

VIRTUS INVESTMENT PARTNERS, INC.
Form DEF 14A
April 13, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
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

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 §240.14a-12

VIRTUS INVESTMENT PARTNERS, 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):

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x No fee required.

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(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:

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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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100 Pearl Street, Hartford, Connecticut 06103

NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS

Time, Date and Place: 10:30 A.M. EDT, Wednesday, May 25, 2016 at the Company's offices, 100 Pearl Street, 2nd Floor, Hartford, Connecticut.

Date of Mailing: This Notice of Annual Meeting and Proxy Statement is first being mailed and/or made available to shareholders of record of Virtus Investment Partners, Inc. on or about April 13, 2016.

Items of Business:

1. To elect three Class II directors nominated by our Board of Directors and named in the Proxy Statement, each to hold office for a three-year term expiring at the 2019 annual meeting of shareholders or upon his or her successor being elected and qualified;
2. To approve an amendment to the Company's Amended and Restated Omnibus Incentive and Equity Plan to increase the number of shares available for issuance by 600,000 shares and to refine the description of our Performance Goals;
3. To ratify the appointment of PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and
4. To consider and transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Shareholders Eligible to Vote:

The Company's Board of Directors has fixed the close of business on April 1, 2016 as the record date for the determination of shareholders entitled to receive notice of, and to vote on, all matters presented at the 2016 Annual Meeting of Shareholders or any adjournments or postponements thereof.

Proxy Voting and Internet Availability of Proxy Materials:

We are primarily furnishing proxy materials to our shareholders on the Internet rather than mailing paper copies of the materials to each shareholder. As a result, certain of our shareholders will receive a Notice of Internet Availability of Proxy Materials. The Notice of Internet Availability of Proxy Materials contains instructions on how to access the Proxy Statement and our 2015 Annual Report over the Internet, instructions on how to vote your shares as well as instructions on how to request a paper copy of our proxy materials, if you so desire.

The Proxy Statement and the 2015 Annual Report and any amendments to the foregoing materials that are required to be furnished to shareholders are available for you to review online at <http://www.proxyvote.com>

It is important that your shares be represented and voted at the meeting.

You may vote your shares by voting on the Internet, by telephone,

in person at the meeting, or by completing and returning a proxy card.

By Order of the Board of Directors,

/s/MARK S. FLYNN

MARK S. FLYNN

SECRETARY

APRIL 13, 2016

HARTFORD, CONNECTICUT

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GENERAL INFORMATION

ABOUT THIS PROXY STATEMENT AND THE 2016 ANNUAL MEETING

Why am I receiving these proxy materials?

These proxy materials are being provided to the shareholders of Virtus Investment Partners, Inc., a Delaware corporation (Virtus, the Company, we, our or us), in connection with the solicitation of proxies by our Board of Directors (the Board) to be voted at our 2016 Annual Meeting of Shareholders (the Annual Meeting) and at any adjournment or postponement thereof, to be held Wednesday, May 25, 2016 at 10:30 A.M. EDT at the Company s offices, 100 Pearl Street, 2nd Floor, Hartford, Connecticut. The Notice of Annual Meeting, Proxy Statement and voting instructions, together with our 2015 Annual Report, will be mailed and/or made available to each shareholder entitled to vote starting on or about April 13, 2016.

Shareholders are invited to attend the Annual Meeting and are entitled and requested to vote on the matters set forth in the Notice of Annual Meeting, as described in this Proxy Statement.

Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

Under rules adopted by the Securities and Exchange Commission (the SEC), we are furnishing our proxy materials over the Internet instead of mailing a full set of printed proxy materials to certain of our shareholders. Accordingly, on or about April 13, 2016, a Notice of Internet Availability of Proxy Materials is being mailed or delivered electronically to certain of our shareholders, which provides instructions on how to access our proxy materials on the Internet and vote or, alternatively, how to request that a copy of the proxy materials be sent to them by mail.

Who is entitled to vote and how many votes are needed to approve the proposals?

