of the Company to waive such resignation requirement and nominate Mr. Hillman for election as a director by the stockholders of the Company at the 2017 Annual Meeting.

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,

Hillman and
Leffler as
directors.

5

BOARD OF DIRECTORS

Information Regarding Directors

Set forth below is certain information with respect to our nominees for election as directors at the 2017 Annual Meeting, all of whom are current directors of the Company. 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 2017 Annual Meeting, to hold office until the Annual Meeting of Stockholders in 2018 and until his successor is duly elected and qualified.

Director Nominees

Name	Age	Director Since
Philip A. Falcone	54	2014
Wayne Barr, Jr.	53	2014
Warren H. Gfeller ⁽¹⁾⁽²⁾⁽³⁾	64	2016
Lee S. Hillman ⁽¹⁾⁽²⁾⁽³⁾	61	2016
Robert V. Leffler, Jr. ⁽¹⁾⁽²⁾⁽³⁾	71	2014

(1)Member of the Compensation Committee. Mr. Leffler is the Chairman of the Committee.

(2)Member of the Audit Committee. Mr. Gfeller is the Chairman of this Committee.

(3)Member of the Nominating and Governance Committee. Mr. Leffler is the Chairman of this Committee.

Philip A. Falcone, 54, 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 Inseego Corp. (NASDAQ: INSG), a provider of intelligent wireless solutions for the worldwide mobile communications market, and he also serves as a director at several of HC2's subsidiaries. Mr. Falcone received an A.B. in Economics from Harvard University.

Wayne Barr, Jr., 53, has served as a director of HC2 since January 2014 and is a director of several of HC2's subsidiaries. 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 previously served on the boards of directors of several companies and is currently on the Board of Concurrent Computer Corporation (NASDAQ: CCUR) and Aviat Networks, Inc. (NASDAQ: AVNW). 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, 64, has served as a director of HC2 since June 2016. 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. ("Ferrellgas"), 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.

Lee S. Hillman, 61, has served as a director of HC2 since June 2016. 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 the compensation and financial strategies committees of the board and serves as a member of its audit committee. Mr. Hillman also serves as a director and chair of the audit committee of Professional Diversity Network, Inc. and as a trustee and member of the audit committee at Adelpia Recovery Trust. He also serves as a director of Business Development Corporation of America. Mr. Hillman has previously 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. From 1989 to 1991, Mr. Hillman served as an audit partner at Ernst & Young LLP. 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.

Robert V. Leffler, Jr., 71, has served as a director of HC2 since September 2014. Mr. Leffler is retired but formerly owned The Leffler Agency, Inc., a full service advertising agency, from 1984 to 2016. The firm specialized in the areas of sports/entertainment and media. Previously, headquartered in Baltimore, the agency also had an office in Tampa and operated in 20 U.S. markets. Leffler Agency also had a subsidiary media buying service, Media Moguls, LLC, which specialized in mass retail media buying. Mr. Leffler previously 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.

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: Construction, Marine Services, Insurance, Energy, 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.

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, especially in light of its telecommunications operations.

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.

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 required 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 were subject to the oversight of an independent monitor for two years.

Additionally, on October 7, 2013, HRG, Fidelity & Guaranty Life (f/k/a, Harbinger F&G, LLC, “FGL”), 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 New York Insurance Law Section 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. Our Insurance Company is not licensed to operate in New York State, and does not currently operate in New York State; therefore, the ban does not apply to our Insurance Company.

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 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 2017, 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. Gfeller, Hillman and Leffler 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

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). During the year ended December 31, 2016, the Audit Committee held eleven meetings. The Audit Committee currently consists of Warren H. Gfeller (Chairman), Lee S. Hillman and Robert V. Leffler, Jr. Our Board has determined that Messrs. Gfeller and Hillman qualify as an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC, and, as noted above, both Messrs. Gfeller and Hillman qualify as "independent" under NYSE MKT rules. The Board has considered the qualifications of the current members of the Audit Committee and has determined that they possess 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 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.

Compensation Committee

During the year ended December 31, 2016, the Compensation Committee held seven meetings. The Compensation Committee currently consists of Robert V. Leffler, Jr. (Chairman), Warren H. Gfeller and Lee S. Hillman, each of whom is independent and a "non-employee director" as defined by Rule 16b-3 under the Exchange Act.

The Compensation Committee is primarily responsible for evaluating and establishing the compensation of our Chief Executive Officer (our "CEO"), our other executive officers and recommending for Board approval the compensation for our non-employee directors. The Compensation Committee is also responsible for administering our 2014 Omnibus Equity Award Plan (the "Omnibus Plan"), or any other compensation plan that may be adopted from time to time, which includes the authority to decide compensation matters pertaining to the Omnibus Plan, including the approval of equity instruments under the Omnibus Plan as well as 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 our executive officers other than the CEO. 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, 2016, the Nominating and Governance Committee held one meeting. The Nominating and Governance Committee currently consists of Robert V. Leffler, Jr. (Chairman), Warren H. Gfeller and Lee S. Hillman.

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.

The Nominating and Governance Committee may use multiple sources for identifying director candidates, including its own contacts and referrals from other directors and stockholders, 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 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., 450 Park Avenue, 30th Floor, New York, NY 10022, Attention: Corporate Secretary.

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.

