

FOR IMMEDIATE RELEASE

HC2 Holdings Reports Third Quarter 2016 Results

New York, November 9, 2016 (**GlobeNewswire**) - HC2 Holdings, Inc. ("HC2") (NYSE MKT: HCHC), a diversified holding company that focuses on acquiring, operating and growing businesses that it considers to be under or fairly valued, today announced its consolidated results for the third quarter ended on September 30, 2016.

"The performance of all our core operating subsidiaries was again solid in the third quarter, with results up quarter-over-quarter and year-over-year across the board," said Philip Falcone, HC2's Chairman, President and Chief Executive Officer. "We are pleased with the performance of these diverse businesses, each of which continues to execute well. In particular, DBM Global (formerly Schuff International) finished a solid quarter, with a strong pipeline of business and continued expansion of its service offering, most recently through the acquisitions of PDC Global's Detailing and Building Information Modeling business and BDS VirCom."

Mr. Falcone continued, "Our Marine Services, Utilities, Telecom and Insurance segments also performed well, and we believe remain poised for continued growth. In addition, R2 Dermatology and MediBeacon, portfolio companies within our Pansend Life Sciences platform, each achieved significant milestones and recognition, including Food and Drug Administration (FDA) approval for R2's Dermal Cooling System for skin lightening applications and MediBeacon's received grant from the Gates Foundation to study MediBeacon's platform technology in monitoring gut permeability. This quarter demonstrates our confidence in HC2's model, the considerable progress we've made so far and the opportunities we continue to see to build long-term value for our shareholders."

Third Quarter Financial Highlights:

• **Net Revenue:** Consolidated total net revenues were \$413.1 million for the third quarter of 2016, an increase of \$53.8 million or 15.0% compared to the second quarter of 2016, and an increase of \$135.6 million, or 48.9% compared to the year-ago quarter, primarily driven by growth in the Telecom, Marine Services and Manufacturing segments, as well as the contribution from the Company's Continental Insurance business, which was acquired in December 2015.

- Net Income / (Loss): HC2 reported a Net (Loss) attributable to common and participating preferred stockholders of (\$7.5) million or (\$0.20) per fully diluted share for the third quarter of 2016, compared to net income of \$0.9 million or \$0.02 per fully diluted share for the second quarter of 2016, and a Net Loss of (\$9.0) million or (\$0.35) per fully diluted share compared to the year ago quarter. Third quarter Net Income / (Loss) attributable to common and participating preferred stockholders included \$5.7 million of non-cash impairment charges and deemed dividends related to preferred stock conversion occurring in the quarter.
- Adjusted EBITDA: Adjusted EBITDA for "Core Operating Subsidiaries", which includes HC2's Manufacturing, Marine Services, Utilities and Telecommunications segments, was a combined \$31.5 million for the third quarter of 2016 compared to \$27.1 million in the second quarter of 2016 and \$25.6 million in the year-ago quarter. Core Operating Subsidiary results for the third quarter were driven primarily by solid performance in Manufacturing, Marine Services, and Telecom.
 - Total Adjusted EBITDA (excluding the Insurance segment) for the third quarter, which includes results from Core Operating Subsidiaries, Early-Stage, Other and Non-Operating Corporate segments, was \$18.2 million, compared to \$15.2 million in the second quarter of 2016 and \$14.2 million for the year-ago quarter.
- **Balance Sheet:** As of September 30, 2016, HC2 had consolidated cash, cash equivalents and investments of \$1.6 billion, which includes cash and investments associated with HC2's Insurance segment. Excluding the Insurance segment, consolidated cash and cash equivalents was \$93.0 million, of which \$29.4 million was at the corporate level.

Additional Third Quarter Highlights and Recent Developments

• Manufacturing - HC2's Manufacturing segment (DBM Global, previously Schuff International) reported Net Income of \$7.0 million for the third quarter of 2016, compared to \$9.4 million for the second quarter and \$7.1 million for the year-ago quarter. Adjusted EBITDA was \$14.5 million for the third quarter of 2016, driven by strong growth in the Pacific Region, compared to \$13.2 million for the second quarter and \$14.4 million for the year-ago quarter. Backlog at the end of the third quarter was approximately \$320 million. Taking into consideration awarded, but unsigned contracts, backlog would have again been over \$500 million. The Company said it continues to see a number of large opportunities in the commercial sector totaling over \$400 million in potential new projects that could be awarded over the next two quarters, which are not reflected in the greater than \$500 million backlog noted above. These projects include a number of new sporting arenas or stadiums, as well as new healthcare facilities and commercial office buildings.

Subsequent to quarter end, DBM Global completed the acquisition of the Detailing and Building Information Modeling business of PDC Global and the acquisition of BDS VirCon, a leading global steel and rebar detailing and BIM firm.

DBM Global is assembling a set of complementary businesses that offer more diverse, value-added services to assist clients on complex and sophisticated projects. These initiatives are part of a plan to build the business to what the Company believes could be \$1.0 billion in annual revenue over the next three to five years.

- Marine Services Global Marine reported Net Income of \$8.7 million for the third quarter of 2016, compared to \$6.0 million for the second quarter and \$7.4 million for the year-ago quarter. Adjusted EBITDA was \$14.1 million for the third quarter of 2016, compared to \$11.8 million for the second quarter and \$10.1 million for the year-ago quarter. The strong performance in the quarter was driven in part by increased telecom and offshore power installation revenues, continued strong performance from the maintenance business driven by higher utilization of vessels in the quarter, including incremental maintenance revenues from our CWind acquisition, as well as continued solid performance from the Company's Joint Ventures.
- <u>Utilities</u> American Natural Gas (ANG) reported Net Income of \$0.03 million for the third quarter of 2016, compared to \$0.07 million for the second quarter and a Net Loss of \$(0.08) million for the year-ago quarter. Adjusted EBITDA was \$0.73 million for the third quarter of 2016, compared to \$0.54 million for the second quarter and \$0.27 million for the year-ago quarter. ANG currently owns and/or operates 17 natural gas fueling stations and is focused on expanding the station footprint through both internal / organic transactions, as well as various M&A opportunities. During the third quarter, ANG commissioned two fueling stations in Saratoga Springs and Rochester New York. In addition, ANG acquired a natural gas fueling station in Searcy, Arkansas. ANG continues to expect to own/operate approximately 20 fueling stations by the end of 2016 / first quarter 2017.
- Telecommunications Net Income for PTGI-ICS was \$1.8 million for the third quarter of 2016, compared to \$1.0 million for the second quarter and a Net Loss of \$(0.4) million for the year-ago quarter. Adjusted EBITDA was \$2.2 million for the third quarter of 2016, compared to \$1.5 million for the second quarter and \$0.8 million in year-ago quarter. The third quarter of 2016 marked the sixth consecutive quarter of positive Adjusted EBITDA for PTGI-ICS, driven primarily by growth in wholesale traffic volumes, in part delivered by the changing regulatory environment throughout the European market combined with the religious holidays in the Middle East region.
- <u>Insurance</u> As of September 30, 2016, the Insurance companies had approximately \$75.5 million of statutory surplus and \$2.1 billion in total GAAP assets.
- Pansend Life Sciences MediBeacon™ Inc., a portfolio company within HC2's Pansend Life Sciences platform and maker of proprietary, non-invasive, real-time monitoring systems for kidney function, gastrointestinal permeability and other light-activated diagnostics, received a \$1.1 million Grant from the Gates Foundation in collaboration with Washington University School of Medicine to study MediBeacon's platform technology in monitoring gut permeability in gastrointestinal diseases including Crohn's Disease and Ulcerative Colitis. MediBeacon also received a National Institutes of Health (NIH) supported grant to research visualization of vasculature in the eye.