Only holders of record of our common stock, par value \$0.01 per share (Common Stock), at the close of business on April 1, 2016 (the Record Date) are entitled to vote at the Annual Meeting or any adjournment or postponement thereof. Each holder of record as of the Record Date will be entitled to one vote for each share of Common Stock held. As of the Record Date, there were 8,259,831 shares of our Common Stock outstanding and entitled to vote. A list of all shareholders of record entitled to vote at the Annual Meeting will be available for inspection by any shareholder for any purpose germane to the meeting at our offices at 100 Pearl Street, Hartford, CT for the ten-day period immediately preceding the Annual Meeting. At the Annual Meeting, our shareholders will be asked to consider and vote upon the following matters:

1. Election of directors

The election of the three directors recommended for nomination by our Governance Committee and nominated by our Board for the three Class II director seats, each to hold office for a three-year term expiring at the 2019 Annual Meeting of Shareholders or upon his or her successor being elected and qualified, or until his or her earlier resignation, retirement, death, disqualification or removal. Information concerning the Class II director nominees is provided under the heading PROPOSALS REQUIRING YOUR VOTE ITEM 1 ELECTION OF DIRECTORS, beginning at page 17 of this Proxy Statement. A plurality of the affirmative votes cast by shareholders present in person or represented by proxy and entitled to vote is required for the election of each such director nominee. You may vote either FOR or WITHHOLD your vote from any one or more of the nominees. Votes that are withheld and broker non-votes will have no effect on the election of directors because only votes FOR a nominee will be counted.

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2. *Approval of an amendment to the Company's Amended and Restated Omnibus Incentive and Equity Plan to increase the number of shares available for issuance by 600,000 shares and to refine the description of our Performance Goals*

Approval of an amendment to the Company's Amended and Restated Omnibus Incentive and Equity Plan to increase the number of shares available for issuance by 600,000 shares and to refine the description of our Performance Goals requires that a majority of the votes represented at the Annual Meeting, in person or by proxy and entitled to vote, be voted FOR the proposal. You may vote FOR, AGAINST or ABSTAIN on this matter. If you vote to ABSTAIN with respect to this proposal, your shares will be counted as present for purposes of establishing a quorum, but the abstention will have the same effect as a vote AGAINST the proposal, and any broker non-votes will have no effect on this proposal.

3. *Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm*

Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016 requires that a majority of the votes represented at the Annual Meeting, in person or by proxy and entitled to vote, be voted FOR the proposal. You may vote FOR, AGAINST or ABSTAIN on this matter. If you vote to ABSTAIN with respect to this proposal, your shares will be counted as present for purposes of establishing a quorum, but the abstention will have the same effect as a vote AGAINST the proposal and any broker non-votes will have no effect on this proposal.

What are the voting recommendations of the Company's Board of Directors?

The Board of Directors recommends a vote:

FOR the election of the Board's director nominees named in this Proxy Statement;

FOR the approval of an amendment to the Company's Amended and Restated Omnibus Incentive and Equity Plan to increase the number of shares available for issuance by 600,000 shares and to refine the description of our Performance Goals; and

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016.

How many votes are required to conduct the Annual Meeting?

The presence at the meeting, in person or represented by proxy, of the holders of record of one-third of the shares entitled to vote on any matter at the meeting will constitute a quorum for the transaction of business at the Annual Meeting. You will be counted as present at the meeting if you attend the meeting and vote in person or if you vote by proxy via the Internet, telephone or mail. Abstentions and broker non-votes will be counted for purposes of establishing a quorum at the meeting. If a quorum is not present, we will adjourn the annual meeting until a quorum is obtained.

How are votes counted?

A representative from Broadridge Corporate Issuer Solutions, Inc., the Company's transfer agent, will serve as the inspector of elections for the Annual Meeting and will tabulate the votes for each proposal.

How do I vote?

Whether you hold your shares directly as a shareholder of record, or beneficially in street name, you may vote your shares without attending the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance so that your vote will be counted if you later decide not to attend the meeting.

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If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. The Notice of Internet Availability of Proxy Materials has been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by submitting voting instructions to such person in accordance with the directions outlined in the Notice of Internet Availability of Proxy Materials.

