

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 [X]

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 Rule 14a-11(c) or Rule 14a-12

HC2 Holdings, Inc.

(Name of registrant as specified in its charter)

**PERCY ROCKDALE LLC
RIO ROYAL LLC
MG CAPITAL MANAGEMENT LTD.
GEORGE BROKAW
KENNETH COURTIS
MICHAEL GORZYNSKI
ROBIN GREENWOOD
LIESL HICKEY
JAY NEWMAN**

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the Appropriate Box):

- ☒ No fee required.
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- (2) Aggregate number of securities to which transaction applies:
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement no.:
 - (3) Filing Party:
 - (4) Date Filed:
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MG Capital Management Ltd., together with the other participants named herein (collectively, “MG Capital”), has filed with the Securities and Exchange Commission a definitive consent statement and an accompanying consent card to be used to solicit votes for the election of its slate of director nominees for the Board of Directors of HC2 Holdings, Inc., a Delaware corporation (the “Issuer”).

On April 28, 2020, MG Capital and its affiliates (i) issued the press release attached as Ex. 99.1 and (ii) updated their website (www.abetterhc2.com) as attached in Ex. 99.2.

MG Capital Encourages Stockholders to Avoid Being Misled by HC2's Attempts to Rewrite History

Believes HC2's Attacks on MG Capital and Its World-Class Slate Represent an Attempt to Distract From the Past Six Years of Dismal Corporate Governance and Persistent Value Destruction

Contents That HC2's Recent Presentations Are Just a Compilation of Distortions – All of Which Fail to Justify the Board's Poor Decisions and Weak Oversight of Philip Falcone

Highlights That MG Capital's Slate Has the Right Boardroom Experience, Cross-Sector Expertise, and Strategic Plan to Save HC2 Before \$400mm in HoldCo Debt Matures in 2021

Urges Stockholders Seeking Superior Value Creation to Consent on the GREEN Card FOR Our Six Director Nominees

NEW YORK–April 28, 2020–BUSINESSWIRE– MG Capital Management, Ltd. (together with Percy Rockdale LLC, the nominating stockholder, and its affiliates, “MG Capital” or “we”), a significant stockholder of HC2 Holdings, Inc. (NYSE: HCHC) (“HC2” or the “Company”), which collectively with the other participants in its solicitation beneficially owns more than 6% of the Company’s outstanding shares, today commented on HC2’s latest attempt to rewrite history. Additional important information is available for stockholders at www.ABetterHC2.com.

Michael Gorzynski, MG Capital’s founder and managing partner, commented:

“The presentations released by HC2 this week represent a continuation of the Board’s effort to divert attention away from the fact that it has destroyed hundreds of millions of dollars in stockholder value over the past six years. Rather than accept accountability for mismanaging HC2 and delivering negative returns over every relevant time horizon, Mr. Falcone and his fellow directors have spent the past two months trying to justify the Company’s irrefutable history of dismal corporate governance, reckless debt-fueled acquisitions, and evident self-dealing. We find it very troubling that they have opted to double down on this approach rather than providing stockholders with a thoughtful and viable strategy for finally creating value.

It is important to see through the distortions and misrepresentations that the Board has relied on for years to pacify stockholders. The reality is that stockholders now have a tremendous opportunity to add credibility, integrity, and relevant experience to the Board by electing our six director nominees. The individuals on our slate have world-class backgrounds advising heads of state, holding public company board seats, and maintaining senior positions at top institutions such as Elliott Management, Harvard Business School, Lazard, Morgan Stanley, the Goldman Sachs Group, and Third Point. Most importantly, they have spent months analyzing HC2’s challenges and developing a comprehensive strategy for reducing HC2’s massive debt and ultimately delivering an estimated \$9 per share in value.

We encourage stockholders to judge our slate based on its qualifications and strategy – not the low-road campaign being waged by Mr. Falcone and the other directors. In contrast to the current Board, our nominees have the perspectives and relationships to help HC2 avert potential bankruptcy over the next year by obtaining necessary liquidity or refinancing holding company debt.”

WE ENCOURAGE STOCKHOLDERS TO FOCUS ON OUR NOMINEES AND THEIR VISION.

By agreeing to serve as a member of the MG Capital slate, each of our world-class nominees has endorsed Mr. Gorzynski's integrity, investment acumen, and leadership skills.

