

ABRAMS & BAYLISS LLP  
20 MONTCHANIN ROAD, SUITE 200  
WILMINGTON, DE 19807  
MAIN: 302-778-1000  
FAX: 302-778-1001

KEVIN G. ABRAMS

DIRECT DIAL NUMBER  
302-778-1002  
ABRAMS@ABRAMSBAYLISS.COM

December 16, 2019

BY EMAIL

Gary Lutin  
Fair Value Investments, Inc.  
575 Madison Avenue, 10th Floor  
New York, NY 10022

Re: Schuff Int'l, Inc. S'holders Litig., Consol. C.A. No. 10323-VCZ (Del. Ch.)

Dear Mr. Lutin:

I write in response to your letter to Plaintiff's attorney Don Enright, dated December 13, 2019 (the "December 13 Lutin Letter"), in which you suggest that "[s]ome variation of [your] repeatedly suggested offer to exchange a new DBM issue of preferred stock for existing minority holdings of common stock . . . could be easily adapted to provide this tack-on to the original provisions of [the Settlement] Stipulation" and that this modification "would sensibly justify including the Non-Tendering Stockholders in the class, providing them with a genuine benefit in consideration of their settling all possible claims against the defendants." *Id.*<sup>1</sup>

As a threshold matter, you misunderstand the scope of the release the Non-Tendered Stockholders would provide as part of the Settlement. The Non-Tendered Stockholders will not provide Defendants with a general release of "all possible claims" if the Settlement is approved. Paragraph 1(w) of the Stipulation—the definition of "Released Plaintiff Claims"—enumerates the categories of transactions for which Class Members, including Non-Tendered Stockholders, will release claims under the Settlement. This release essentially covers matters related to the 2014 Tender Offer, HC2's decision not to cash-out the Non-Tendered Stockholders immediately after the 2014 Tender Offer, and the transactions related to the Settlement. None of the December 13 Lutin Letter or your letters to HC2 dated November 21, 2019, December 3, 2019, December 10, 2019, or December 12, 2019 explain how a release of this scope is unfair to the Non-Tendered Stockholders.

Your inability to even attempt to explain the purported unfairness of the Settlement to the Non-Tendered Stockholders is not surprising. Plaintiff—a Non-Tendered Stockholder—alleged in his original complaint that HC2 supposedly committed to close a short-form merger pursuant to 8 *Del. C.* § 253 after obtaining 90% of Schuff's common stock and that Plaintiff is entitled to

---

<sup>1</sup> Unless otherwise noted, capitalized terms not otherwise defined have the meanings from the Stipulation.

recover damages on behalf of a class that includes the Non-Tendered Stockholders. To settle this claim on behalf of all the Non-Tendered Stockholders, Plaintiff insisted that the Non-Tendered Stockholders be treated equally in economic terms with the Tendered Stockholders. Defendants ultimately agreed with this approach and, under the Settlement, DBM will offer to purchase the DBM shares held by the DBM stockholders for \$67.45 per share—the same premium price the Tendered Stockholders will receive as a result of the 2014 Tender Offer and the Settlement. As you know, the Non-Tendered Stockholders have never had the ability to sell their DBM shares in the market for \$67.45 per share.

The contemplated release by the Non-Tendered Stockholders in exchange for the huge economic benefit reflected in the Settlement Tender Offer is fully justifiable in connection with the Settlement. No rational Non-Tendered Stockholder should object to releasing claims relating to the unwillingness of HC2 to acquire the Non-Tendered Shares in a short-form merger following the 2014 Tender Offer pursuant to a litigation settlement that provides equal treatment with the Tendered Stockholders, an otherwise unavailable liquidity opportunity, an all-cash payment, and a premium price that is completely unavailable in the market today and significantly exceeds any market price ever paid for the DBM shares. Plaintiff recognizes these benefits and has agreed to sell all of his DBM shares in the Settlement Tender Offer. If FVI really is interested in an economic opportunity that does not exist outside the structure of the Settlement, FVI should consider selling its ten (10) DBM shares in the Settlement Tender Offer. Alternatively, if FVI is not interested in selling its DBM shares in the Settlement Tender Offer, FVI should recognize that the Settlement offers huge benefits to DBM that will allow DBM to grow its business without the burdens and risks posed by the litigation. FVI also should recognize that current DBM stockholders are not required to participate in the Settlement Tender Offer. The Settlement Stipulation and its exhibits reflect the extensive disclosures HC2 and DBM will make to the current DBM stockholders to evaluate the Settlement Tender Offer. Each DBM stockholder has the option to participate in the Settlement Tender Offer, or not, based on its own analysis and investment objectives.

HC2 continues to be unwilling to consider your exchange proposal until after the Settlement Tender Offer closes. As reiterated in my letter to you dated December 10, 2019—three days before the December 13 Lutin Letter—you repeatedly have proposed an exchange offer structure since August 2017 and HC2 consistently has informed you that HC2 is not interested in considering any strategic transaction relating to the DBM publicly-held shares until after the Settlement is approved and the Settlement Tender Offer is completed under the terms provided in the Settlement. HC2 senior officers have explained to you the unworkability of the structure and timing of your exchange proposal, including most recently in verbal communications on September 24, 2019 and November 20, 2019, in email communications on October 8, 2019 and October 22, 2019, and in my letters dated December 2, 2019, December 10, 2019, and December 12, 2019. It is baffling that you continue to propose adding to the Settlement an exchange offer that involves the issuance of a DBM security convertible into HC2 common stock when HC2 repeatedly has expressed its unwillingness to even consider such a transaction until after the Settlement Tender Offer closes.

Gary Lutin  
December 16, 2019  
Page 3

HC2 remains committed to the current Settlement framework and any strategic proposals by FVI or any other minority stockholders relating to DBM have to await the anticipated close of the Settlement Tender Offer.

Sincerely yours,

*/s/ Kevin G. Abrams*

Kevin G. Abrams

KGA/

cc: Philip Falcone (by email)  
Joseph Ferraro, Esq. (by email)  
Donald Enright, Esq. (by email)  
Seth Rigrodsky, Esq. (by email)