If you hold shares in your name as a holder of record, you are considered the shareholder of record with respect to those shares. You can vote your shares:

over the Internet at www.proxyvote.com;

by telephone, toll free at 1-800-690-6903; or

if you request delivery of a full set of proxy materials, by completing and returning a proxy card that will be mailed to you, along with a postage-paid envelope (or, which may be mailed to you, at the Company's option, beginning after the tenth day following the mailing of the Notice of Internet Availability of Proxy Materials).

The deadline for voting by Internet or telephone is 11:59 P.M., Eastern Daylight Time, on Tuesday, May 24, 2016. For persons holding shares in the Virtus Investment Partners, Inc. Savings and Investment Plan (the Virtus 401(k) Plan), the trustee must receive your vote no later than 11:59 P.M., Eastern Daylight Time, on Friday, May 20, 2016.

Holders of record may vote in person at the Annual Meeting, but beneficial owners must obtain a legal proxy from the broker, bank or other holder of record authorizing the beneficial holder to vote such shares at the meeting. You cannot vote shares held under the Virtus 401(k) Plan in person at the meeting.

What is a proxy ?

A proxy allows someone else (the proxy holder) to vote your shares on your behalf. The Board is asking you to allow any of the persons named on the proxy form to act as your proxy holder and vote your shares at the Annual Meeting. The persons named as your proxy holders will vote your proxy in accordance with your specifications. Unless you specify otherwise, the persons named as your proxy holders on the Company's proxy form will vote in accordance with the voting recommendations of the Board in connection with the matters listed on the proxy form and in their discretion on any other matters that properly come before the Annual Meeting.

If you hold shares as a participant in the Virtus 401(k) Plan, your proxy represents all shares that you own through such plan, assuming that your shares are registered in the same name, and your proxy will serve as a voting instruction for the trustee of such plan. If you own your shares through the Virtus 401(k) Plan and you do not vote, the Virtus 401(k) Plan trustee will not vote your shares.

Can I change or revoke my proxy?

Yes. You may change or revoke your proxy at any time before it is voted at the meeting. If you are a shareholder of record, you may change or revoke your proxy after submitting your proxy, whether submitted by mail, the Internet or telephone, either by (i) submitting another proxy with a later date, as long as it is received prior to the time the earlier dated proxy is exercised; (ii) attending the Annual Meeting and voting in person; or (iii) notifying the Corporate Secretary in writing before the meeting that you have revoked your proxy. Your attendance at the meeting will not automatically revoke your proxy; you must vote at the meeting to revoke your proxy. If you are a beneficial owner of shares, please contact your bank, broker or other holder of record for specific instructions on how to change or revoke your vote. Your most current vote, whether cast in person, by telephone, Internet or proxy card, is the one that will be counted.

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If you hold shares as a participant in the Virtus 401(k) Plan, you may change your vote and revoke your proxy by (i) submitting another proxy with a later date, as long as it is received prior to the time the earlier dated proxy is exercised or (ii) notifying the Corporate Secretary in writing before the meeting that you have revoked your proxy, in each case if you do so no later than 11:59 P.M., Eastern Daylight Time, on Friday, May 20, 2016. You cannot, however, revoke or change your proxy with respect to shares held through the Virtus 401(k) Plan after that date, and you cannot vote those shares in person at the Annual Meeting.

What are broker non-votes and abstentions ?

A broker non-vote occurs when a bank, broker or other holder of record holds shares for a beneficial owner but is not empowered to vote on a particular proposal on behalf of such beneficial owner because such proposal is considered to be non-routine and the beneficial owner has not provided voting instructions or because your broker chooses not to vote on a routine matter for which it does have discretionary authority.

This means that if a brokerage firm holds shares on your behalf, those shares will not be voted on any non-routine proposal presented at the Annual Meeting, unless you expressly provide voting instructions to that firm. The non-routine proposals that will be presented at the Annual Meeting are (1) the election of directors and (2) the approval of an amendment to the Company's Amended and Restated Omnibus Incentive and Equity Plan to increase the number of shares available for issuance by 600,000 shares and to refine the description of our Performance Goals. The ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016 is considered a routine proposal for which a bank, broker or other holder of record may vote on behalf of the beneficial owner even in the absence of specific instructions from the beneficial owner.