Pansend portfolio company R2 Dermatology achieved several milestones during the quarter, including receiving Food and Drug Administration (FDA) approval for the R2 Dermal Cooling System. The R2 device, which is used to lighten and brighten the skin, has successfully treated and been studied on over 100 patients and over 1,500 areas of the skin. The system is now scheduled for release to nearly 50 Key Opinion Leader Dermatologists (KOL's) beginning in January 2017, with commercial availability expected beginning in the third quarter next year.

HC2 Corporate - During the third quarter, the company reduced the cumulative outstanding accreted value of the Company's Series A, A-1 and A-2 Convertible Participating Preferred Stock (the "Preferred Stock") to approximately \$42.7 million from \$52.7 million at the beginning of the third quarter.

Subsequent to quarter end, the Company further reduced the cumulative outstanding accreted value of the Preferred Stock to approximately \$30.0 million. Since the end of September 30, 2014, on a gross basis, the Company has reduced nearly \$85 million in preferred obligations, debt and pension liabilities at the corporate and subsidiary level.

Non-GAAP Financial Measures

In this release, HC2 refers to certain financial measures that are not presented in accordance with U.S. generally accepted accounting principles ("GAAP"), including Core Operating Subsidiary Adjusted EBITDA, Total Adjusted EBITDA (excluding the Insurance segment) and Adjusted EBITDA for its operating segments. Management believes that Adjusted EBITDA measures provide investors with meaningful information for gaining an understanding of the Company's results as it is frequently used by the financial community to provide insight into an organization's operating trends and facilitates comparisons between peer companies, because interest, taxes, depreciation, amortization and the other items for which adjustments are made as noted in the definition of Adjusted EBITDA below can differ greatly between organizations as a result of differing capital structures and tax strategies. In addition, management uses Adjusted EBITDA measures in evaluating certain of the Company's segments performance because they eliminate the effects of considerable amounts of non-cash depreciation and amortization and items not within the control of the Company's operations managers. While management believes that these non-US GAAP measurements are useful as supplemental information, such adjusted results are not intended to replace our US GAAP financial results and should be read together with HC2's results reported under GAAP.

Management defines Adjusted EBITDA as Net income (loss) adjusted to exclude the impact of depreciation and amortization; asset impairment expense; gain (loss) on sale or disposal of assets; lease termination costs; loss on early extinguishment or restructuring of debt; interest expense; other income (expense), net; foreign currency transaction gain (loss); income tax (benefit) expense; gain (loss) from discontinued operations; non-controlling interest; share-based compensation expense and acquisition related and other

non-recurring items. A reconciliation of Adjusted EBITDA to Net income (loss) is included in the financial tables at the end of this

release.

Management recognizes that using Adjusted EBITDA as a performance measure has inherent limitations as an analytical tool as

compared to net income (loss) or other U.S. GAAP financial measures, as these non-GAAP measures exclude certain items,

including items that are recurring in nature, which may be meaningful to investors.

As a result of the exclusions, Adjusted EBITDA should not be considered in isolation and do not purport to be alternatives to net

income (loss) or other U.S. GAAP financial measures as a measure of our operating performance.

Conference Call

HC2 Holdings, Inc. will host a live conference call to discuss its third quarter 2016 financial results and operations today,

Wednesday, November 9, 2016 at 5:30 p.m. ET. Dial-in instructions for the conference call and the replay are as follows:

Live Call

Dial-In (Toll Free): 1-866-395-3893

International Dial-In: 1-678-509-7540

Participant Entry Number: 4088236

Alternatively, a live webcast of the conference call can be accessed by interested parties through the Investor Relations section

of the HC2 Website, www.HC2.com.

Conference Replay*

Domestic Dial-In (Toll Free): 1-855-859-2056

International Dial-In: 1-404-537-3406

Conference Number: 4088236

*Available approximately two hours after the end of the conference call through December 31, 2016.

Cautionary Statement Regarding Forward-Looking Statements

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: This release contains, and certain oral statements made by our representatives from time to time may contain, forward-looking statements. Generally, forward-looking statements include information describing actions, events, results, strategies and expectations and are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may," "will," "could," "might," or "continues" or similar expressions. The forward-looking statements in this press release include without limitation statements regarding our expectation regarding building shareholder value. Such statements are based on the beliefs and assumptions of HC2's management and the management of HC2's subsidiaries. The Company believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and the Company's actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of important factors, both positive and negative, that may be revised or supplemented in subsequent reports on Forms 10-K, 10-Q and 8-K. Such important factors include, without limitation, issues related to the restatement of our financial statements; the fact that we have historically identified material weaknesses in our internal control over financial reporting, and any inability to remediate future material weaknesses; capital market conditions; the ability of HC2's subsidiaries to generate sufficient net income and cash flows to make upstream cash distributions; volatility in the trading price of HC2 common stock; the ability of HC2 and its subsidiaries to identify any suitable future acquisition opportunities; our ability to realize efficiencies, cost savings, income and margin improvements, growth, economies of scale and other anticipated benefits of strategic transactions; difficulties related to the integration of financial reporting of acquired or target businesses; difficulties completing pending and future acquisitions and dispositions; effects of litigation, indemnification claims, and other contingent liabilities; changes in regulations and tax laws; and risks that may affect the performance of the operating subsidiaries of HC2. These risks and other important factors discussed under the caption "Risk Factors" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release.