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., 450 Park Avenue, 30th Floor, New York, NY 10022, Attention: Corporate Secretary. Communications by e-mail should be addressed to corpsec@hc2.com and marked "Attention: Corporate Secretary" in the "Subject" 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.

Meeting Attendance

During the year ended December 31, 2016, our Board held seven meetings. During 2016, 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 and director nominees attended the 2016 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. Leffler 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 stockholders.

The Lead Independent Director's duties include:

convening and presiding over executive sessions of the independent directors;

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:

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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.

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 Mr. Falcone is a named executive officer due to his position with the Company, his compensation is reflected in the Summary Compensation Table below in the "Compensation Tables" section, rather than in the Non-Employee Director Compensation Table below.

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 or a successor 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 14, 2016, the Compensation Committee awarded each of Messrs. Barr, Gfeller, Hillman and Leffler 14,634 shares of restricted stock, vesting ratably in three installments commencing on date of grant and each of June 14, 2017 and June 14, 2018 (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, 2016 for each non-employee director:

Director	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
Wayne Barr, Jr. ⁽³⁾	\$148,909 ⁽²⁾	\$59,999	\$208,908
Warren H. Gfeller ⁽⁴⁾	\$40,456	\$59,999	\$100,455
Lee S. Hillman ⁽⁵⁾	\$37,723	\$59,999	\$97,722
Robert V. Leffler, Jr. ⁽⁶⁾	\$71,820	\$59,999	\$131,819

These amounts represent the aggregate grant date fair value of RSAs granted in 2016 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, 2016.

(2) Includes \$90,000 paid to Mr. Barr pursuant to an Independent Consulting Agreement between Mr. Barr and the Company effective as of July 1, 2016 and dated July 11, 2016.

As of December 31, 2016, Mr. Barr had (i) 35,345 RSAs outstanding, of which 23,778 RSAs were vested and (ii) 4,466 stock options outstanding, all of which 4,466 options were vested. Mr. Barr received a grant of 14,634 RSAs on June 14, 2016. These RSAs had an aggregate grant date fair value of \$59,999.40 based on the closing price of HC2 common stock on June 14, 2016 of \$4.10.

As of December 31, 2016, Mr. Gfeller had 14,634 RSAs outstanding, of which 4,878 RSAs were vested. Mr. Gfeller received a grant of 14,634 RSAs on June 14, 2016. These RSAs had an aggregate grant date fair value of \$59,999.40 based on the closing price of HC2 common stock on June 14, 2016 of \$4.10

As of December 31, 2016, Mr. Hillman had 14,634 RSAs outstanding, of which 4,878 RSAs were vested. Mr. Hillman received a grant of 14,634 RSAs on June 14, 2016. These RSAs had an aggregate grant date fair value of \$59,999.40 based on the closing price of HC2 common stock on June 14, 2016 of \$4.10.

As of December 31, 2016, Mr. Leffler had 29,253 RSAs outstanding, of which 17,686 RSAs were vested. Mr. Leffler received a grant of 14,634 RSAs on June 14, 2016. These RSAs had an aggregate grant date fair value of \$59,999.40 based on the closing price of HC2 common stock on June 14, 2016 of \$4.10.

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 17, 2017.

Name	Age	Position
Philip A. Falcone	54	Chairman, President and Chief Executive Officer
Michael J. Sena	44	Chief Financial Officer
Paul K. Voigt	58	Senior Managing Director of Investments
Paul L. Robinson	50	Chief Legal Officer & Corporate Secretary
Suzi Raftery Herbst	41	Chief Administrative Officer
Andrea L. Mancuso	46	Deputy General Counsel and Assistant Corporate Secretary
Andrew G. Backman	49	Managing Director Investor Relations & Public Relations

Philip A. Falcone. Mr. Falcone's biography can be found under "Board of Directors-Information Regarding Directors." Michael J. Sena, 44, has been HC2's Chief Financial Officer since June 2015 and is a director of several of HC2's subsidiaries. Prior to joining the Company, Mr. Sena was the Senior Vice President and Chief Accounting Officer of HRG Group, Inc. from October 2014 to June 2015, 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., from November 2012 to June 2015, and served as a director of Zap.Com from December 2014 until June 2015. 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, 58, has been the Senior Managing Director of Investments of HC2 since October 2014 and is a director of several of HC2's subsidiaries. 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, 50, has been Chief Legal Officer and Corporate Secretary of HC2 since March 2016. Mr. Robinson brings nearly 25 years of diverse corporate, government and private legal experience to HC2 and is responsible for all legal, M&A, securities, commercial, employment, corporate governance and regulatory activities. Prior to joining HC2, Mr. Robinson was the Executive Vice President, Chief Legal Officer and Corporate Secretary for SEACOR Holdings, Inc. (NYSE: CKH) from February 2015 through February 2016 and was Senior Vice President, General Counsel from November 2007 through February 2015. From 1999 through June 2007, Mr. Robinson held various positions at Comverse Technology, Inc. (NASDAQ: CMVT), including Chief Operating Officer, Executive Vice President, General Counsel and Corporate Secretary. Prior to joining Comverse Technology, 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, LLP. Mr. Robinson also served as 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. From June 1994 through January 1997, Mr. Robinson was an associate attorney at Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Robinson was also previously a director at Verint Systems Inc. (NASDAQ: VRNT) and Ulticom, Inc. (NASDAQ: ULC). Mr. Robinson earned a Bachelor of Arts degree 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.