In order to ensure that any shares held on your behalf by a brokerage firm or other organization are voted in accordance with your wishes, we encourage you to provide voting instructions to that firm or organization.

An abstention is a properly signed proxy card which is marked **ABSTAIN** as to a particular matter in which the option to abstain is available.

Who may attend the meeting?

All shareholders as of the Record Date may attend the Annual Meeting. To gain admission, registered holders will need valid picture identification or other proof that you are a shareholder of record of Virtus shares as of the Record Date. If your Virtus shares are held in a bank or brokerage account, a recent bank or brokerage statement showing that you owned Virtus shares on the Record Date will be required for admission. To obtain directions to attend the Annual Meeting and vote in person, please contact Investor Relations by sending an email to: investor.relations@virtus.com.

Why did my household receive only one Notice of Internet Availability of Proxy Materials or why did I receive more than one Notice of Internet Availability of Proxy Materials?

The Company has adopted a procedure approved by the SEC called householding. Under this procedure, when multiple shareholders of record of Common Stock share the same address, we may deliver only one Notice of Internet Availability of Proxy Materials (or proxy materials in the case of shareholders who receive paper copies of proxy materials) to that address unless we have received contrary instructions from one or more of those shareholders. The same procedure applies to brokers and other nominees holding shares of our Common Stock in street name for more than one beneficial owner with the same address.

If a shareholder holds shares of Common Stock in multiple accounts (e.g., with our transfer agent and/or banks, brokers or other registered shareholders), we may be unable to use the householding procedures and, therefore, that shareholder may receive multiple copies of the Notice of Internet Availability of Proxy Materials (or proxy materials, as applicable). *You should follow the instructions on each Notice of Internet Availability that you receive in order to vote the shares you hold in different accounts.*

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If you share an address with another shareholder and have received only one Notice of Internet Availability of Proxy Materials (or proxy materials, as applicable), you may write or call us as specified below to request a separate copy of such materials and we will promptly send them to you at no cost to you. For future meetings, if you hold shares directly registered in your own name, you may request separate copies of these materials, or request that we send only one set of these materials to you if you are receiving multiple copies, by contacting our Investor Relations Department via telephone at 800-248-7971, Option 2, or by mail at Virtus Investment Partners, Inc., 100 Pearl Street, Hartford, CT 06103. If you are a beneficial owner of shares held in street name, please contact your bank, broker or other holder of record.

Who pays for the cost of this proxy solicitation?

All costs and expenses of this solicitation, including the cost of mailing the Notice of Internet Availability of Proxy Materials (or proxy materials, as applicable) and preparing this Proxy Statement and posting it on the Internet, will be borne by the Company. We also reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in sending proxy materials to their customers who are beneficial owners. In addition to soliciting proxies by mail, our directors, executive officers and employees may solicit proxies on our behalf, without additional compensation, personally or by Internet or telephone. We do not currently plan to hire a proxy solicitor to help us solicit proxies from brokers, bank nominees or other institutions or shareholders, although we reserve the right to do so.

Where can I find the voting results of the Annual Meeting?

The preliminary voting results will be announced at the Annual Meeting, and we will publish preliminary, or final results if available, in a current report on Form 8-K within four business days of the Annual Meeting. If final results are unavailable at the time we file the Form 8-K, then we will file an amended report on Form 8-K to disclose the final voting results within four business days after the final voting results are known.

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CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our Board is responsible for providing effective governance and oversight of our affairs. Our corporate governance practices are designed to align the interests of our Board and management with those of our shareholders and to promote honesty and integrity. Our Board has adopted Corporate Governance Principles that outline our corporate governance policies and procedures, including, among other topics, director responsibilities, Board committees, director access to the Company's officers and employees, director compensation, management succession and performance evaluations of the Board. More information about our corporate governance is available on our website at www.virtus.com, in the Investor Relations section, under the heading Corporate Governance.

Code of Conduct

We have adopted a written Code of Conduct which applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. We are committed to the highest standards of ethical and professional conduct, and the Code of Conduct provides guidance on how to uphold these standards. The Code of Conduct is available on our website at www.virtus.com, in the Investor Relations section, under the heading Corporate Governance. We intend to post any substantive amendments to, or waivers of, the Code of Conduct applicable to our principal executive officer, principal financial officer, principal accounting officer or directors on our website. You may request a printed copy of the Code of Conduct by contacting the Corporate Secretary as set forth on page 14 below under the heading Shareholder and Interested Party Communications.