You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to HC2 or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and HC2 undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

For information on HC2 Holdings, Inc., please contact Andrew G. Backman - Managing Director - Investor Relations & Public Relations - abackman@hc2.com - 212-339-5836

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts) (Unaudited)

Services revenue 2016 2015 2016 2013 Scales revenue 133,474 125,514 379,792 38,69,505 Life, accident and health camed premiums, net 19,967 —— 59,939 —— Net investment income 141,799 —— 26,267 —— Net realized losses on investments (20) —— 26,267 —— Net revenue 413,084 277,467 1,104,121 760,257 Over revenue 2125,876 138,099 583,942 334,608 Ost of revenue - services 2225,876 138,099 583,942 334,608 Cost of revenue - services 225,876 138,099 583,942 334,608 Ober of trevenue - services 225,876 138,099 583,942 334,608 Ober of revenue - services 225,876 138,099 583,942 334,608 Ober of revenue - services 225,876 138,099 78,818 131,209 11,109 17,818 131,109 11,109 11,109 13,120 13,109		Three Months Ended September 30,				Nine Months Ended September 30,			
Sales revenue 133,474 125,534 379,729 386,765 Lile, accident and health earned premiums, net 19,967 — 45,939 — Net rinvestment income 14,799 — 42,585 — Net realized losses on investments (2020) — (26,77) — Net realized losses on investments 413,084 27,467 1,10,121 760,257 Over revenue 413,084 27,467 1,01,121 760,257 Over for evenue - services 225,876 138,099 583,942 334,608 Cost of revenue - selse 107,984 102,395 308,951 324,820 Policy benefits, changes in reserves, and commissions 29,689 — 92,784 77,818 Osting general and administrative 36,902 12,810 17,788 78,818 Description and anorization 5,961 6,267 18,163 17,788 Gain on sale or disposal of assets (213 1,124 101,539 1,112,59 1,112,59 1,112,59 1,112,59 1,112,59 1			2016	2015		2016	2015		
Title accident and health earned premiums, net 19,967 — 59,939 — Net investment income 14,799 — 42,885 — Net revealized losses on investments 2200 — 10,104,121 700,257 Net revenue 413,084 277,467 1,104,121 700,257 Operating expenses 225,876 138,099 583,942 334,608 Cost of revenue - services 225,876 138,099 583,942 344,808 Cost of revenue - services 107,984 102,395 308,951 324,820 Policy benefits, changes in reserves, and commissions 29,689 — 92,784 — 92,784 Policy benefits, changes in reserves, and commissions 29,689 — 92,784 — 92,78	Services revenue	\$	245,064	\$ 151,933	\$	624,545 \$	373,492		
Net investment income 14,799 — 42,585 — 7 Net relized losses on investments 2200 — 6,677 — 7 Net revenue 413,084 27,467 1,04,127 — 7 Not revenue 413,084 27,467 1,04,127 — 7 Cost of revenue - services 225,876 138,099 583,942 334,608 Cost of revenue - seles 107,948 102,395 308,951 324,820 Policy benefits, changes in reserves, and commissions 29,689 — 92,784 — 78,188 Selling, general and administrative 36,902 28,810 107,493 77,818 Depreciation and amortization 5961 6,267 18,163 17,768 Gain on sale or disposal of assets (23) (1,106 (973) (135) Lease termination costs (12) (1,124 179 (1,124 Total operating expenses 406,230 27,558 1,110,539 7,500 Income (loss) from operations 6,854 1,878 6,418 42,254 Other income (expe	Sales revenue		133,474	125,534		379,729	386,765		
Net realized losses on investments (20) — (20,7) — (20,7) Net revenue 413/084 277,467 1,104,127 760,275 Operating expenses 225,876 138,099 583,942 334,608 Cost of revenue - services 107,984 102,395 308,951 324,802 Policy benefits, changes in reserves, and commissions 26,802 28,101 107,493 77,818 Selling, general and administrative 36,902 28,101 107,493 77,818 Depreciation and amortization 5,961 6,267 18,163 17,688 Gain on sale or disposal of assets 23 1,104 179 1,124 Lease termination costs 406,230 275,589 1,103 75,600 Lease termination costs 406,230 1,124 179 1,124 Total operating expenses 406,230 1,138 6,611 2,258 Interest expense (10,719) 1,038 3,161 2,208 Interest expense (10,719) 1,333 1,422 1,422 <td>Life, accident and health earned premiums, net</td> <td></td> <td>19,967</td> <td>_</td> <td></td> <td>59,939</td> <td>_</td>	Life, accident and health earned premiums, net		19,967	_		59,939	_		
Net revenue 413,084 277,467 1,104,121 70e,257 Operating expenses 25,876 138,099 583,942 334,608 Cost of frevenue - services 107,984 102,395 308,951 324,820 Policy benefits, changes in reserves, and commissions 29,689 — 92,784 — Selling, general and administrative 36,902 28,810 107,993 77,818 Gain on sale or disposal of assets (23) 1,1104 1079 1,124 Gain on sale or disposal of assets (159) 1,124 1079 1,124 Total operating expenses 406,230 275,589 1,110,539 756,003 Income (loss) from operations 6,854 1,878 (6,418) 4,254 Interest expense (10,719) (10,383) 3(1,614) (29,208) Other income (loss) from operations (3,203) 1,193 4,220 (1,378) Income tax benefit (expense) 335 918 3,153 427 Loss from continuing operations (5,339) (7,398)	Net investment income		14,799	_		42,585	_		
Operating expenses 225,876 138,099 583,942 334,608 Cost of revenue - sales 107,984 102,395 308,951 324,820 Policy benefits, changes in reserves, and commissions 29,689 — 92,784 — 9 Selling, general and administrative 36,902 28,810 107,493 77,818 Depreciation and amortization 5,961 6,267 18,163 17,768 Gain on sale or disposal of sasets (159) 1,1124 179 1,124 Total operating expenses 406,230 275,589 1,110,539 756,003 Income (loss) from operations 6,854 1,878 (6,418) 4,254 Interest expense (10,719) (10,383) 31,614 (29,208) Interest expense (10,719) (1,378) 4,229 <tr< td=""><td>Net realized losses on investments</td><td></td><td>(220)</td><td>_</td><td></td><td>(2,677)</td><td>_</td></tr<>	Net realized losses on investments		(220)	_		(2,677)	_		
