



HC2

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HC2 HOLDINGS, INC.

Second Quarter 2016
Conference Call

Special Note Regarding Forward-Looking Statements. Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: This presentation 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 presentation 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 presentation .

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.

Non-GAAP Financial Measures

In this presentation, 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 Insurance) and Insurance AOI.

Management believes that Adjusted EBITDA measures provide investors with meaningful information for gaining an understanding of certain 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. Adjusted EBITDA can also be a useful measure of a company's ability to service debt. 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 noncash 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 asset impairment expense; gain (loss) on sale or disposal of assets; lease termination costs; interest expense; loss on early extinguishment or restructuring of debt; 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; acquisition related and other non-recurring costs; other costs and depreciation and amortization. A reconciliation of Adjusted EBITDA to net income, the most comparable measure calculated in accordance with GAAP, is included in the financial tables at the end of this release.

Management believes that Insurance AOI measures, used frequently in the insurance industry, provide investors with meaningful information for gaining an understanding of certain results and provides insight into an organization's operating trends and facilitates comparisons between peer companies.

Management defines Insurance AOI as Net income (loss) for the Insurance segment adjusted to exclude the impact of net investment gains (losses), including other-than-temporary impairment losses recognized in operations and acquisition related and non-recurring costs. Management believes that Insurance AOI provides a meaningful financial metric that helps investors understand certain results and profitability. While these adjustments are an integral part of the overall performance of the Insurance segment, market conditions impacting these items can overshadow the underlying performance of the business. Accordingly, we believe using a measure which excludes their impact is effective in analyzing the trends of our operations.

By accepting this document, each recipient agrees to and acknowledges the foregoing terms and conditions.

<p>OVERVIEW AND FINANCIAL HIGHLIGHTS</p>	<p>Philip Falcone</p>	<p><i>Chairman, President and CEO</i></p>
<p>Q AND A</p>	<p>Philip Falcone Michael Sena Keith Hladek Andrew Backman</p>	<p><i>Chairman, President and CEO</i> <i>Chief Financial Officer</i> <i>Chief Operating Officer</i> <i>Managing Director – Investor & Public Relations</i></p>

The logo for HC2, featuring the letters 'HC2' in a bold, sans-serif font. The 'H' and 'C' are white, and the '2' is green. The logo is set against a black diamond-shaped background.

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Quarterly Overview

Results and Recent Developments

- ◆ Solid second quarter results again highlight the unique value HC2 brings to the market with our diverse holdings across a number of uncorrelated industries
 - Manufacturing: Continued Margin Improvement; Strong Backlog and Deal Pipeline
 - Marine Services: Stable Maintenance; Strong Joint Venture Performance; Offshore Power Market Improving
 - Telecommunications: Growth in Wholesale Volumes and Customer Expansion
 - Utilities: Continued Footprint Expansion and Increased Delivery of Gasoline Gallon Equivalents
- ◆ Adjusted EBITDA for Core Operating Subsidiaries (Manufacturing, Marine Services, Utilities and Telecommunications segments) totaled \$27.1 million in Second Quarter
 - Up from \$12.7 million in first quarter 2016
- ◆ Cash and Investments as of June 30, 2016:
 - \$1.6 billion of consolidated cash, cash equivalents and investments, which includes the addition of Insurance segment; essentially unchanged from prior quarter
 - \$40.3 million in corporate cash and cash equivalents, essentially unchanged from prior quarter

HC2 Segment Overview



Core Operating Subsidiaries

Manufacturing: SCHUFF

- ◆ Q2 Revenue: \$124.3m
- ◆ Q2 Adjusted EBITDA: \$13.2m
- ◆ Backlog \$344m; Over \$500m inclusive of contracts awarded, not yet signed
- ◆ Solid long-term pipeline



Marine Services: GMSL

- ◆ Q2 Revenue: \$33.4m
- ◆ Q2 Adjusted EBITDA: \$11.8m
- ◆ Incremental revenue contribution from CWind
- ◆ Maintenance business stable; Strong performance from joint ventures
- ◆ Positive long-term telecom installation opportunities



Utilities: ANG

- ◆ Q2 Revenue: \$1.3m
- ◆ Q2 Adjusted EBITDA: \$0.5m
- ◆ 17 stations currently owned and / or operated
- ◆ Delivered 848,000 Gasoline Gallon Equivalents (GGEs) in the second quarter versus 330,000 GGEs in 2Q15