Suzi Raftery Herbst, 41, has been 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 from March 2010 through March 2015. 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 the Human Resources and Foreign Exchange Sales departments at Cantor Fitzgerald. Ms. Herbst started her career in the Equity Sales department at Merrill Lynch. Ms. Herbst earned a Bachelor of Arts degree in Communications and Studio Art from Marist College.

Andrea L. Mancuso, 46, has served as HC2's Deputy General Counsel and Assistant Corporate Secretary since March 2016. Ms. Mancuso brings a diverse experience to HC2 in general business and corporate law matters, with a particular emphasis on securities, M&A and financing transactions. Previously, Ms. Mancuso served as HC2's General Counsel and Corporate Secretary from March 2015 through March 2016, Acting General Counsel and Corporate Secretary from September 2013 to March 2015, Associate General Counsel & Assistant Corporate Secretary from 2012 to 2013 and Associate General Counsel from 2011 to 2012. Prior to joining HC2, from August 2010 to September 2011, Ms. Mancuso was Senior Counsel and Assistant Corporate Secretary of SRA International, Inc. (n/k/a CSRA Inc.) (NYSE:CSRA), 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, a law firm, advising private and publicly traded companies across multiple industries 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.

Andrew G. Backman, 49, has been Managing Director of Investor Relations and Public Relations since April 2016. Mr. Backman, a Global Investor Relations and Public Relations executive with 20+ years of financial and operational experience leading high-profile financial services, telecommunications, media and entertainment and commercial real estate finance organizations, is responsible for building and further expanding a leading Investor Relations and Public Relations platform to support HC2 Holdings and its domestic and international strategies. Prior to joining HC2, Mr. Backman served as Managing Director of Investor Relations and Public Relations for RCS Capital and AR Capital, now AR Global. Previously, Mr. Backman was Chief Executive Officer of InVision Investor Relations Inc., a New York-based Investor Relations advisory firm he founded in 2011. From 2004 - 2010, Mr. Backman served as Senior Vice President, Investor Relations & Marketing for iStar Financial. From 2000 to 2004, Mr. Backman served as Vice President, Investor Relations and Marketing Communications for Corvis Corporation/Broadwing Communications, where he was responsible for leading the company through one of the most successful and highly publicized initial public offerings in history. Mr. Backman spent the first 10 years of his career at Lucent Technologies, Inc. and AT&T Corp. where he held various domestic and international positions within the Finance, Accounting, Investor Relations, Public Relations and Mergers and Acquisitions departments. Mr. Backman earned a Bachelor of Arts degree in Economics from Boston College and was a graduate of the prestigious Financial Leadership Program (FLP) founded by AT&T / Lucent Technologies, which is a highly-selective and competitive, two-year rotational and academic program for highest performing finance and accounting executives.

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis in this section provides information regarding the fiscal year 2016 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, 2016. We refer to these officers as our "named executive officers" in this proxy statement. Executive Summary

Fiscal year 2016 was a year of significant milestones for the Company. Our management team, including our named executive officers, oversaw the following significant developments of the Company.

Fiscal Year 2016 Corporate Performance Highlights

We believe that a skilled and motivated team of senior executives is essential to achieving positive results and implementing our business objectives. We have continued to structure 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 designed to achieve positive results and successfully implement our business objectives, in both the short and long term. As a result of the strong efforts by our current executive leadership team, we achieved a number of financial and strategic objectives during fiscal year 2016:

Adjusted EBITDA from Core Operating Subsidiaries (Construction, Marine Services, Energy and Telecommunications) was \$109.1 million for fiscal year 2016, a 12.4% increase over fiscal year 2015.⁽¹⁾

Consolidated cash and investments remained solid at \$1.5 billion, inclusive of the Insurance segment and approximately \$91 million of consolidated cash and investments excluding the Insurance segment.

The Company received \$41.4 million in tax share and dividends from its Core Operating Subsidiaries in 2016, in addition to a \$9.2 million special dividend from DBM Global Inc. (f/k/a Schuff International, Inc.) ("DBMG") subsequent to year-end (January 23, 2017).

The Company continued its focus on adjusting its capital structure to increase financial flexibility by reducing the outstanding amount of its preferred equity to approximately \$30.0 million from \$55.0 million of total preferred issued.

⁽¹⁾ Adjusted EBITDA is a non-GAAP financial measure. Please see Exhibit A for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure.

Fiscal Year 2016 Key Compensation Actions

The Company strengthened its executive management team, including the addition of a new Chief Legal Officer, Paul L. Robinson, and a Managing Director of Investor Relations and Public Relations, Andrew G. Backman.

As part of the Compensation Committee's on-going review of its executive compensation arrangements, the Compensation Committee and Mr. Falcone worked together during fiscal year 2016 to cancel and eliminate, on a prospective basis, the anti-dilution protection provision contained in Mr. Falcone's stock option award granted pursuant to his employment agreement.

In consideration for his agreement to cancel this anti-dilution protection, in April 2016 the Compensation Committee granted Mr. Falcone premium options to purchase shares of the Company's common stock, which vest over a three-year period at exercise prices that range from 111%-280% above the price of the Company's common stock on the grant date. This cancellation feature and subsequent option grant is intended to better-align the Company's executive compensation program with a pay-for-performance philosophy, and to tie executive pay to increasing shareholder value over the long term.