Cost of revenue - services 225,876 138,099 583,942 334,608 Cost of revenue - sales 107,984 102,395 308,951 324,820 Policy benefits, changes in reserves, and commissions 29,689 — 92,784 — Selling, general and administrative 36,902 28,810 107,493 77,818 Depreciation and amortization 5,961 6,267 18,163 17,68 Gain on sale or disposal of assets (23) 1,104 179 1,124 Total operating expenses 406,230 275,589 1,1103 756,003 Income (loss) from operations 6,854 1,878 (6,418) 4,254 Interest expense (10,719) (10,383) 31,614 4,292 Other income (expense), net (3,203) 1,193 (4,220) (1,378) Income from equity investees 335 18 3,134 4,294 4,358 Loss from continuing operations before income taxes (6,733) (6,394) 3,549 2,840 Loss from continuing operations	Net revenue		413,084	277,467		1,104,121	760,257		
Cost of revenue - sales	Operating expenses								
Policy benefits, changes in reserves, and commissions 29,689	Cost of revenue - services		225,876	138,099		583,942	334,608		
Selling, general and administrative 36,902 28,810 107,493 77,818 Depreciation and amortization 5,961 6,267 18,163 17,68 Gain on sale or disposal of assets (23) (1,106) 0973 (135) Lease termination costs (159) 1,124 179 1,124 Total operating expenses 406,230 275,589 1,110,399 755,6003 Income (loss) from operations 6,854 1,878 6,418 4,254 Income (loss) from operations (3,203) 1,193 (4,220) (1,378) Income (expense), net (3,203) 1,193 (4,220) (1,378) Income from equity investees 335 918 3,153 427 Loss from continuing operations before income taxes (6,733) (6,394) (39,099) (25,905) Income tax benefit (expense) 1,334 (1,504) 3,649 1,832 Loss from continuing operations (5,399) (7,989) (35,450) (24,073) Loss from discontinued operations 841 <t< td=""><td>Cost of revenue - sales</td><td></td><td>107,984</td><td>102,395</td><td></td><td>308,951</td><td>324,820</td></t<>	Cost of revenue - sales		107,984	102,395		308,951	324,820		
Depreciation and amortization	Policy benefits, changes in reserves, and commissions		29,689	_		92,784	_		
Gain on sale or disposal of assets (23) (1,106) (973) (1,152) Lease termination costs (1,59) 1,124 179 1,124 Total operating expenses 406,230 275,589 1,110,539 756,003 Income (loss) from operations 6,854 1,878 (6,418) 4,254 Interest expense (10,719) (10,383) (31,614) (29,088) Other income (expense), net (3,203) 1,193 (4,220) (1,378) Income from equity investees 335 918 3,153 427 Loss from continuing operations before income taxes (6,733) (6,344) (39,099) (25,905) Income find equity investees 1,334 (1,504) 36,909 (25,905) Income from equity investees (3,334) (1,504) 36,909 (25,905) Income from equity investees (3,334) (1,504) 36,909 (25,905) Income from equity investees (3,344) (3,504) (3,607) (3,607) Loss from continuing operations (5,399)	Selling, general and administrative		36,902	28,810		107,493	77,818		
Lease termination costs	Depreciation and amortization		5,961	6,267		18,163	17,768		
Total operating expenses	Gain on sale or disposal of assets		(23)	(1,106)		(973)	(135)		
Income (loss) from operations	Lease termination costs		(159)	1,124		179	1,124		
Interest expense	Total operating expenses		406,230	275,589		1,110,539	756,003		
Other income (expense), net (3,203) 1,193 (4,220) (1,378) Income from equity investees 335 918 3,153 427 Loss from continuing operations before income taxes (6,733) (6,394) (39,099) (25,905) Income tax benefit (expense) 1,334 (1,504) 3,649 1,832 Loss from continuing operations (5,399) (7,898) (35,450) (24,073) Loss from discontinued operations - (24) - (44) Net loss (1,504) 3,649 1,832 (24,073) Loss from discontinued operations (5,399) (7,922) (35,450) (24,073) Less: Net (income) loss attributable to noncontrolling interest and redeemable noncontrolling interest 841 (65) 2,365 (8) Net loss attributable to HC2 Holdings, Inc. (4,558) (7,987) (33,085) (24,125) Less: Preferred stock and deemed dividends 2,948 1,035 5,061 3,212 Met loss attributable to common stock and participating preferred stockholders \$ (0,20) (0,35)	Income (loss) from operations		6,854	1,878	_	(6,418)	4,254		
Income from equity investees	Interest expense		(10,719)	(10,383)		(31,614)	(29,208)		
Loss from continuing operations before income taxes (6,733) (6,394) (39,099) (25,905) Income tax benefit (expense) 1,334 (1,504) 3,649 1,832 Loss from continuing operations (5,399) (7,898) (35,450) (24,073) Loss from discontinued operations - (24) - (44) Net loss (5,399) (7,922) (35,450) (24,117) Less: Net (income) loss attributable to noncontrolling interest and redeemable noncontrolling interest and redeemable noncontrolling interest and redeemable noncontrolling interest Net loss attributable to HC2 Holdings, Inc. (4,558) (7,987) (33,085) (24,125) Less: Preferred stock and deemed dividends 2,948 1,035 5,061 3,212 Net loss attributable to common stock and participating preferred stockholders (7,506) (9,022) (38,146) (27,337) Basic loss per common share: Loss from discontinued operations (0,20) (0,35) (1,07) (1,09) Loss from discontinued operations (0,20) (0,35) (1,07) (1,09) Loss from continuing operations (0,20) (0,35) (1,07) (1,09) Loss from continuing operations (0,20) (0,35) (1,07) (1,09) Loss from discontinued operations (0,20) (0,35) (1,07) (1,09) Loss from discontinued operations (0,20) (0,35) (0,35) (1,07) (1,09) Loss from discontinued operations (0,20) (0,35) (0,35) (1,07) (1,09) Loss from discontinued operations (0,20) (0,35)	Other income (expense), net		(3,203)	1,193		(4,220)	(1,378)		