Telecom: PTGi ICS

- ◆ Q2 Revenue: \$164.0m
- ◆ Q2 Adjusted EBITDA: \$1.5m
- ◆ Expanding scale and number of customer relationships
- ◆ Increased margins in Q2 as a result of the religious holiday season in the Middle East



Core Financial Services Subsidiaries

Insurance: CIG

- ◆ ~\$77m of statutory surplus
- ◆ ~\$2.1b in total GAAP assets
- ◆ Recently began process of merging CGI and UTA into one legal entity; meaningful cost saving, lower required statutory capital
- ◆ Platform for growth through additional M&A

Early Stage and Other Holdings

Life Sciences: PANSEND

- ◆ **BeneVir:** Oncolytic viral immunotherapy for treatment of solid cancer tumors
- ◆ **R2 Dermatology:** Medical device to brighten skin based on Mass. General Hospital technology
- ◆ **Genovel:** Novel, patented, "Mini Knee" and "Anatomical Knee" replacements
- ◆ **MediBeacon:** Unique non-invasive real-time monitoring of kidney function
- ◆ **Triple Ring Technologies:** R&D engineering company specializing in medical devices, homeland security, imaging, sensors, optics, fluidics, robotics & mobile healthcare



Other:

- ◆ **Nerveve**
- ◆ **Dusenberry Martin Racing** NASCAR® Heat Evolution to be released on September 13, 2016



Adjusted EBITDA for Core Operating Subsidiaries \$27.1m for Q2 2016

		Q2 2016	Q1 2016
ADJUSTED EBITDA (\$m)	Core Operating Subsidiaries		
	Manufacturing	\$13.2	\$11.5
	Marine Services	11.8	0.5
	Utilities	0.5	0.4
	Telecom	1.5	0.3
	Total Core Operating	\$27.1	\$12.7
	Early Stage and Other Holdings		
	Life Sciences	(2.7)	(2.6)
	Other	(3.3)	(4.0)
	Total Early Stage and Other	(6.0)	(6.6)
	Non-Operating Corporate	(5.9)	(5.7)
	Total HC2 (excluding Insurance)	\$15.2	\$0.3
ADJUSTED OPERATING INCOME (\$m)	Core Financial Services		
	Insurance <i>(2Q16 Inclusive of \$5.3m non-cash tax charge)</i>	(\$4.7)	(\$2.6)

Note: Reconciliation of Adjusted EBITDA and Adjusted Operating Income to U.S. GAAP Net Income in appendix. Table may not foot due to rounding. Adjusted Operating Income for Q1 2016 has been adjusted to exclude certain intercompany eliminations to better reflect the results of the insurance company, and remain consistent with internally reported metrics. Additional details in appendix.

Second Quarter Update

- ◆ Net Income¹: \$9.4m versus \$4.4m for the first quarter 2016
- ◆ Adjusted EBITDA: \$13.2m versus \$11.5m in the first quarter 2016
- ◆ Continued gross margin expansion due to better than bid performance
- ◆ Backlog \$344m; Over \$500m inclusive of contracts awarded, not yet signed

Strategic Initiatives

- ◆ Proactively selecting profitable, strategic and "core competency" jobs, not all jobs
- ◆ Solid long-term pipeline of prospective projects; No shortage of transactions to evaluate
- ◆ Commercial / Stadium / Healthcare sectors remain strong
- ◆ Opportunities to add higher margin, value added services to overall product offering



The Cosmopolitan of Las Vegas



Mile High Stadium



U.S. Steel

(1) Second quarter inclusive of a \$1.3 million prior period beneficial adjustment to depreciation & amortization expense.