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 2016 Annual Meeting, where over 95% of votes cast approved the compensation

program described in the Company's proxy statement for the 2016 Annual Meeting. Any changes made to our executive compensation programs for fiscal year 2016 were tied to the Company's 2016 initiatives and were not made in response to the say-on-pay vote at the 2016 Annual Meeting. The Compensation Committee takes very seriously its role in the governance of the Company's compensation programs and values thoughtful input from its stockholders, and may consider the results of future say-on-pay votes in connection with making its compensation-related decisions to the extent it deems it appropriate to do so.

Compensation Discussion and Analysis

The Compensation Discussion and Analysis and the tables that follow provide information regarding the fiscal year 2016 compensation program for our "named executive officers," who are listed below:

Philip A. Falcone, Chairman, President and Chief Executive Officer;

Michael J. Sena, Chief Financial Officer;

Paul K. Voigt, Senior Managing Director, Investments;

Paul L. Robinson, Chief Legal Officer and Corporate Secretary

Suzi Raftery Herbst, Chief Administrative Officer

Compensation Program Overview, Philosophy and Objectives

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 this review, the Compensation Committee discusses, assesses, 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 input of the CEO.

The Compensation Committee believes that individualized consideration of the various compensation elements described herein is necessary to provide the flexibility necessary to make appropriate compensation decisions without relying solely on the use of pre-established formulas or benchmarking. Consequently, the Compensation Committee believes it is in the Company's and our stockholders' best interest to conduct its own research regarding executive compensation, which includes a review of executive compensation programs of companies with whom we compete for executive/management-level talent..

In connection with its review process, the Compensation Committee reviews reports on executive compensation trends issued by respected publications, and compiles compensation information through Equilar, proxy statements, compensation-related public disclosures, industry trade journals and other sources. Recognizing that there is no one listed company that has a diverse group of businesses and geographic reach that would be comparable to the Company, the Compensation Committee conducts its compensation analysis by reviewing the compensation practices of companies with similar lines of operating business. The Compensation Committee also considers compensation practices at various investment banking institutions and private equity funds, as it believes the skill sets of its executives overlap with those required by those institutions. The Compensation Committee does not target any particular percentile or comparative level of compensation for executive officers.

For 2016, the Compensation Committee determined that total compensation was at the appropriate level with respect to the executive positions analyzed. While the Compensation Committee took into account the results of compensation review and assessment 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.

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:

• 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;

• 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;

• value each executive’s unique skills and competencies;

• attract and retain qualified executives;

• provide a competitive compensation structure; and

• emphasize the enhancement of stockholder value and align our executives’ interests with those of our stockholders.

Elements of Compensation

For fiscal year 2016, our executive compensation consisted of the following core elements: (i) annual base salary; and (ii) an annual bonus based on the achievement of Company performance measures and each executive’s individual contributions to such achievement, a portion of which is payable in cash and a portion of which is payable in equity awards with an additional time-based service requirement following the grant date. This total mix of payments has allowed us to provide compensation that directly addresses our compensation goals of talent retention, alignment of executive and stockholder interests and linking pay with performance. We also provide our executive officers with additional 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 recruitment or retention purposes. Information on the total compensation of each named executive officer during fiscal year December 31, 2016 is set forth under “Compensation Tables-Summary Compensation Table” below.

Annual Base Salary

The annual base salaries we provide to our named executive officers serve as compensation in recognition of each named executive officer’s ongoing contributions to the day-to-day performance of the operational areas for which he is responsible. The respective employment arrangements we maintain with our named executive officers 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 the Compensation Committee’s 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 expectations 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 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, Mr. Falcone has historically opted not to receive a base salary, and instead received options to purchase shares of the Company’s common stock in lieu of any base salary. No named executive officers received salary increases during fiscal year 2016. 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 and Stock-Based Compensation

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 Omnibus Plan provides that no further awards will be granted pursuant to the Company’s Management Compensation Plan, dated as of July 1, 2009, as amended (the “Management Compensation Plan”). However, awards that had been previously granted pursuant to the Management

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Compensation Plan will continue to be subject to and governed by the terms of the Management Compensation Plan. Currently all awards outstanding under the Management Compensation Plan are vested awards.

Establishment of Bonus Pool

During fiscal year 2016, certain executive officers (including the named executive officers) participated in the Executive Bonus Plan (the "Bonus Plan"), which was originally adopted by the Compensation Committee in June 2014 under the Company's then-current Omnibus Plan. Under the Bonus Plan, executive officers are eligible to earn annual compensation opportunities consisting of both cash and stock-based awards. By providing for a mix of both cash and equity, the Bonus Plan is designed to (i) offer variable compensation that provides competitive levels of total pay to executives if the Company achieves target-level performance results and (ii) reward and encourage long-term value creation by executives. Awards under the Bonus Plan are awarded annually with a portion immediately vested (or, with respect to cash, immediately paid) and a portion subject to vesting (or payment) in future years so as to provide an additional retention feature.