Income tax benefit (expense)	Income from equity investees		335	918		3,153	427		
Loss from continuing operations (5,399) (7,898) (35,450) (24,073)	Loss from continuing operations before income taxes		(6,733)	(6,394)		(39,099)	(25,905)		
Loss from discontinued operations — (24) — (44) Net loss (5,399) (7,922) (35,450) (24,117) Less: Net (income) loss attributable to noncontrolling interest and redeemable noncontrolling interest 841 (65) 2,365 (8) Net loss attributable to HC2 Holdings, Inc. (4,558) (7,987) (33,085) (24,125) Less: Preferred stock and deemed dividends 2,948 1,035 5,061 3,212 Net loss attributable to common stock and participating preferred stockholders (7,506) (9,022) (38,146) (27,337) Basic loss per common share: Loss from continuing operations (0,20) (0,35) (1,07) (1,09) Loss from discontinued operations (0,20) (0,35) (1,07) (1,09) Diluted loss per common share: Loss from continuing operations (0,20) (0,35) (1,07) (1,09) Loss from discontinued operations (0,20) (0,35) (0,35) (1,07) (1,09) Loss from discontinued operations (0,20) (0,35) (0,35) (1,07) (1,09) Loss from discontinued operations (0,20) (0,35)	Income tax benefit (expense)		1,334	(1,504)		3,649	1,832		
Net loss (5,399) (7,922) (35,450) (24,117)	Loss from continuing operations		(5,399)	(7,898)		(35,450)	(24,073)		
Less: Net (income) loss attributable to noncontrolling interest and redeemable noncontrolling interest and redeemable noncontrolling interest 841	Loss from discontinued operations		_	(24)		_	(44)		
redeemable noncontrolling interest 841 (65) 2,365 (8) Net loss attributable to HC2 Holdings, Inc. (4,558) (7,987) (33,085) (24,125) Less: Preferred stock and deemed dividends 2,948 1,035 5,061 3,212 Net loss attributable to common stock and participating preferred stockholders \$ (7,506) (9,022) \$ (38,146) \$ (27,337) Basic loss per common share: \$ (0.20) (0.35) (1.07) \$ (1.09) Loss from discontinued operations — — — — — — — — — — — — — — — — — Basic and diluted loss per common share: \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09) Diluted loss per common share: \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09) Loss from discontinued operations — — — — — — — — — — — — — — — — — — — Net loss attributable to common stock and participating preferred stockholders \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09) Weighted average common shares outstanding: 36,627 25,592 35,808 25,093	Net loss		(5,399)	(7,922)		(35,450)	(24,117)		
Less: Preferred stock and deemed dividends 2,948 1,035 5,061 3,212 Net loss attributable to common stock and participating preferred stockholders \$ (7,506) \$ (9,022) \$ (38,146) \$ (27,337) Basic loss per common share: Loss from continuing operations \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09) Loss from discontinued operations — — — — — Basic and diluted loss per common share \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09) Diluted loss per common share: Loss from continuing operations \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09) Loss from discontinued operations — — — — — Net loss attributable to common stock and participating preferred stockholders \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09) Weighted average common shares outstanding: 36,627 25,592 35,808 25,093	Less: Net (income) loss attributable to noncontrolling interest and redeemable noncontrolling interest		841	(65)		2,365	(8)		
Net loss attributable to common stock and participating preferred stockholders \$ (7,506) \$ (9,022) \$ (38,146) \$ (27,337)	Net loss attributable to HC2 Holdings, Inc.		(4,558)	(7,987)		(33,085)	(24,125)		
Preferred stockholders \$ (7,506) \$ (9,022) \$ (38,146) \$ (27,337)	Less: Preferred stock and deemed dividends		2,948	1,035		5,061	3,212		
Loss from continuing operations \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09)	Net loss attributable to common stock and participating preferred stockholders	\$	(7,506)	\$ (9,022)	\$	(38,146) \$	(27,337)		
Loss from discontinued operations	•								
Basic and diluted loss per common share \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09)	Loss from continuing operations	\$	(0.20)	\$ (0.35)	\$	(1.07) \$	(1.09)		
Diluted loss per common share: Loss from continuing operations \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09)	Loss from discontinued operations					<u> </u>	_		
Loss from continuing operations \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09) Loss from discontinued operations — — — — — — — — — — — — — — — — — — —	Basic and diluted loss per common share	\$	(0.20)	\$ (0.35)	\$	(1.07) \$	(1.09)		
Loss from discontinued operations — — — — — — — — — — — — — — — — — — —	•								
Net loss attributable to common stock and participating preferred stockholders Weighted average common shares outstanding: Basic 36,627 25,592 35,808 25,093	_ ·	\$	(0.20)	\$ (0.35)	\$	(1.07) \$	(1.09)		
preferred stockholders \$ (0.20) \$ (0.35) \$ (1.07) \$ (1.09) Weighted average common shares outstanding: Basic 36,627 25,592 35,808 25,093	•		_				_		
Basic 36,627 25,592 35,808 25,093	preferred stockholders	\$	(0.20)	\$ (0.35)	\$	(1.07) \$	(1.09)		
20,027 20,000 20,000									
Diluted 36,627 25,592 35,808 25,093		_							
	Diluted	_	36,627	25,592	_	35,808	25,093		

