FAIR VALUE INVESTMENTS

INCORPORATED

575 MADISON AVENUE – 10TH FLOOR, NEW YORK, NEW YORK 10022
TELEPHONE: (212) 605-0335

December 13, 2019

<u>*By email*</u>

Donald J. Enright, Esquire
Levi & Korsinsky LLP
1101 30th Street NW, Suite 115
Washington, DC 20007

Re: *Schuff International, Inc. Shareholders Litigation*
Consol. C.A. No. 10323-VCZ (Del. Ch.)

Dear Don:

Accommodating your request of a written proposal, I will welcome discussions of some form of ***<u>additional</u>*** provision to be included in an otherwise unchanged version of your current Stipulation and Agreement of Compromise, Settlement, and Release (“Stipulation”), as a means of justifying rational support by the “Non-Tendering Stockholders” you have chosen to include in your definition of a class.

Some variation of my repeatedly suggested offer to exchange a new DBM issue of preferred stock for existing minority holdings of common stock, as summarized in the previously circulated letter attached here for reference, could be easily adapted to provide this tack-on to the original provisions of your Stipulation. If this kind of exchange is offered, it 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. And it would do so without adding anything to the cash costs of the settlement (other than for professional fees).

Please let me know by early next week if anyone – on either side – wants to discuss this. I will consider any such discussions confidential and for purposes only of exploring possible settlement. And, of course, I am not waiving any claims or rights.

It should be noted, incidentally, that I expect to engage counsel to represent FVI in this matter by the end of next week, and that after that FVI will be relying upon their management of legal proceedings rather than upon my personal views of investment banker solutions.

Sincerely,
FAIR VALUE INVESTMENTS, INCORPORATED

Gary Lutin, Chairman

Enclosure

cc: Kevin G. Abrams
Joseph A. Ferraro
Seth D. Rigrodsky

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October 21, 2019

By email

Mr. Philip A. Falcone
Chairman, President, and Chief Executive Officer
HC2 Holdings, Inc.
450 Park Avenue, 30&31 Floors
New York, New York 10022

Re: DBM Global, Inc.

Dear Phil:

As you know, Fair Value Investments, Inc. ("FVI") is a directly registered owner of common stock of DBM Global, Inc. ("DBM"). Addressing you as both an officer and director of HC2 Holdings, Inc. ("HC2") and as a director of HC2's 92% owned DBM subsidiary, I will welcome a continuation of the discussions initiated earlier this month to define a transaction that will allow both HC2 and the current minority shareholders of DBM to realize the benefits of their DBM investments.

The concept I had reviewed with Mr. Ferraro was intended as an illustrative example to provide a foundation for further discussions of alternatives to resolve the interests of both HC2 and DBM's minority shareholders. That example may be summarized as follows:

A. ***Exchange of new DBM preferred stock for minority shares of DBM common stock***: The issuance of DBM preferred stock in exchange for minority-owned shares of DBM common stock would conserve cash at both the DBM and HC2 levels, and improve the credit risk characteristics of both entities.

B. ***Redemption price of new DBM preferred issue***: Assuming a single share of preferred stock would be issued in exchange for a single share of DBM common stock, the redemption price of the new preferred could be based on current independent valuations of DBM. Publicly reported analyst estimates might be used as a guide, but it could also be practical to set fair pricing with a new professional appraisal or investor review process. Establishing a redemption price in the $132 per share range, for example, based on the "sum of the parts" valuation of DBM in B. Riley's most recently published analysis of HC2, would of course also benefit HC2 shareholders by very tangibly supporting marketplace recognition of DBM's value as a component of HC2's portfolio of investments.

C. ***Cumulative Dividend rate***: Tax considerations of both HC2/DBM and many investors should allow DBM and HC2 to conserve cash with a dividend rate considerably below HC2's current debt interest rate, but still supporting the preferred stock's marketability at prices close to its redemption price. Other provisions relating to dividends, such as PIK features, could also reduce rate requirements.

D. ***Conversion or exchange rights for HC2 common stock***: Allowing a conversion or exchange of the DBM preferred for HC2 common stock based on a reasonable 5 year (or possibly longer) target value for HC2 shares would align all interests and encourage market confidence in HC2, and possibly also reduce the required level of the preferred dividend rate.

E. ***Conditional exchange in event of future DBM stock transfers***: To assure investors that they will not be deprived of opportunities to benefit from HC2's value realization of its DBM investment during some reasonable period of time, such as 5 years, rights could be established to exchange the newly issued DBM preferred shares back to the common stock in the event that DBM is sold or becomes publicly traded before the end of that defined period.

This or a similar transaction would of course also benefit HC2 by allowing you to manage DBM and its assets as a wholly owned subsidiary, with unconstrained access to its assets and credit. Under the current circumstances, though, FVI and other owners of DBM common stock must necessarily continue to rely upon your fiduciary duties to manage DBM in the best interests of the corporation's minority shareholders.

It should also be noted that last month's survey of HC2 shareholders suggests that most of your shareholders would view this type of transaction favorably.

As you know, FVI has no authority to act as agent for other DBM shareholders but is committed to support of their minority stockholder interests. Be assured that I will encourage their consideration of this or any other proposal to fairly respect their investments in DBM.

Sincerely,
FAIR VALUE INVESTMENTS, INCORPORATED

Gary Lutin, Chairman

cc: Joseph A. Ferraro