Each named executive officer (other than Ms. Herbst) has two bonus components under the Bonus Plan: (1) an individual bonus based on achievement of individual goals and objectives set by the Compensation Committee (based on the recommendations of the Company's CEO) (the "Individual Bonus"), and (2) a 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 (the "Corporate Bonus"). Ms. Herbst is eligible to receive an Individual Bonus based on achievement of individual goals and objectives set by the Compensation Committee (based on the recommendation of the Company's CEO), with a target of \$350,000 for fiscal year 2016.

For fiscal year 2016, the named executive officers' Corporate Bonus (other than Ms. Herbst) was based on the change in the Company's "Net Asset Value" (as defined below) from the beginning of the Company's 2015 fiscal year to the end of the Company's 2016 fiscal year end ("NAV Return"), in excess of a threshold NAV Return level established by the Compensation Committee at the beginning of the 2016 performance year (the "Fiscal Year 2016 Threshold NAV Return"), 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. For fiscal year 2015, the Compensation NAV Return was less than zero and, as a result, the 2016 Compensation NAV Return used the end of year Compensation NAV for fiscal year 2014.

For fiscal year 2016, 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 year 2016 to the end of fiscal year 2016 multiplied by (ii) the Net Asset Value at the beginning of 2016. The Bonus Plan provides that 12% of the excess, if any, of the NAV Return for fiscal year 2016 over fiscal year 2016 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 designation governing our Preferred Stock (the "Preferred Stock Certificates") (but without taking into account any discount with respect to appreciation on assets), (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 and equity issuances during the period.

The Compensation Committee believes that NAV Return is a good proxy for value creation 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. Further, 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. The Company achieved a NAV Return of 35% during the fiscal year ended December 31, 2016. As a result, the named executive officers (other than Ms. Herbst) were eligible to receive a Corporate Bonus, the amount of which was determined as described in more detail below.

Corporate and Individual Performance Bonuses Awarded in Respect of 2016 Performance

Certain of the named executive officer's performance (other than that of our CEO) were 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. Based on such evaluation, our CEO recommended to the Compensation Committee amounts (after taking into account the Individual Bonuses awarded) that should be awarded to each of our named executive officers, which recommendations the Compensation Committee accepted. With respect to our CEO, the Compensation Committee determined the percentage of the overall bonus pool that should be allocated to our CEO without the CEO's input. The chart below shows the 2016 bonus amounts awarded to each named executive officer (other than Ms. Herbst) in respect of his Corporate Bonus for 2016:

Named Executive Officer	2016 Corporate Bonus Amount
Philip A. Falcone	\$5,221,000
Michael J. Sena	\$908,000
Paul K. Voigt	\$2,497,000
Paul L. Robinson	\$454,000

For the named executive officers who received a fiscal year 2016 Corporate Bonus, up to two times their target Corporate and Individual Bonus, was awarded as follows:

- (a) 40 % of the award value to be paid in cash within 74 days after the end of the fiscal year (the "Award Date")
- (b) 25.5% of the award value was made in an unrestricted stock grant,
- (c) 25.5% of the award value was granted as restricted stock, which restrictions will lapse on the first anniversary of the date of grant (the "Grant Date"), and
- (d) 9% of the award consisted of a grant of stock options, half of which was vested and exercisable on the Grant Date, and the other half of which will vest and be exercisable on the first anniversary of the Grant Date.

A portion of the equity-based awards made in respect of fiscal year 2016 performance were approved for grant under our proposed Amended 2014 Plan, subject to the stockholder approval of the Amended 2014 Plan at the 2017 Annual Meeting pursuant to proposal 4 herein.

Any Corporate Bonus paid in excess of two times the named executive officer's target Corporate and Individual Bonus ("Excess Award Value") was awarded as follows:

- 20% of the Excess Award Value will be paid in cash at the end of the first anniversary of the Award Date, and 20%
- (a) of the Excess Award Value will be paid in cash at the end of the second anniversary of the Award Date ("Deferred Cash")
- 51% of the Excess Award Value will be granted as restricted stock, which restrictions will lapse in substantially
- (b) equal installments based on continued service with the Company on each of the second and third anniversary of the Grant Date and
- (c) 9% of the Excess Award Value will consist of a grant of stock options which will vest in substantially equal installments on the second and third anniversary of the Grant Date.

Future payments are generally subject to the named executive officer being employed with the Company on the applicable payment date.

Individual Performance-Based Awards

As stated above, for fiscal year 2016, a portion of the annual bonus (namely, the Individual Bonus), was based on individual performance achievement against certain pre-established goals. For Messrs. Falcone, Voigt, Sena and

Robinson, their target Individual Bonus was set at \$100,000. The performance goals for each named executive officer's Individual Bonus were determined by our Compensation Committee on an individual basis. Participants were eligible to earn between 0% and 200% of their individual target bonus based on achievement of these individual performance goals. These Individual Bonuses could have been earned even

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if NAV Return during fiscal year 2016 did not exceed the Fiscal Year 2016 Threshold NAV Return. Messrs. Falcone, Voigt, and Sena each earned 100% of their respective target Individual Bonuses in respect of fiscal year 2016. Mr. Robinson earned 200% of his target Individual Bonus in respect of fiscal year 2016. Individual Bonus awards were paid 40% in cash, 51% in RSAs and 9% in stock options. For Ms. Herbst, her Individual Bonus was discretionary and she was awarded \$350,000, 75% of which was paid in cash and 25% of which was paid in equity.