Second Quarter Update

- ◆ Net Income: \$6.0m versus Net Loss of (\$5.9)m for the first quarter 2016
- ◆ Adjusted EBITDA: \$11.8m versus \$0.5m in the first quarter 2016
- ◆ Incremental revenue contribution from CWind acquisition
- ◆ Joint ventures up significantly from first quarter
- ◆ Maintenance revenues strong; up 35% year-over-year & 19% quarter-over-quarter

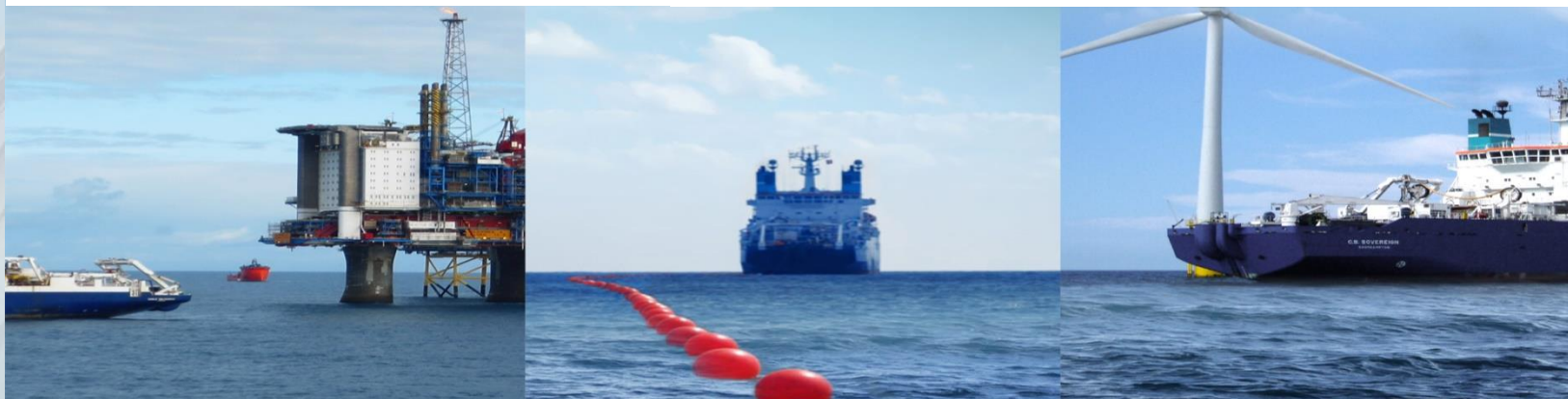
Strategic Initiatives

◆ Huawei Marine Networks – 49% ownership

Total HMN*	2015	2014
Revenue	~\$188m	~\$73m
Profit	~\$14m	~\$1.2m
Cash / Equivalent	~\$26m	~\$16m

◆ S. B. Submarine Systems (SBSS – China Telecom) – 49% ownership

- Joint Venture established in 1995 with China Telecom
- China's leading provider of submarine cable installation
- Located in Shanghai and possesses a fleet of advanced purpose-built cable ships



Second Quarter Update

- ◆ Delivered 848,000 Gasoline Gallon Equivalents (GGEs) in the second quarter versus 800,000 GGEs in the first quarter of 2016 and 330,000 GGEs in the second quarter of 2015
- ◆ 17 stations currently owned and / or operated
- ◆ Opened fueling stations north of Albany, New York and in Georgetown, Kentucky in second quarter
- ◆ Acquired two stations from an affiliate of Southwestern Energy Company (NYSE: SWN) in Conway, Arkansas and Damascus, Arkansas in second quarter
- ◆ Recently commissioned fueling station in Rochester, New York & acquired a station in Searcy, Arkansas with long-term fueling agreement
- ◆ Continue to expect to own / operate ~20 stations by year-end 2016
- ◆ Entered into line of credit and term loan agreement with Pioneer Bank*
 - \$6.5m delayed draw term loan
 - \$1m working capital line of credit



* \$6.5 million Term Loan delayed draw through 7/1/17 @ L+300 bps; then fixed rate 4.30% until maturity of 7/1/23; Revolving Line of Credit L+ 300bps until 7/1/23 maturity.

