

Pzena Investment Management, Inc.
 Form 4
 January 04, 2017

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Peterson Michael D

(Last) (First) (Middle)

C/O PZENA INVESTMENT MANAGEMENT, INC., 320 PARK AVENUE, 8TH FLOOR

(Street)

NEW YORK, NY 10022

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 Pzena Investment Management, Inc.
 [PZN]

3. Date of Earliest Transaction (Month/Day/Year)
 12/20/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
 Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Class B common stock, par value \$0.000001 (1)	04/21/2016		G(2)	V	115,000	D	\$ 0
					1,984,004	I	
Class B common stock, par value	12/20/2016(3)		A(3)		269,058 (3)	A	(3)
					2,073,690	I	

By Pzena Investment Management, LP (9)

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\$0.000001 <u>(1)</u>										
Class B common stock, par value	12/20/2016 ⁽⁴⁾		F ⁽⁴⁾	46,066 <u>(4)</u>	A	<u>(4)</u>	2,027,624	I		By Pzena Investment Management, LP ⁽⁹⁾
\$0.000001 <u>(1)</u>										
Class B common stock, par value	12/31/2016		A ⁽⁶⁾	22,868	A	<u>(6)</u>	2,050,492	I		By Pzena Investment Management, LP ⁽⁹⁾
\$0.000001 <u>(1)</u>										
Class B common stock, par value	01/01/2017		A ⁽⁷⁾	58,834	A	<u>(7)</u>	2,109,326	I		By Pzena Investment Management, LP ⁽⁹⁾
\$0.000001 <u>(1)</u>										

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)			6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount Underlying Security (Instr. 3 and 4)	
					Code	V	(A)	(D)	Date Exercisable		Expiration Date
Class B Units ⁽⁵⁾	<u>(5)</u>	04/21/2016		G ⁽²⁾	V		115,000	<u>(5)</u>	<u>(5)</u>	Class A common stock, par value \$0.01	115
Class B Units ⁽⁵⁾	<u>(5)</u>	12/20/2016 ⁽³⁾		A ⁽³⁾			269,058 <u>(3)</u>	<u>(5)</u>	<u>(5)</u>	Class A common stock, par value \$0.01	269

Class	Units	Date	Code	Quantity	Category	Par Value	Other
Class B	(5)	12/20/2016(4)	F(4)	46,066 (4)	(4)	(4)	Class A common stock, par value \$0.01
Class B	(5)	12/31/2016	A(6)	22,868 (6)	(5)	(5)	Class A common stock, par value \$0.01
Delayed Exchange Class B	(5)	01/01/2017	A(7)	58,834 (7)	(5)	(5)	Class A common stock, par value \$0.01
Class B	(5)				(5)	(5)	Class A common stock, par value \$0.01

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Peterson Michael D C/O PZENA INVESTMENT MANAGEMENT, INC. 320 PARK AVENUE, 8TH FLOOR NEW YORK, NY 10022			Executive Vice President	

Signatures

Joan F. Berger, as attorney-in-fact for Michael D. Peterson

01/04/2017

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Each holder of a Class B Unit of Pzena Investment Management, LLC (the "Operating Company") is also issued one share of Pzena Investment Management, Inc.'s (the "Issuer") Class B common stock, par value \$0.000001 per share, in exchange for the par value thereof. Holders of Class B common stock are not entitled to participate in any dividends or other distributions made by the Issuer to holders of its capital stock, except for the right to receive the par value thereof upon the Issuer's liquidation or dissolution.
- (2) This transaction involved a charitable gift of securities by the Reporting Person to the Fidelity Investments Charitable Gift Fund.
- (3) As previously reported, the Reporting Person was granted 779,221 Phantom Class B Units of the Operating Company on Dec. 20, 2012 and 117,647 Phantom Class B Units on Dec. 19, 2013 (collectively, the "Phantom B Units"), which vest ratably over a ten-year period beginning on the first anniversary of the date of grant and remain subject to certain forfeiture provisions. This Form 4 reports the vesting and disposition of a total of 269,058 of the Phantom B Units as follows (i) 11,764 on each of Dec. 19, 2014, Dec. 19, 2015 and Dec. 19,

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2016 and (ii) 77,922 on each of Dec. 20, 2014, Dec. 20, 2015 and Dec. 20, 2016. Upon the vesting of these Phantom B Units, the Reporting Person received a corresponding number of Class B Units of the Operating Company ("Class B Units") and Class B common stock of the Issuer. Each Class B Unit is exchangeable for a share of Class A common stock of the Issuer pursuant to the amended and restated operating agreement of the Operating Company.

- (4) The Reporting Person delivered to the Operating Company (i) 6,042 Class B Units in connection with the payment of the tax liability incurred upon the vesting of 11,764 Phantom Class B Units on December 19, 2016; and (ii) 40,024 Class B Units in connection with the payment of the tax liability incurred upon the vesting of 77,922 Phantom Class B Units on December 20, 2016.

- (5) Represents units of the Operating Company that were reclassified as "Class B Units" of the Operating Company on a one-for-one basis in connection with the amendment and restatement of the Operating Company's operating agreement as of October 30, 2007 ("the Amended Pzena LLC Agreement"), among the Issuer, as the Managing Member of the Operating Company and the holder of certain units of the Operating Company, and the holders of such reclassified units of the Operating Company. Pursuant to the Amended Pzena LLC Agreement, each Class B Unit is exchangeable for a share of Class A common stock of the Issuer subject to the timing and volume limitations set forth in the Amended Pzena LLC Agreement.

- (6) Acquired in connection with the vesting of the Reporting Person's mandatory deferral of his Restricted Amount pursuant to Section 5 of the Pzena Investment Management, LLC Amended and Restated Bonus Plan, as further amended (the "Bonus Plan"), as follows: 17,128 Class B Units associated with the Reporting Person's 2012 deferred compensation; and 5,740 Class B Units associated with the Reporting Person's 2013 deferred compensation

- (7) On January 1, 2017, the Reporting Person was granted 58,834 Delayed Exchange Class B Units of the Operating Company and an equivalent number of share of Class B common stock, par value \$0.000001 per share. These Class B units vest immediately upon the date of grant and have the right to receive dividend payments, however, they are not eligible for exchange pursuant to the Exchange Rights of Class B Members (Exhibit B to the Amended Pzena LLC Agreement) until seven years after the grant date, at which time they will be 100% exchangeable for shares of the Issuer's Class A common stock (subject to the timing set forth in the Exchange Rights Agreement). These Class B units do not carry any rights associated with the Issuer and Operating Company's Tax Receivable Agreement.

- (8) This number includes 211,510 of Delayed Exchange Class B Units and 1,897,816 Class B Units.

- (9) On January 1, 2016, pursuant to the Amended and Restated Agreement of Limited Partnership ("LPA") of Pzena Investment Management, LP ("PIM LP"), dated as of the same date, the Reporting Person became a limited partner of PIM LP and contributed to PIM LP his holdings of (i) Class B Units of the Operating Company and (ii) Class B common stock of the Issuer in order to receive a corresponding number of limited partnership interests in PIM LP. Pursuant to the LPA, whenever a Class B Unit is issued to the Reporting Person, the Reporting Person will be deemed to immediately and automatically contribute such Unit and related Class B common stock, to PIM LP and PIM LP will concurrently issue to him a corresponding limited partnership interest. Pursuant to the LPA, each limited partnership interest in PIM LP will be cancelled upon redemption by the Reporting Person for Class B Units and related Class B common stock subject to the terms of the LPA. The Issuer is the general partner of PIM LP.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.