Director Independence

A majority of the directors of the Board must be affirmatively determined by the Board to be independent under NASDAQ Marketplace Rules (NASDAQ Rules). In making these determinations, the Board considers and broadly assesses all of the information provided by each director in response to detailed inquiries concerning his or her independence and any direct or indirect business, family, employment, transactional or other relationship or affiliation of such director with the Company, taking into account the applicable NASDAQ Rules and SEC rules and regulations as well as the manner in which any relationships may potentially have the appearance of impacting independence. In addition, to aid it in determining whether a director is independent, the Board has adopted categorical independence standards which are available on our website at www.virtus.com, in the Investor Relations section, under the heading Corporate Governance.

In February 2016, the Board considered the independence of our directors and determined that each of Dr. Fleming, Ms. Coffey, Ms. Jones and Messrs. Baio, Holt, Swan, Treanor and Zarrilli meets the criteria for independence as established by the NASDAQ Rules and our own categorical independence standards. The Board has also determined that each member of the Audit, Compensation, Governance, and Risk and Finance Committees is independent under applicable NASDAQ Rules. The Board has also determined that each member of the Audit Committee is also independent under the independence criteria required by the SEC for audit committee members and that each member of the Compensation Committee is: (i) independent under the criteria established by the NASDAQ Rules; (ii) an outside director pursuant to the criteria established by the Internal Revenue Service; and (iii) a non-employee director pursuant to criteria established by the SEC.

Board and Committee Membership

Our Board has established the following four standing committees to assist it with its responsibilities:

Audit Committee

Compensation Committee

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Governance Committee

Risk and Finance Committee

The table below provides the current membership for each of the Board committees:

Name	Audit	Compensation	Governance	Risk and Finance
George R. Aylward				
James R. Baio	Member	Member		
Diane M. Coffey		Member	Member	
Susan S. Fleming			Member	Chair
Timothy A. Holt			Chair	Member
Melody L. Jones	Member	Chair		
Russel C. Robertson				
Edward M. Swan, Jr.	Member			Member
Mark C. Treanor		Member	Member	
Stephen T. Zarrilli	Chair			Member

It is the view of the Board that Committee and Committee Chair assignments should be reviewed and rotated periodically to reflect changing needs of the business, as well as individual competencies of Board members, and to encourage fresh perspectives in Committee deliberations. In August 2015, the Board, upon the recommendation of the Governance Committee, approved a re-assignment of Committee members and appointed new Committee Chairs. The table above reflects the assignments and Committee Chairmanships effective as of August 2015.

During 2015, the Board held twelve meetings. Our independent directors meet in regularly scheduled executive sessions, generally at the end of each regular Board meeting. Mr. Treanor, our independent Chairman of the Board, presides at all Board meetings and executive sessions.

Directors are expected to attend all Board meetings, the annual meeting of shareholders, and meetings of committees on which they serve, and to spend the time needed and to meet as frequently as necessary to properly discharge their responsibilities. Director attendance and meeting preparation is part of the annual evaluation process conducted by the Governance Committee. All of our then current directors attended our 2015 Annual Meeting, and all of our current directors attended at least 75% of the meetings of the Board and of the standing committees of which he or she was a member during 2015.

The Board has adopted written charters for each of the Audit, Compensation, Governance, and Risk and Finance Committees, which set forth the responsibilities, authority and specific duties of each such committee. Each committee reports out regularly to the full Board regarding its deliberations and actions. The charters for each of the committees of our Board are available on our website at www.virtus.com, in the Investor Relations section, under the heading Corporate Governance.

Board Leadership Structure

Under our Corporate Governance Principles, to ensure Board independence, no less than a majority of our directors are required to be independent in accordance with NASDAQ Rules. Pursuant to our Corporate Governance Principles, our Board determines the best board leadership structure for our Company, and our Board may choose its Chairman in the manner it deems in the best interests of the Company and its shareholders. The Board does not have a formal policy that requires the roles of Chairman of the Board and Chief Executive Officer to be separate.

