

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
ONE RODNEY SQUARE
P.O. BOX 636
WILMINGTON, DELAWARE 19899-0636

TEL: (302) 651-3000

FAX: (302) 651-3001

www.skadden.com

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DIRECT DIAL
(302) 651-3220
DIRECT FAX
(302) 552-3220
EMAIL ADDRESS
EDWARD.MICHELETTI@SKADDEN.COM

April 23, 2020

BY EFILING

The Honorable Joseph R. Slight III
Vice Chancellor
Court of Chancery
38 The Green
Dover, Delaware 19901

RE: *Tera v. HC2 Holdings, Inc., et al.*,
C.A. No. 2020-0275-JRS (Del. Ch.)

Dear Vice Chancellor Slight:

On behalf of the parties in the above-titled action, I write with recent developments. As we previously informed the Court, (i) on April 15, 2020, the Board¹ approved Percy Rockdale's nominees for the

¹ Capitalized terms herein have the same definition as Defendants' Opposition to Plaintiff's Motion for Expedited Discovery and Setting a Prompt Injunction Hearing (the "Opposition").

limited purpose of the continuing director provisions in the Certificates of Designation (the “Approval”) and (ii) the holder of the Series A Preferred Stock entitled to give a waiver agreed that it will not seek to exercise its right to require the company to redeem its shares of Preferred Stock, if such redemption right were to arise under Section 10(j)(iii) of Certificate of the Designation or as a result of the outcome of the consent solicitation (the “Series A Preferred Waiver”). The Approval and Series A Preferred Waiver were disclosed in the Supplement dated April 17, 2020.

On April 21, 2020, HC2 obtained a similar waiver from the Series A-2 Preferred Stock entitled to give a waiver (the “Series A-2 Preferred Waiver,” and together with the Series A Preferred Waiver, the “Waivers”). That same day, HC2 issued supplemental disclosures that disclose the Series A-2 Preferred Waiver and clearly state that no change of control will occur in connection with the consent solicitation that

would require the Preferred Stock to be redeemed (the “Supplemental Disclosures”).²

The parties have conferred, and agree that the Approval, the Waivers and the Supplemental Disclosures obviate the need for expedition and that Plaintiff’s motion for a preliminary injunction, along with the merits of his case, is moot.

In his complaints, Plaintiff sought a declaration from the Court that any consent revocations received to date be nullified. The parties have agreed that they will hold off on litigating this issue until after the consent solicitation is finished. In the event that the dissident slate loses the consent solicitation, and the number of consent revocations received prior to Defendants taking action to moot this case were determinative of the outcome of the consent solicitation, Plaintiff reserves the right to seek a determination from the Court regarding the validity of the consent revocations received prior to the mooting actions and the effect on the outcome of the consent solicitation.

² The Supplemental Disclosures are attached hereto as Exhibit A.

The parties reserve all rights, arguments and defenses, including the right to argue that the consent revocations received prior to the mooted actions should be nullified or that all consent revocations received by the company are valid in light of the actions taken by Defendants and the time frame in which they were taken. However, to the extent such limited determination discussed above is sought (whether by Plaintiff or any other stockholder), Defendants will not oppose it on the basis that such determination should have been sought prior to the conclusion of the consent solicitation. This agreement not to oppose on timeliness grounds applies only to the limited issue identified in this letter.

The parties intend to submit a stipulation to the court on these points under separate cover.

As always, the parties are available at the call of the Court should Your Honor have any questions.

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Respectfully,

/s/ Edward B. Micheletti

Edward B. Micheletti (ID No. 3794)

Words: 533

cc: Register in Chancery (via eFiling)
Gregory V. Varallo, Esq. (via eFiling)

EXHIBIT A

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

SCHEDULE 14A
(Rule 14a-101)

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

Filed by the Registrant
Check the appropriate box:

Filed by a Party other than the Registrant

- 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.
 - (1) Title of each class of securities to which transaction applies: _____
 - (2) Aggregate number of securities to which transaction applies: _____
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
 - (4) Proposed maximum aggregate value of transaction: _____
 - (5) Total fee paid: _____
 - Fee paid previously with preliminary materials:
 - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
 - (1) Amount previously paid: _____
 - (2) Form, Schedule or Registration Statement No.: _____
 - (3) Filing Party: _____
 - (4) Date Filed: _____
-
-

HC2 Holdings, Inc.

Supplemental Information to Consent Revocation Statement

On April 21, 2020, the holder of the Series A-2 Preferred Stock entitled to give a waiver agreed that such holder will not seek to exercise its right to require HC2 Holdings, Inc. (the “Company”) to redeem the shares of such Series A-2 Preferred Stock if such redemption right were to arise as a result of the outcome of the Consent Solicitation based on one of the change of control prongs of the Certificate of Designation (which prong may require the Company to make an offer to redeem the Preferred Stock if any person or “group” (within the meaning of Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended) obtains the power to elect a majority of the members of the Board). Accordingly, in light of the foregoing, as well as the waiver by the holder of the Series A Preferred Stock referenced in the Company’s supplemental disclosure on April 17, 2020, the Company has obtained the waivers of the Series A Requisite Holders and the Series A-2 Requisite Holders (as defined in the respective Certificates of Designation). Therefore, if the Percy Rockdale Nominees become a majority of the Board pursuant to the Consent Solicitation, the Company will not be required to offer to redeem the shares of the Series A Preferred Stock and the Series A-2 Preferred Stock as a result of the foregoing waivers, as well as the Board’s prior action approving the Percy Rockdale Nominees as “Continuing Directors” solely for purposes of the Certificates of Designation.

Terms used in this document, but not otherwise defined, have the meanings ascribed to such terms in the definitive consent revocation statement on Schedule 14A, File No. 001-35210, filed by the Company with the U.S. Securities and Exchange Commission on April 3, 2020, as supplemented on April 17, 2020.