Second Quarter Update

- ◆ Strong quarterly results due to continued growth in wholesale traffic volumes, in part delivered by the religious holidays and resulting increase in traffic in the Middle East region
 - Net Income: \$1.0m versus \$1.2m for the first quarter 2016
 - Adjusted EBITDA continues positive trend as the overall business continues to mature post restructuring
 - Adjusted EBITDA for second quarter 2016 of \$1.5m vs. \$0.3m in the prior quarter
 - 5th consecutive quarter of profitability
- ◆ One of the key objectives: leverage the infrastructure and management expertise within PTGI-ICS
 - Over 800+ wholesale interconnections globally provides HC2 the opportunity to leverage the existing cost effective infrastructure by bolting on higher margin products and M&A opportunities
 - A focused strategic initiative has been launched within PTGI-ICS to identify potential M&A opportunities








Second Quarter Update

- ◆ Continental Insurance, Inc. (CII) serves as a platform for run-off LTC books of business and for acquiring additional run-off LTC businesses
 - Net Loss: (\$2.3)m versus (\$7.5)m for the first quarter 2016
 - Adjusted Operating Income: (\$4.7)m, inclusive of \$5.3m non-cash tax charge
 - ~\$77.0m of statutory surplus at end of second quarter
 - ~\$2.1b in total GAAP assets at June 30, 2016
 - ~\$20.0m premiums for second quarter 2016
- ◆ CII Strategy:
 - A concentrated focus on LTC and acquisitions of additional books of run-off LTC business
 - A platform to provide a vehicle for multi-line insurers who do not consider LTC a core business segment to exit the market
 - Enhancing efficiency and effectiveness through scale and a concentrated focus on LTC

Note: Reconciliation of Adjusted Operating Income to U.S. GAAP Net Income in appendix. Net Loss for Q1 2016 has been adjusted to exclude certain intercompany eliminations to better reflect the results of the insurance company, and remain consistent with internally reported metrics. Additional details in appendix.

HC2's Life Sciences Segment Is Focused on the Development of Innovative Healthcare Technologies and Products

	<ul style="list-style-type: none"> ◆ 52% equity ownership of company focused on immunotherapy; Oncolytic virotherapy for treatment of solid cancer tumors ◆ Founded by Dr. Matthew Mulvey & Dr. Ian Mohr (who co-developed T-Vec); Biovex (owner of T-Vec) acquired by Amgen for ~\$1billion ◆ Benevir's T-Stealth is a second generation oncolytic virus with new features and new intellectual property ◆ BeneVir holds exclusive worldwide license to develop BV-2711 (T-Stealth)
	<ul style="list-style-type: none"> ◆ 61% equity ownership of dermatology company focused on lightening and brightening skin ◆ Founded by Pansend in partnership with Mass. General Hospital and inventors Drs. Rox Anderson, Dieter Manstein and Henry Chan ◆ Over \$10 billion global market
	<ul style="list-style-type: none"> ◆ 77% equity ownership in company with unique knee replacements based on technology from Dr. Peter Walker, NYU Dept. of Orthopedic Surgery and one of the pioneers of the original Total Knee ◆ "Mini-Knee" for early osteoarthritis of the knee ◆ "Anatomical Knee" – A Novel Total Knee Replacement ◆ Strong patent portfolio
	<ul style="list-style-type: none"> ◆ 35% equity ownership in company with unique technology and device for monitoring of real-time kidney function ◆ Current standard diagnostic tests measure kidney function are often inaccurate and not real-time ◆ MediBeacon's Optical Renal Function Monitor will be first and only, non-invasive system to enable real-time, direct monitoring of renal function at point-of-care ◆ \$3.5 billion potential market
	<ul style="list-style-type: none"> ◆ Profitable technology and product development company ◆ Areas of expertise include medical devices, homeland security, imaging systems, sensors, optics, fluidics, robotics and mobile healthcare ◆ Located in Silicon Valley and Boston area with over 90,000 square feet of working laboratory and incubator space ◆ Contract R&D market growing rapidly ◆ Customers include Fortune 500 companies and start-ups

Nervve

- ◆ Provider of video and image search technology for information extraction and powerful analytics applications
- ◆ Focused markets include:
 - Sports Marketing: Brand recognition, exposure measurement & analytics, insights, brand evaluation
 - Media & Entertainment: Production work flows, monetization of archives, product placement, exposure management
 - Social Media: Earned media management, embedded branding in UGC, micro-targeting
 - Government: Intelligence, surveillance & reconnaissance, force protection, live operations, forensic search, body cams