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts) (Unaudited)

Pequity securities, available-for-sale at fair value	0, 2016	December 31, 2015
Fixed maturity securities, available-for-sale at fair value		
Figurity securities, available-for-sale at fair value		
Mortgage loans	331,677	
Policy loans	56,506	49,682
Other invested assets 6 Cash and cash equivalents 1,47 Cash and cash equivalents 12 Restricted cash Accounts receivable (net of allowance for doubtful accounts of \$3,033 and \$794 at September 30, 2016 and December 31, 2015, respectively) 27 Costs and recognized earnings in excess of billings on uncompleted contracts 1 Inventory Recoverable from reinsurers 52 Accrued investment income 1 Deferred tax saset 4 Property, plant and equipment, net 24 Goodwill 8 Intangibles, net 3 Other assets 2,88 Liabilities, temporary equity and stockholders' equity 1 Life, accident and health reserves \$ 1,53 Light, accident and health reserves \$ 2,58 Value of business acquired 4 Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 5 Deferred tax liability 2 Compt-cern obligations 2 Preferred stock, \$0.01 par value - 20,000,000 shares suthorized. Series A - 27,308	8,939	1,252
Total investments	18,228	18,476
Cash and cash equivalents 12 Restricted cash 27 Accounts receivable (net of allowance for doubtful accounts of \$3,033 and \$794 at September 30, 2016 and December 31, 2015, respectively). 27 Costs and recognized earnings in excess of billings on uncompleted contracts 1 Inventory 8 Recoverable from reinsurers 22 Accrued investment income 4 Deferred tax asset 4 Property, plant and equipment, net 24 Goodwill 3 Intangibles, net 3 Other assets 3 Assets held for sale 2 Total assets \$ Life, accident and health reserves \$ Annuity reserves \$ Value of business acquired 4 Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 5 Deferred tax halbility 1 Long-term obligations 3 Pension liability 1 Commitments and contingencies 1 Tempora	60,870	53,119
Restricted cash 27 Accounts receivable (net of allowance for doubtful accounts of \$3,033 and \$794 at September 30, 2016 and December 31, 2015, respectively) 27 Costs and recognized earnings in excess of billings on uncompleted contracts 1 Inventory \$22 Accrued investment income 1 Deferred tax asset 4 Property, plant and equipment, net 24 Goodwill 8 Intangibles, net 3 Other assets 3 Assets held for sale 5 Total assets \$ Libilities, temporary equity and stockholders' equity 25 Life, accident and health reserves 2,58 Annuity reserves 2,58 Value of business acquired 4 Accounts payable and other current liabilities 23 Deferred tax liability 2 Long-term obligations 3 Pension liability 2 Commitments and contingencies 2 Temporary equity 4 Preferred tax kiabilities 2,66 Commitments and contingencies <td>176,220</td> <td>1,354,370</td>	176,220	1,354,370
Accounts receivable (net of allowance for doubtful accounts of \$3,033 and \$794 at September 30, 2016 and December 31, 2015, respectively)	121,321	158,624
December 31, 2015, respectively)	791	538
Recoverable from reinsurers	272,738	210,853
Recoverable from reinsurers 52 Accrued investment income 1 Deferred tax asset 4 Property, plant and equipment, net 24 Goodwill 8 Intangibles, net 3 Other assets 3 Assets held for sale 5 Total assets \$ Liabilities, temporary equity and stockholders' equity 1,63 Annuity reserves 2,58 Value of business acquired 4 Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 5 Deferred tax liability 1 Long-term obligations 39 Pension liabilities 2 Total liabilities 2,66 Commitments and contingencies 1 Temporary equity: 1 Preferred tax closek, S.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015; reises A-2-1,400 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A-2-1,4000 shares issued and and steptember 30, 2016 and December 31, 2015; reises A-2-1,40	17,091	39,310
Accrued investment income	8,973	12,120
Deferred tax asset	525,599	522,562
Property, plant and equipment, net 24 Goodwill 8 Intangibles, net 3 Other assets 3 Assets held for sale 5 Total assets \$ Life, accident and health reserves \$ Almouity reserves 25 Value of business acquired 4 Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 5 Deferred tax liability 1 Long-term obligations 39 Pension liability 2 Other liabilities 1 Total liabilities 1 Commitments and contingencies 1 Temporary equity; 2 Perferred stock, S.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively; Series A - 1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively; Series A - 2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively; Series A - 2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively 4	15,751	15,300
State Stat	43,555	52,511
Assets A	244,176	214,466
Other assets Assets held for sale Total assets \$ 2,88 Liabilities, temporary equity and stockholders' equity \$ 1,63 Annuity reserves 25 Value of business acquired 4 Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 5 Deferred tax liability 1 Long-term obligations 39 Pension liability 2 Other liabilities 1 Total liabilities 1 Commitments and contingencies 1 Temporary equity: Preferred a stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015; respectively; Series A - 1-1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A - 2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A - 2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; eries A - 2-14,000 shares issued and 31, 32, 32 and 35, 249, 749 shares outstanding at September 30, 2016 and December 31, 2015, respectively 4 Redeemable noncontrolling interest 4 Total temporary equity 4 Stockholders' equi	86,025	61,178
Assets held for sale Total assets S 2,88 Liabilities, temporary equity and stockholders' equity Life, accident and health reserves 25 Value of business acquired 4 Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 5 Deferred tax liability 1 Long-term obligations 39 Pension liabilities 1 Total liabilities 1 Total liabilities 1 Total liabilities 2,66 Commitments and contingencies Temporary equity Preferred stock, \$,001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 21,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 21,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 21,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 21,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 21,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 21,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 21,4,000 shares sissued and outstanding at September 30, 2016 and December 31, 2015; Series A - 21,4,000 shares sissued and outstanding at September 30, 2016 and December 31, 2015; Series A - 21,4,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015; Series A - 21,4,4,4,4,4,4,4,4,4,4,4,4,4,4,4,4,4,4,4	39,144	29,409
Total assets S 2,88 Labilities, temporary equity and stockholders' equity Life, accident and health reserves S 1,63 Annuity reserves 25 Value of business acquired 4 Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 5 Deferred tax liability 1 Long-term obligations 39 Pension liabilities 2 Other liabilities 2 Total liabilities 2 Total liabilities 2 Commitments and contingencies Preferred stock, \$0.01 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015; respectively; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; respectively; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; respectively; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; respectively; Accumulated deficit 22	35,520	65,206
Life, accident and health reserves \$ 1,63 Annuity reserves 25 Value of business acquired 4 Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 5 Deferred tax liability 1 Long-term obligations 39 Pension liability 20 Other liabilities 1 Total liabilities 2 Commitments and contingencies 3 Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A-2-14,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit (11 Treasury stock, at cost (61 Accumulated other comprehensive gain (loss) 3 Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest 2	1,093	6,065
Life, accident and health reserves \$ 1,63 Annuity reserves 25 Value of business acquired 4 Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 55 Deferred tax liability 1 Long-term obligations 39 Pension liability 20 Other liabilities 2,66 Commitments and contingencies 7 Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015; series A - 1,1000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and sutstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and sutstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and sutstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and sutstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and sutstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and sutstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and sutstanding at September 30, 2016 and December 31, 2015; Series A - 2-1,4,000 shares issued and sutstanding at September	887,997	\$ 2,742,512