For fiscal year 2016, our Compensation Committee established both objective and subjective performance goals for Mr. Falcone's Individual Bonus, which were to: (i) receive dividends from subsidiaries, (ii) broaden and strengthen the Company's corporate platform through acquisitions and investments, (iii) improve the Company's financial flexibility, (iv) remain in compliance with all existing or new debt covenants, and (v) work closely with subsidiaries to help in expansion of their platforms.

For fiscal year 2016, our Compensation Committee established both objective and subjective performance goals for Mr. Sena's Individual Bonus, which were to: (i) improve accounting and financial procedures and internal control, (ii) receive dividends from subsidiaries, (iii) identify and manage accounting and financial priorities and business risks, and (iv) foster growth and teamwork of the finance department.

For fiscal year 2016, our Compensation Committee established both objective and subjective performance goals for Mr. Voigt's Individual Bonus, which were to: (i) receive dividends from DBMG and Global Marine Services Limited ("GMSL") (ii) acquire new accretive investments at DBMG and GMSL, and (iii) continue to work with the investor community to broaden the Company's investor base.

For fiscal year 2016, our Compensation Committee established both objective and subjective performance goals for Mr. Robinson's Individual Bonus, which were to: (i) establish policies and procedures for implementing the highest standards of regulatory and legal compliance (ii) provide high quality legal representation to the Company, (iii) reduce spending on outside legal fees and filings, (iv) meet all priorities as agreed with the CEO, and (v) foster growth and teamwork of the legal department.

For fiscal year 2016, the criteria used to measure Ms. Herbst's performance included an assessment of objective criteria such as the execution of projects within budget parameters, improving the coverage and lowering the cost of the Company's various insurance coverages, overseeing the Company's Human Resources department, and assisting with the integration of acquisitions and divestitures, as well as qualitative factors such as Ms. Herbst's ability to lead, ability to communicate, and adherence to the Company's values, such as the commitment to our employees and our stakeholders. There were no specific weights assigned to these various elements of performance.

The table below shows the amounts awarded to each named executive officer under the Bonus Plan in respect of fiscal year 2016 performance:

Named Executive Officer	Individual Bonus		Corporate Bonus		Total
	Cash	Equity	Cash	Equity	
Philip A. Falcone	\$40,000	\$60,000	\$2,088,400	\$132,600	\$5,321,000
Michael J. Sena	40,000	60,000	363,200	544,800	1,008,000
Paul K. Voigt	40,000	60,000	998,800	1,498,200	2,597,000
Paul L. Robinson	80,000	120,000	181,600	272,400	654,000
Suzi Raftery Herbst	262,500	87,500	—	—	350,000
Total NEO	\$462,500	\$387,500	\$3,632,000	\$1,448,000	\$9,930,000

Cash payments are made as follows, as long as the named executive officer is employed with the Company on such payment date:

Named Executive Officer	2017	2018	2019	Total Cash
Philip A. Falcone	\$946,236	\$591,082	\$591,082	\$2,128,400
Michael J. Sena	191,040	106,080	106,080	403,200
Paul K. Voigt	342,078	348,361	348,361	1,038,800
Paul L. Robinson	155,520	53,040	53,040	261,600
Suzi Raftery Herbst	262,500	—	—	262,500

Total NEO \$1,897,374 \$1,098,563 \$1,098,563 \$4,094,500

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Cash amounts payable pursuant to the 2016 Bonus Plan are included in the column titled “Non-Equity Incentive Plan Compensation” in the Summary Compensation Table for fiscal year 2016 (although no amounts are actually payable until after the end of fiscal year 2016). However, in the case of equity awards, the SEC disclosure rules require that the Summary Compensation Table and the Grants of Plan-Based Awards Table include for each fiscal year the aggregate fair value, as of the grant date, of equity awards granted only during the applicable fiscal year. The equity awards that were earned by our named executive officers pursuant to the 2016 Bonus Plan in respect of fiscal year 2016 performance were granted following the end of fiscal year 2016. As these equity awards were made after the end of fiscal year 2016, they are not included in the Summary Compensation Table and Grants of Plan-Based Awards Table in this report, but in accordance with SEC rules will be included in next year’s table for our named executive officers in fiscal year 2017.

Paul Robinson Sign-on Bonus

Pursuant to his employment agreement, Mr. Robinson received a \$600,000 sign-on cash bonus, \$300,000 of which was paid on March 31, 2016, and \$300,000 of which was paid on September 30, 2016.

Other Long-Term Equity Grants Made During Fiscal Year 2016

Premium Option Grant to Philip A. Falcone

As part of the Compensation Committee’s on-going review of its executive compensation arrangements, the Compensation Committee requested and Mr. Falcone agreed to waive and cancel the anti-dilution protection provision contained in his stock option awards granted pursuant to the Falcone Employment Agreement for all future awards. The anti-dilution protection provision that was cancelled previously provided for the issuance of additional stock options to Mr. Falcone if the Company issued any common stock, as well as warrants, options or convertible securities entitling the holder of such instruments to subscribe for, purchase or otherwise acquire shares of the Company’s capital stock if certain conditions were met. The Compensation Committee’s request was based, in part, on feedback the Company received from significant stakeholders and is intended to better align Mr. Falcone’s compensation, performance and interests with those of the Company’s stockholders. In consideration for eliminating the anti-dilution protection provisions, Mr. Falcone received an award after market on April 14, 2016, consisting solely of 1,500,000 premium stock options (the “2016 Premium Option”) that were issued under the Omnibus Plan.