Dusenberry Martin Racing

- ◆ Owns worldwide exclusive licensing rights to NASCAR® simulation style racing titles on interactive entertainment platforms including PlayStation 4, Xbox One, PC and mobile games
- ◆ NASCAR® Heat Evolution
 - Expected to be released on September 13, 2016
 - NASCAR® Heat Evolution trailer released in July
 - NASCAR® Heat Evolution trailer makes television debut as part of NBC's broadcast of the Coke Zero 400 at Daytona



- ◆ **Collateral Coverage Ratio at quarter end exceeded 2.0x**
 - Minimum liquidity reduced to six months from twelve months
 - Incremental \$19 million of available cash and cash equivalents

- ◆ **\$105.6 million Consolidated Cash (excluding insurance segment)**
 - \$40.3 million corporate cash of which \$21.4 million available

- ◆ **Cumulative outstanding value of Preferred Equity reduced to \$42.7 million subsequent to quarter end**

(\$m) BALANCE SHEET (AT JUNE 30, 2016)	
Market Cap⁽¹⁾	\$154.7
Preferred Equity	\$52.7
Total Debt	\$307.0
Corporate Cash⁽²⁾	\$40.3
Enterprise Value⁽³⁾	\$554.7

(1) Market capitalization on a fully diluted basis, excluding preferred equity, using a common stock price per share of \$4.34 on August 8, 2016.

(2) Cash and cash equivalents.

(3) Enterprise Value is calculated by adding market capitalization, total debt and total preferred equity amounts, less corporate cash.

The logo consists of the letters 'HC2' in a bold, sans-serif font. The 'H' and '2' are white, while the 'C' is a vibrant green. The text is set against a black diamond-shaped background.

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Questions and Answers

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Appendix: Reconciliations

Reconciliation of Adjusted EBITDA of HC2 to U.S. GAAP Net Income (Three Months Ended June 30, 2016)

(in thousands)

Three Months Ended June 30, 2016

	Core Operating				Total Core Operating	Early Stage & Other		Non-operating Corporate	HC2**
	Manufacturing	Marine Services	Telecom	Utilities		Life Sciences	Other and Eliminations		
Net income (loss)	\$ 9,364	\$ 6,002	\$ 1,009	\$ 68	\$ 16,443	\$ (2,004)	\$ (2,608)	\$ (7,603)	\$ 4,228
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	303	5,725	140	468	6,636	36	336	—	7,008
Depreciation and amortization (included in cost of revenue)*	(206)	—	—	—	(206)	—	—	—	(206)
(Gain) loss on sale or disposal of	(1,845)	7	—	—	(1,838)	—	1	—	(1,837)
Lease termination costs	—	—	338	—	338	—	—	—	338
Interest expense	303	1,285	—	14	1,602	—	1	8,966	10,569
Other (income) expense, net	(32)	211	29	(344)	(136)	—	(10)	465	319
Foreign currency (gain) loss (included in cost of revenue)	—	(1,540)	—	—	(1,540)	—	—	—	(1,540)
Income tax (benefit) expense	4,524	(212)	—	—	4,312	—	1	(9,404)	(5,091)
Noncontrolling interest	768	200	—	244	1,212	(812)	(1,044)	—	(644)
Share-based payment expense	—	152	—	90	242	34	40	1,359	1,675
Acquisition and nonrecurring items	—	—	18	—	18	—	—	313	331
Adjusted EBITDA	\$ 13,179	\$ 11,830	\$ 1,534	\$ 540	\$ 27,083	\$ (2,746)	\$ (3,283)	\$ (5,904)	\$ 15,150

(*) Includes depreciation adjustments from purchase accounting as described in the Manufacturing: Schuff International slide.

(**) Excludes net loss from Insurance segment in the amount of \$2.3 million and \$0.1 million for the three months ended June 30, 2016 and 2015, respectively.

Reconciliation of Adjusted EBITDA of HC2 to U.S. GAAP Net Income (Three Months Ended June 30, 2015)

(in thousands)