Annuity reserves Value of business acquired Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 5 Deferred tax liability 1 Long-term obligations 29 Pension liabilities 10 Total liabilities 11 Total liabilities 20 Commitments and contingencies Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-1-1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2-14,000 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit 11 Treasury stock, at cost (11 Treasury stock, at cost (12 Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 25 Noncontrolling interest		
Value of business acquired Accounts payable and other current liabilities Billings in excess of costs and recognized earnings on uncompleted contracts Deferred tax liability Long-term obligations Pension liability Cother liabilities Total liabilities Total liabilities Commitments and contingencies Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015; respectively Additional paid-in capital Accumulated deficit Treasury stock, at cost Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 2 Noncontrolling interest	537,501	\$ 1,591,937
Accounts payable and other current liabilities 23 Billings in excess of costs and recognized earnings on uncompleted contracts 55 Deferred tax liability 1 Long-term obligations 39 Pension liability 2 Other liabilities 2 Other liabilities 3 Total liabilities 3 Commitments and contingencies Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2 14,000 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit (11 Treasury stock, at cost (CAcumulated other comprehensive gain (loss) 3 Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest 2	254,250	260,853
Billings in excess of costs and recognized earnings on uncompleted contracts Deferred tax liability Long-term obligations Pension liability Other liabilities Total liabilities Commitments and contingencies Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and september 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital Accumulated deficit Treasury stock, at cost Accumulated deficit (11 Treasury stock, at cost Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest	48,512	50,761
Deferred tax liability Long-term obligations Pension liability 2 Other liabilities Total liabilities 2,66 Commitments and contingencies Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively, Series A - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2-14,000 shares quity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital Accumulated deficit Treasury stock, at cost Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest	232,149	225,389
Long-term obligations Pension liability 2 Other liabilities 1 Total liabilities 2,66 Commitments and contingencies Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively, Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015 Redeemable noncontrolling interest Total temporary equity 4 Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit (11 Treasury stock, at cost (22 Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest 2	51,241	21,201
Pension liability 2 Other liabilities 1 Total liabilities 2,66 Commitments and contingencies Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015; respectively; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015 Redeemable noncontrolling interest Total temporary equity 4 Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit (11 Treasury stock, at cost (CAcumulated other comprehensive gain (loss) 3 Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 2 Noncontrolling interest 2	12,807	4,281
Other liabilities 2,66 Commitments and contingencies Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015 Redeemable noncontrolling interest Total temporary equity 4 Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit (11 Treasury stock, at cost (11 Treasury stock, at cost (11 Accumulated other comprehensive gain (loss) 3 Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 2 Noncontrolling interest 2	396,688	371,876
Total liabilities 2,66 Commitments and contingencies Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015 Redeemable noncontrolling interest Total temporary equity 4 Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit (11 Treasury stock, at cost (Cacumulated other comprehensive gain (loss) 3 Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 2 Noncontrolling interest 2	20,744	25,156
Commitments and contingencies Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively; Series A - 1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A - 2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015 Redeemable noncontrolling interest Total temporary equity 4 Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit Treasury stock, at cost Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest Noncontrolling interest 23 24 25 26 26 27 27 28 28 29 20 20 20 20 21 21 22 23 24 25 26 27 27 28 28 27 28 28 29 20 20 20 20 20 20 20 20 20	12,042	17,793
Temporary equity: Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015 Redeemable noncontrolling interest Total temporary equity 4 Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital Accumulated deficit Treasury stock, at cost Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 2 Noncontrolling interest 2 2 2 2 2 2 2 2 2 3 3 3 4 4 4 4 4 4 4 4 4 4	665,934	2,569,247
Preferred stock, \$.001 par value - 20,000,000 shares authorized; Series A - 27,308 and 29,172 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015 Redeemable noncontrolling interest Total temporary equity 4 Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital Accumulated deficit Treasury stock, at cost Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 2 Noncontrolling interest 2 2 2 2 2 2 2 3 3 3 3 3 3		
issued and outstanding at September 30, 2016 and December 31, 2015, respectively; Series A-1 - 1,000 and 10,000 shares issued and outstanding at September 30, 2016 and December 31, 2015; Series A-2 - 14,000 shares issued and outstanding at September 30, 2016 and December 31, 2015 Redeemable noncontrolling interest Total temporary equity 4 Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital Accumulated deficit Treasury stock, at cost Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest		
Redeemable noncontrolling interest Total temporary equity Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital Accumulated deficit Treasury stock, at cost Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest Noncontrolling interest 2	41,659	52,619
Total temporary equity Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit (11 Treasury stock, at cost (2) Accumulated other comprehensive gain (loss) 3 Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest 2	1,993	3,122
Stockholders' equity: Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit (11 Treasury stock, at cost (2) Accumulated other comprehensive gain (loss) 3 Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest 2	43,652	55,741
Common stock, \$.001 par value - 80,000,000 shares authorized; 38,263,606 and 35,281,375 shares issued and 38,031,325 and 35,249,749 shares outstanding at September 30, 2016 and December 31, 2015, respectively Additional paid-in capital 22 Accumulated deficit (11 Treasury stock, at cost (2) Accumulated other comprehensive gain (loss) 3 Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest 2	43,032	33,741
Additional paid-in capital 22 Accumulated deficit (11 Treasury stock, at cost (Camulated other comprehensive gain (loss) (15 Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest (15) Noncontrolling interest (22)		
Accumulated deficit (11 Treasury stock, at cost (Accumulated other comprehensive gain (loss) 3 Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest 2	38	35
Treasury stock, at cost Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest Noncontrolling interest 2	228,842	209,477
Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest Noncontrolling interest 2	112,814)	(79,729
Accumulated other comprehensive gain (loss) Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest Noncontrolling interest 2	(1,262)	(378
Total HC2 Holdings, Inc. stockholders' equity before noncontrolling interest 15 Noncontrolling interest 2	37,221	(35,375
Noncontrolling interest 2	152,025	94,030
	26,386	23,494
LOUIS STOCK DOLIGATE ACTUALLY		
	178,411 387,997	\$ 2,742,512