The 2016 Premium Option will vest in three equal installments on each of the first three anniversaries following the grant date (with each tranche vesting one-third on each such date), and the applicable per share exercise prices will be as follows: (a) a per share exercise price of \$7.50 with respect to an option to acquire 500,000 shares, which is an 111% premium to our closing stock price on April 14, 2016; (b) a per share exercise price of \$10.50 with respect to an option to acquire 500,000 shares, which is an 196% premium to our closing stock price on April 14, 2016; and (c) a per share exercise price of \$13.50 with respect to an option to acquire 500,000 shares, which is an 280% premium to our closing stock price on April 14, 2016. Under these awards, Mr. Falcone will not realize any value from the applicable portion of the 2016 Premium Option unless there has been at least an 111%, 196%, and 280% increase in our stock price, respectively, from our closing stock price on April 14, 2016. The award agreement evidencing the 2016 Premium Option does not provide for the automatic vesting of the 2016 Premium Option upon a change in control.

Sign-On Grant to Mr. Paul L. Robinson

Pursuant to his employment agreement entered into in 2016, the Company granted Mr. Robinson an initial long-term equity grant of RSUs in the amount of \$500,000, which vested on September 30, 2016. The initial equity grant was designed to attract and retain Mr. Robinson, and to align his interests with those of our stockholders by incentivizing him to marshal the Company’s long-term strategic objectives. The RSAs were granted under the Omnibus Plan. For more detail concerning Mr. Robinson’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. In connection with hiring Mr. Robinson, the Company agreed to pay certain of his transportation expenses and his housing expenses through May 31, 2017. These amounts are reflected in the Summary Compensation Table.

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.

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. At the time the Omnibus Plan was adopted, we believed that the discretion afforded to the Board to accelerate vesting of equity-based RSAs and stock option awards for our named executive officers in the event of a Change in Control ensured that the executives, when evaluating strategic actions in the best interest of our stockholders, were not at the same time concerned with a potential loss of their incentive compensation as a result thereof. However, in connection with its ongoing review of the Company’s compensation programs, the Board and the Compensation Committee believe that moving toward a so-called “double-trigger” vesting scheme under its equity compensation plans will result in the Company’s executive compensation program becoming closer-aligned with the interests of our stockholders, while still providing a sufficient retentive element to grants of equity-based awards made to our executive officers. Accordingly, if approved by stockholders at the 2017 Annual Meeting, awards granted under the Amended 2014 Plan will generally provide for double-trigger vesting in the event of a change of control (as defined in the Amended 2014 Plan).

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.

We have historically granted equity awards under our 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, 2016 filed with the SEC on March 9, 2017.

Submitted by the Compensation Committee,

Robert V. Leffler, Jr. (Chairman)

Warren H. Gfeller

Lee S. Hillman

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2016 and currently, the Compensation Committee consists of Robert V. Leffler, Jr. (Chairman), Warren H. Gfeller and Lee S. Hillman. None of the members of the Company's Compensation Committee during 2016: (i) served as an officer or employee of the Company during 2016, (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 2016: (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, 2016, 2015 and 2014, the total compensation paid or accrued to our named executive officers.

Name and Principal Position (1)	Year	Salary (\$)	Bonus (\$ (2))	Stock Awards (\$ (3))	Option Awards (\$ (4))	Non-Equity Incentive Plan Compensation (\$ (5))	All Other Compensation (\$ (6))	Total (\$)
Philip A. Falcone Chairman, President and Chief Executive Officer	2016	—	—	—	1,643,665	2,128,400	—	3,772,065
	2015	—	—	7,933,950	5,025,898	—	—	12,959,848
	2014	—	—	7,260	4,892,120	1,922,400	13,938	6,835,718
Michael J. Sena Chief Financial Officer	2016	294,231	150,000	249,998	—	403,200	6,000	1,103,429
	2015	167,115	150,000	969,114	—	—	4,242	1,290,471
Paul K. Voigt Senior Managing Director, Investments	2016	294,231	—	—	—	1,038,800	—	1,333,031
	2015	300,000	—	2,349,189	338,667	—	—	2,987,856
	2014	75,000	100,000	568,750	42,607	993,783	—	1,780,140
Paul L. Robinson Chief Legal Officer and Corporate Secretary	2016	229,615	600,000	499,999	—	261,600	97,438	1,688,652
Suzi Raftery Herbst Chief Administrative Officer	2016	245,193	—	—	—	262,500	6,000	513,693

(1) Information is not presented for years in which Messrs. Sena and Robinson and Ms. Herbst 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 minimum bonuses required to be paid pursuant to employment agreements.

(3) These amounts represent the aggregate grant date fair value of RSAs and/or RSUs granted in 2016, 2015 and 2014, 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, 2016. 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 2016 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 2015 performance period are reflected as 2016 grants in the table above because the grants were made in 2016.

(4) The amounts in this column represent the aggregate grant date fair value of stock option awards granted in 2016, 2015 and 2014, 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, 2016. 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 2016 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 2015

performance period are reflected as 2016 grants in the table above because the grants were made in 2016.