Three Months Ended June 30, 2015

	Core Operating				Total Core Operating	Early Stage & Other		Non-operating Corporate	HC2**
	Manufacturing	Marine Services	Telecom	Utilities		Life Sciences	Other and Eliminations		
Net income (loss)	\$ 5,878	\$ 9,398	\$ 587	\$ (134)	\$ 15,729	\$ (1,383)	\$ (2,232)	\$ (22,885)	\$ (10,771)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	499	4,324	98	397	5,318	1	159	—	5,478
Depreciation and amortization (included in cost of revenue)	1,932	—	—	—	1,932	—	—	—	1,932
Loss on sale or disposal of assets	498	—	—	—	498	—	—	—	498
Interest expense	366	963	—	11	1,340	—	1	8,784	10,125
Other (income) expense, net	(6)	(1,388)	(469)	(7)	(1,870)	—	(1,128)	5,342	2,344
Foreign currency (gain) loss (included in cost of revenue)	—	2,758	—	—	2,758	—	—	—	2,758
Income tax (benefit) expense	4,335	38	—	—	4,373	(9)	(1,571)	(115)	2,678
Loss from discontinued operations	11	—	—	—	11	—	—	—	11
Noncontrolling interest	499	310	—	(129)	680	(475)	(1)	—	204
Share-based payment expense	—	—	—	2	2	—	(2)	2,364	2,364
Acquisition and nonrecurring items	—	—	—	—	—	—	—	1,969	1,969
Adjusted EBITDA	\$ 14,012	\$ 16,403	\$ 216	\$ 140	\$ 30,771	\$ (1,866)	\$ (4,774)	\$ (4,541)	\$ 19,590

(*) Includes depreciation adjustments from purchase accounting as described in the Manufacturing: Schuff International slide.

(**) Excludes net loss from Insurance segment in the amount of \$2.3 million and \$0.1 million for the three months ended June 30, 2016 and 2015, respectively.

Reconciliation of Adjusted EBITDA of HC2 to U.S. GAAP Net Income (Three Months Ended March 31, 2016)

(in thousands)

Three Months Ended March 31, 2016

	Core Operating				Total Core Operating	Early Stage & Other		Non-operating Corporate	HC2**
	Manufacturing	Marine Services	Telecom	Utilities		Life Sciences	Other and Eliminations		
Net income (loss)	\$ 4,384	\$ (5,918)	\$ 1,202	\$ (27)	\$ (359)	\$ 1,298	\$ (10,494)	\$ (13,409)	\$ (22,966)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	529	4,797	106	429	5,861	19	336	—	6,216
Depreciation and amortization (included in cost of revenue)	1,933	—	—	—	1,933	—	—	—	1,933
(Gain) loss on sale or disposal of assets	904	(17)	—	—	887	—	—	—	887
Interest expense	310	1,070	—	9	1,389	—	—	8,937	10,326
Other (income) expense, net	(44)	612	(1,025)	(31)	(488)	(3,221)	6,006	(1,611)	687
Foreign currency (gain) loss (included in cost of revenue)	—	(147)	—	—	(147)	—	—	—	(147)
Income tax (benefit) expense	3,445	(640)	—	—	2,805	—	—	(4,226)	(1,422)
Noncontrolling interest	61	(155)	—	(22)	(116)	(720)	(44)	—	(880)
Share-based payment expense	—	609	—	14	623	22	159	2,386	3,191
Acquisition and nonrecurring items	—	266	—	27	293	—	—	2,201	2,494
Adjusted EBITDA	\$ 11,522	\$ 477	\$ 283	\$ 399	\$ 12,681	\$ (2,602)	\$ (4,037)	\$ (5,722)	\$ 319

(**) Excludes net loss from Insurance segment in the amount of \$7.5 million for the three months ended March 31, 2016.

Reconciliation of Insurance AOI to U.S. GAAP Net Income

(Three Months Ended June 30, 2016)

(in thousands)

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
Net loss - Insurance Segment	\$ (2,293)	\$ (9,789)
Effect of investment (gains) losses	(2,418)	2,457
Insurance AOI	<u>\$ (4,711)</u>	<u>\$ (7,332)</u>

The calculation of Insurance Net Loss has been revised to exclude adjustments for intercompany eliminations as they are not considered relevant in evaluating the performance of our Insurance segment. For first quarter 2016, this resulted in a change to the previously reported Insurance loss of (\$12.3) million for the quarter to a loss of (\$7.5) million.

The calculation of Insurance AOI has been revised to exclude adjustments for intercompany eliminations as they are not considered relevant in evaluating the performance of our Insurance segment. For first quarter 2016, this resulted in a change to the previously reported Insurance AOI loss of (\$3.6) million for the quarter to a loss of (\$2.6) million.



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