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA

(in thousands) (Unaudited)

Three Months Ended September 30, 2016

	Manufacturing	Marine Services	Telecom	Utilities	Life Sciences	Other and Eliminations	Non- operating Corporate	HC2**
Net loss attributable to HC2 Holdings, Inc.	\$ 6,962	\$ 8,696	\$ 1,796	\$ 27	\$ (2,285)	\$ (8,160)	\$ (9,404)	\$ (2,368)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization *	431	5,225	144	582	32	380	4	6,798
Depreciation and amortization (included in cost of revenue)	1,321	_	_	_	_	_	_	1,321
Gain on sale or disposal of assets	(23)	_	_	_	_	_	_	(23)
Lease termination costs	_	_	(159)	_	_	_	_	(159)
Interest expense	304	1,328	_	119	_	_	8,969	10,720
Other (income) expense, net	(12)	(2,013)	422	(24)	(2)	3,892	835	3,098
Foreign currency (gain) loss (included in cost of revenue)	_	(283)	_	_	_	_	_	(283)
Income tax (benefit) expense	4,672	96	_	_	_	_	(7,851)	(3,083)
Noncontrolling interest	411	465	_	27	(770)	(974)	_	(841)
Share-based compensation expense	_	546	_	3	128	37	1,088	1,802
Acquisition and nonrecurring items	429	_	_	_	_	_	821	1,250
Adjusted EBITDA	\$ 14,495	\$ 14,060	\$ 2,203	\$ 734	\$ (2,897)	\$ (4,825)	\$ (5,538)	\$ 18,232
		Marine			September 30	Other and	Non- operating	
N-41	Manufacturing	Services	Telecom	Utilities	Sciences	Eliminations		TICO
Net loss attributable to HC2 Holdings, Inc.	¢ 7117	0 7256	e (2(2)	e (92)	¢ (1.575)		Corporate	HC2**
A di	\$ 7,116	\$ 7,356	\$ (362)	\$ (82)	\$ (1,575)		\$ (21,804)	
Adjustments to reconcile net income (loss) to Adjusted EBITDA:	, ,	\$ 7,356		, ,		\$ 1,525		\$ (7,826)
	\$ 7,116 513	\$ 7,356	\$ (362)	\$ (82) 411	\$ (1,575)			
Adjusted EBITDA:	, ,			, ,		\$ 1,525		\$ (7,826)
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in	513			, ,		\$ 1,525		5,884
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in cost of revenue)	513 1,928	4,376	98	, ,		\$ 1,525		\$ (7,826) 5,884 1,928
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in cost of revenue) Gain on sale or disposal of assets	513 1,928	4,376	98 — —	, ,		\$ 1,525	\$ (21,804) 	5,884 1,928 (1,107)
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in cost of revenue) Gain on sale or disposal of assets Lease termination costs	513 1,928 (990)	4,376 — (117) —	98 — — — 1,124	411 — —		\$ 1,525 480 — —	\$ (21,804) 	5,884 1,928 (1,107) 1,124
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in cost of revenue) Gain on sale or disposal of assets Lease termination costs Interest expense	513 1,928 (990) — 354	4,376 — (117) — 929	98 — — 1,124 —	411 — — — — 10		\$ 1,525 480 — — — — (1)	\$ (21,804) 	5,884 1,928 (1,107) 1,124 10,382
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in cost of revenue) Gain on sale or disposal of assets Lease termination costs Interest expense Other (income) expense, net Foreign currency (gain) loss (included in	513 1,928 (990) — 354	4,376 — (117) — 929 (1,149)	98 — — 1,124 —	411 — — — — 10		\$ 1,525 480 — — — — (1)	\$ (21,804) 	5,884 1,928 (1,107) 1,124 10,382 (1,191)
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in cost of revenue) Gain on sale or disposal of assets Lease termination costs Interest expense Other (income) expense, net Foreign currency (gain) loss (included in cost of revenue)	513 1,928 (990) — 354 (141)	4,376 — (117) — 929 (1,149) (1,739)	98 ————————————————————————————————————	411 — — — — 10		\$ 1,525 480 — — — (1) 280	(21,804) (21,804) ————————————————————————————————————	5,884 1,928 (1,107) 1,124 10,382 (1,191) (1,739)
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in cost of revenue) Gain on sale or disposal of assets Lease termination costs Interest expense Other (income) expense, net Foreign currency (gain) loss (included in cost of revenue) Income tax (benefit) expense	513 1,928 (990) — 354 (141)	4,376 — (117) — 929 (1,149) (1,739)	98 ————————————————————————————————————	411 — — — — 10	6	\$ 1,525 480 — — — (1) 280 — (6,359)	(21,804) (21,804) ————————————————————————————————————	5,884 1,928 (1,107) 1,124 10,382 (1,191) (1,739) 1,503
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in cost of revenue) Gain on sale or disposal of assets Lease termination costs Interest expense Other (income) expense, net Foreign currency (gain) loss (included in cost of revenue) Income tax (benefit) expense Loss from discontinued operations	513 1,928 (990) — 354 (141) — 5,284 —	4,376 — (117) — 929 (1,149) (1,739) 260 —	98 ————————————————————————————————————	411 — — 10 (19) — —	6	\$ 1,525 480 — — — (1) 280 — (6,359)	(21,804) (21,804) ————————————————————————————————————	5,884 1,928 (1,107) 1,124 10,382 (1,191) (1,739) 1,503 24
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in cost of revenue) Gain on sale or disposal of assets Lease termination costs Interest expense Other (income) expense, net Foreign currency (gain) loss (included in cost of revenue) Income tax (benefit) expense Loss from discontinued operations Noncontrolling interest	513 1,928 (990) — 354 (141) — 5,284 —	4,376 — (117) — 929 (1,149) (1,739) 260 —	98 ————————————————————————————————————	411 — — — 10 (19) — — (73)	6	\$ 1,525 480 — — (1) 280 — (6,359) 24	9,090 ——————————————————————————————————	5,884 1,928 (1,107) 1,124 10,382 (1,191) (1,739) 1,503 24 65
Adjusted EBITDA: Depreciation and amortization * Depreciation and amortization (included in cost of revenue) Gain on sale or disposal of assets Lease termination costs Interest expense Other (income) expense, net Foreign currency (gain) loss (included in cost of revenue) Income tax (benefit) expense Loss from discontinued operations Noncontrolling interest Share-based compensation expense	513 1,928 (990) — 354 (141) — 5,284 —	4,376 — (117) — 929 (1,149) (1,739) 260 —	98 ————————————————————————————————————	411 — — — 10 (19) — — (73)	6	\$ 1,525 480 — — (1) 280 — (6,359) 24	9,090 - 2,318 - 2,323	5,884 1,928 (1,107) 1,124 10,382 (1,191) (1,739) 1,503 24 65 2,344

Adjusted EBITDA

807 \$

267 \$

(2,018) \$

(4,050) \$

(5,340) \$

14,233

10,120 \$

14,447 \$

^(*) Includes depreciation adjustments from purchase accounting.
(**) Excludes net loss from Insurance segment in the amount of \$2.2 million and \$0.2 million for the three months ended September 30, 2016 and 2015, respectively.

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA

(in thousands) (Unaudited)

Three Months Ended June 30, 2016

	Non-									
	Manufactur	ing	Marine Services	Telecom		Utilities	Life Sciences	Other and Eliminations	operating Corporate	HC2**
Net income (loss)	\$ 9,3	64	\$ 6,002	\$ 1,009	\$	68	\$ (2,004)	\$ (2,608)	\$ (7,603)	\$ 4,228
Adjustments to reconcile net income (loss) to Adjusted EBITDA:										
Depreciation and amortization	3	03	5,725	140		468	36	336	_	7,008
Depreciation and amortization (included in cost of revenue)*	(2	06)	_	_		_	_	_	_	(206)
(Gain) loss on sale or disposal of assets	(1,8	45)	7	_		_	_	1	_	(1,837)
Lease termination costs		_	_	338		_	_	_	_	338
Interest expense	3	03	1,285	_		14	_	1	8,966	10,569
Other (income) expense, net		32)	211	29		(344)	_	(10)	465	319
Foreign currency (gain) loss (included in cost of revenue)		_	(1,540)	_		_	_	_	_	(1,540)
Income tax (benefit) expense	4,5	24	(212)	_		_	_	1	(9,404)	(5,091)
Noncontrolling interest	7	68	200	_		244	(812)	(1,044)	_	(644)
Share-based payment expense		_	152	_		90	34	40	1,359	1,675
Acquisition and nonrecurring items		_	_	18		_	_		313	331
Adjusted EBITDA	\$ 13,1	79	\$ 11,830	\$ 1,534	\$	540	\$ (2,746)	\$ (3,283)	\$ (5,904)	\$ 15,150

^(**) Excludes net loss from Insurance segment in the amount of \$2.3 million for the three months ended June 30, 2016.