- **George Brokaw** – A proven banker, investor, and public company director with broadcasting, telecommunications, and energy expertise.

Mr. Brokaw's background at top investment banks (e.g. Lazard) and premier investment firms (e.g. HPS Investment Partners) has put him in a position to already have discussions with potential asset acquirers and possible sources of lower-cost debt refinancing.

- **Kenneth Curtis** – A world-class investor, corporate director, and economist with experience advising three U.S. Presidents.

Mr. Curtis' background at leading investment banks (e.g. Goldman Sachs) and experience counseling three U.S. Presidents (Bush, Clinton and Bush) has enabled him to already develop a vision for optimizing HC2's portfolio and repairing relationships with government bodies overseeing the Company's regulated assets.

- **Michael Gorzynski** – A proven cross-sector investor with significant expertise in the areas of corporate turnarounds, debt restructurings and insurance.

Mr. Gorzynski's background investing across every sector HC2 is exposed to, coupled with his significant debt restructuring and turnaround experience in the insurance space, has helped him identify potential buyers for certain holdings and develop a roadmap for focusing on core, EBIDTA positive assets that can deliver value for stockholders.

- **Robin Greenwood** – A leading corporate governance authority, debt restructuring expert, and strategic advisor to some of the world's most respected public and private institutions.

Mr. Greenwood's background as a Harvard Business School educator, published thought-leader on debt restructurings, and noted corporate governance expert has helped him already map out a restructured Board and identify actionable steps to reduce corporate waste (e.g. elimination of excessive executive compensation).

- **Liesl Hickey** – A respected regulatory and public policy advisor with a breadth of experience working across the sectors HC2 invests in.

Ms. Hickey's background – anchored in public policy and regulation – would allow her to leverage best-in-class relationships with policymakers (on both the state and federal level) to determine how HC2 can mend its relationships and guide Continental General through the Texas Department of Insurance's active investigation.

- **Jay Newman** – A seasoned cross-sector investor and litigator possessing decades of experience in asset recovery and debt restructuring/refinancing initiatives.

Mr. Newman's background at one of the most well-known U.S. investment management firms (Elliott Management) and leading global investment banks (Morgan Stanley) has made him an investment expert and provided a deep bench of institutional relationships that will help him identify potential attractive debt re-financing terms for HC2 if elected to the Board.

We urge HC2 stockholders to consent to all three proposals on the GREEN consent card and return it in your postage-paid envelope provided. The consent deadline is May 7, 2020.

Should you have any questions or need assistance with voting, please contact Saratoga Proxy Consulting LLC at (888) 368-0379 or (212) 257-1311 or by email at info@saratogaproxy.com.

PROTECT YOUR INVESTMENT. SIGN, DATE AND RETURN YOUR FILLED OUT GREEN CONSENT CARD TODAY.

FORWARD-LOOKING STATEMENTS

Any statements contained herein that do not describe historical facts, including future operations, are neither promises nor guarantees and may constitute “forward-looking statements” as that term is defined in the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” the negative of these terms and other comparable terminology. There is no assurance or guarantee with respect to the prices at which any securities of the Issuer will trade, and such securities may not trade at prices that are stated, estimated or implied herein. Any such forward-looking statements contained herein are based on current assumptions, estimates and expectations, but are subject to a number of known and unknown risks and significant business, economic and competitive uncertainties that may cause actual results to differ materially from expectations. Numerous factors could cause actual future results to differ materially from current expectations expressed or implied by such forward-looking statements, including the risks and other risk factors detailed in various publicly available documents filed by the Issuer from time to time with the Securities and Exchange Commission (SEC), which are available at www.sec.gov, including but not limited to, such information appearing under the caption “Risk Factors” in Issuer’s Annual Report on Form 10-K filed with the SEC on March 16, 2020. Any forward-looking statements should be considered in light of those risk factors. MG Capital cautions readers not to rely on any such forward-looking statements, which speak only as of the date they are made. MG Capital disclaims any intent or obligation to publicly update or revise any such forward-looking statements to reflect any change in Issuer expectations or future events, conditions or circumstances on which any such forward-looking statements may be based, or that may affect the likelihood that actual results may differ from those set forth in such forward-looking statements.