The amounts in this column represent annual cash incentive payments under our Bonus Plan. 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 2016 performance period in a mix of cash and equity. Cash payments are made as follows, as long as the named executive officer is employed with the Company on the applicable payment date:

Named Executive Officer	2017	2018	2019	Total Cash
Philip A. Falcone	\$946,236	\$591,082	\$591,082	\$2,128,400
Michael J. Sena	191,040	106,080	106,080	\$403,200
Paul K. Voigt	342,078	348,361	348,361	\$1,038,800
Paul L. Robinson	155,520	53,040	53,040	\$261,600
Suzi Raftery Herbst	262,500	—	—	\$262,500
Total NEO	\$1,897,374	\$1,098,563	\$1,098,563	\$4,094,500

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. For Mr. Robinson, the Company provided the following additional benefits: (1) transportation between New York and Florida at an annual cost of \$17,358, and (2) rental of an apartment in New York at a cost of \$74,080 for 2016 and \$13,271 for 2017.

2016 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, 2016.

Name and Principal Position	Grant Date	Compensation Committee Action Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)	Estimated Future Payouts Under Equity Incentive Plan Awards (1)	All Other Stock Awards: Number of Shares or Units	All Other Option Awards: Number of Underlying Options (#)	Exercise or Base Price of Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
Philip A. Falcone Chairman, President and Chief Executive Officer	January 29, 2016	—	—	—	—	6,848	7.93	20,657
	April 18, 2016	(2)—	—	—	—	500,000	7.50	671,031
	April 18, 2016	(2)—	—	—	—	500,000	10.50	525,345
	April 18, 2016	(2)—	—	—	—	500,000	13.50	426,632
Michael J. Sena Chief Financial Officer	March 18, 2016	(3)—	—	—	66,666	—	—	249,998
Paul K. Voigt Senior Managing Director, Investments	—	—	—	—	—	—	—	—
Paul L. Robinson Chief Legal Officer and Corporate Secretary	March 21, 2016	(4)—	—	—	134,048	—	—	499,999
Suzi Raftery Herbst Chief Administrative Officer	—	—	—	—	—	—	—	—

Amounts shown reflect the aggregate grant date fair value in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions, see Note 18 in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. 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. Pursuant to the 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 evaluation of Company and individual results. Since the Company achieved a NAV Return of zero during the fiscal year ended December 31, 2015, no Corporate Bonuses were paid in fiscal year 2016.

- (2) The anti-dilution protection provision contained in Philip Falcone's standalone option agreement was canceled in April 2016 and replaced with an award consisting of 1,500,000 stock options issued under the Omnibus Plan.

- (3) For fiscal year 2016, 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 bonus was paid in the form of restricted stock, one-half vested on the grant date of March 18, 2016, and the other half of which vested on the first anniversary of the grant date, which was subject to Mr. Sena's continued employment with the Company on such vesting date.

- (4) Pursuant to his employment agreement, Mr. Robinson received an initial long-term equity grant consisting of a number of restricted stock units with a grant date fair value equal to \$499,999.

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 and RSU awards as of December 31, 2016.

Name	Options		Equity Incentive Plan Awards:				Stock		
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercised	Equity Incentive Plan Awards:	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (1)	Market Value of Awards:	Plan Market Value:	Unearned Shares, Units or Other Rights That Have Not Vested
Philip A. Falcone									
Granted: January 15, 2014	4,055	—	(2)	3.58	1/14/2024	—	—	—	—
Granted: October 28, 2014	53,963	—	(4)	3.77	10/28/2024	—	—	—	—
Granted: October 28, 2014	1,754	—	(4)	3.98	10/28/2024	—	—	—	—
Granted: October 28, 2014	1,568,864	—	(3)	4.56	5/20/2024	—	—	—	—
Granted: October 28, 2014	2,394	—	(4)	4.00	10/28/2024	—	—	—	—
Granted: October 28, 2014	150,000	—	(4)	4.05	10/28/2024	—	—	—	—
Granted: October 28, 2014	14,389	—	(4)	4.05	10/28/2024	—	—	—	—
Granted: October 28, 2014	705,882	—	(4)	4.25	10/28/2024	—	—	—	—
Granted: October 28, 2014	199	—	(4)	4.05	10/28/2024	—	—	—	—
Granted: October 28, 2014	28,170	—	(4)	4.05	10/28/2024	—	—	—	—
Granted: October 28, 2014	4,826	—	(4)	4.04	10/28/2024	—	—	—	—
Granted: October 28, 2014	13,817	—	(4)	4.05	10/28/2024	—	—	—	—

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Granted: October 28, 2014	28,452	—(4)	—	4.02	10/28/2024	—	—	—
Granted: October 28, 2014	18,164	—(4)	—	4.05	10/28/2024	—	—	—
Granted: October 28, 2014	28,298	—(4)	—	4.04	10/28/2024	—	—	—
Granted: October 28, 2014	9,869	—(4)	—	4.05	10/28/2024	—	—	—
Granted: October 28, 2014	11,246	—(4)	—	4.03	10/28/2024	—	—	—
Granted: October 28, 2014	21,795	—(4)	—	4.02	10/28/2024	—	—	—
Granted: October 28, 2014	41,239	—(4)	—	4.03	10/28/2024	—	—	—