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News & Resources



IMPORTANT MATERIALS

[MG Capital Encourages Stockholders to Avoid Being Misled by HC2's Attempts to Rewrite History](#) | BusinessWire | April 28, 2020

[Letter to HC2 stockholders](#) | April 23, 2020

[Presentation: A Reality Check for HC2](#) | April 17, 2020

[A Better HC2 Presentation: TIME FOR A BETTER BOARD AND VISION](#) | April 13, 2020

[Letter to HC2 stockholders](#) | April 7, 2020

[Read MG Capital's Definitive Consent Statement](#) | April 3, 2020

[MG Capital Questions HC2's Appointment of Long-Time Falcone Insider as Chairman](#) | BusinessWire | April 2, 2020

[MG Capital Sends Letter to HC2's Recently-Appointed Lead Director](#) | BusinessWire | March 30, 2020

ISS Urges Falcone's Removal From HC2 Board

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Institutional Shareholder Services Inc. has urged shareholders of HC2 Holdings Inc. (HCHC) to vote in favor of removing of Philip Falcone and two other directors from miniconglomerate's board.

The proxy advisor issued a report, obtained by The Deal April 24, that recommended investors back three of six dissident director candidates nominated by ex-Third Point LLC analyst Michael Gorzynski for HC2's six-person board.

The dissident makes a strong case that significant board change is necessary to address the company's prolonged underperformance, need to reduce and potentially refinance debt, excessive executive compensation, and a lack of credibility surrounding CEO Falcone, ISS said in its report.

Gorzynski, manager of MG Capital, is seeking to install candidates through a written consent solicitation process set to conclude on May 7. Consents for director candidates due to be tallied and delivered to the company's proxy solicitor by May 12.

The insurgent manager wants to oust Falcone from his role of CEO and push the company to focus on its core assets, including DBM Global and Continental General, while divesting other units. In addition, Gorzynski wants to become interim CEO in Falcone's stead. HC2 has business operations in construction, marine services, insurance and other sectors.

ISS said that MG Capital has presented a "compelling" case but added that it is not yet clear whether its divestiture plan is the best way forward. In addition, ISS notes that shareholders may have some reservations regarding Gorzynski's ability as interim CEO given his lack of experience as a public company executive or director.

The adviser is recommending that shareholders don't vote to install Gorzynski, one of MG Capital's candidates, as a director.

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An MG Capital presentation defended Gorzynski's experience, noting that he has participated in "dozens of insurance and debt-related restructurings" and that its candidates have committed to cutting director fees by 50% and providing the activist investor \$1 for his potential service as interim CEO.

ISS was critical of Falcone. It said it may be difficult to convince the market of management's ability to generate shareholder value with Falcone at the helm. The proxy adviser pointed to refinancing missteps, questionable accounting decisions, and Falcone's prior litigious history as reasons to remove him from the board.

Seeking to appease disgruntled investors, HC2 announced April 21 it was installing a new director, Lancer Capital LLC's Avram Glazer, as board chairman. HC2's interim chairman, Warren Gfeller, has described Glazer as an independent and high-quality nominee. However, Glazer has [connections](#) to Gfeller, CEO Falcone and HC2 that suggest he isn't very independent.

Even so, ISS suggested that Glazer's appointment was a step in the right direction and that he is a significant shareholder with prior public board experience. Glazer's Lancer Capital LLC owns 5.3%.

In a statement, HC2 said it strongly disagrees with ISS's recommendation, but said it was pleased with the adviser's support of three incumbent directors and the potential appointment of Glazer as board chairman.

In addition, another activist, Julian Singer, a 6.4% holder, reported support for Glazer's nomination on April 21. Singer said April 7 that he didn't support MG Capital's campaign.

In a related matter, a Delaware judge tentatively scheduled an expedited preliminary injunction hearing for May 1 into an investor's lawsuit targeting a poison put defense the company set up in response to the Gorzynski contest.

At issue in the lawsuit is whether a Gorzynski board control win would trigger a provision of HC2's bylaws requiring that the company repurchase up to \$27 million in preferred share securities. HC2 has said it may not have sufficient proceeds or the financing available to fund such a preferred share securities purchase.

HC2 has given mixed messages about whether the poison put would be triggered in the event the dissidents were elected.

In revised disclosures, the company said April 17 it believed the election of the dissidents will not trigger a requirement for the company to make an offer to holders of preferred stock to redeem their stakes. However, the company added that preferred stockholders may take a different view if the dissident directors are elected and may allege that the company is required to make an offer to redeem their positions.

The Delaware lawsuit is ongoing.