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The Board believes that it is advisable for one of our independent directors to serve as Chairman of the Board, and the Board has elected Mark C. Treanor as Chairman. The Board believes that our assembled Board provides a broad array of experience, expertise and perspective and that it is beneficial to have an independent director lead the Board as Chairman and for Mr. Aylward, who is our President and Chief Executive Officer (CEO), and also a director, to lead our Company and its management as CEO. Mr. Treanor and Mr. Aylward work closely together, and with the entire Board, in developing the strategies, agendas, and direction of our Board and for our Company as a whole.

As part of our annual board self-evaluation process, we evaluate how our Board functions and how our Board structure functions, to ensure that the Board continues to provide an optimal governance structure for our Company and our shareholders. We recognize that different board leadership structures may be appropriate for companies in different situations and at different times. We believe our current leadership structure, with Mr. Aylward serving as CEO and Mr. Treanor serving as Chairman of the Board, is the optimal structure for our Company at this time.

Audit Committee

The Audit Committee currently consists of Messrs. Zarrilli (Chair), Baio and Swan and Ms. Jones. The Board has determined that Messrs. Baio and Zarrilli each qualify as an audit committee financial expert as defined under SEC rules and that all members of the Audit Committee meet the criteria for service under applicable NASDAQ Rules.

During 2015, the Audit Committee held thirteen meetings. The primary purposes of the Audit Committee are: (i) to exercise sole responsibility for the appointment, compensation, retention, oversight and, if applicable, termination of the Company's independent registered public accounting firm, including review of the independent registered public accounting firm's qualifications and independence; and (ii) to assist the Board in fulfilling its oversight responsibilities, by reviewing the quality and integrity of the Company's financial statements and financial reporting process, the Company's systems of internal accounting and financial controls, the annual independent audit of the consolidated financial statements of the Company and its subsidiaries, the Company's internal auditing and accounting processes, and the Company's legal and regulatory compliance programs as established by management and the Board.

Compensation Committee

The Compensation Committee currently consists of Ms. Jones (Chair) and Ms. Coffey and Messrs. Baio and Treanor. During 2015, the Compensation Committee held seven meetings. The primary purposes of the Compensation Committee are: (i) to achieve the Company's objective of maximizing the long-term return to shareholders by ensuring that officers, directors and employees are compensated in accordance with the Company's compensation philosophy, objectives and policies; and (ii) to review and approve compensation policies and programs for the Company's executive officers that support such compensation philosophy, objectives and policies by linking compensation to financial performance and the attainment of strategic objectives, while providing competitive compensation opportunities at a reasonable cost.

The Role of the Compensation Committee

The Compensation Committee provides assistance to the Board in fulfilling its responsibility to achieve the Company's objective of maximizing the long-term return to shareholders by ensuring our executives are compensated in accordance with the Company's compensation philosophy and objectives. The Compensation Committee is specifically charged with:

Reviewing and approving Company performance goals and objectives for annual and long-term incentive plans;

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Recommending the compensation levels of our CEO to the Board of Directors;

Reviewing and approving non-CEO executive compensation;

The administration of equity-based compensation; and

Retaining compensation consultants and legal counsel as appropriate.

The Compensation Committee reviews and approves any changes to executive base salary and sets annual and long-term incentive compensation opportunities for our executive officers. In addition, the Compensation Committee reviews performance against pre-established performance goals and objectives for the incentive plans under which our executive officers, including our CEO, are compensated. The Compensation Committee recommends incentive compensation awards for our CEO to the independent members of the Board for approval and, with the assistance of our CEO, reviews and approves the incentive compensation awards for the Company's executive officers. The Compensation Committee also reviews and approves the granting of equity-based compensation to our executive officers, including our CEO, and to other employees of the Company and its subsidiaries. The Compensation Committee has delegated to our CEO the authority to approve a limited number of restricted stock and stock option awards to employees of the Company and its subsidiaries who are not executive officers of the Company.

The Compensation Committee has retained Mercer (US) Inc. (Mercer) as its independent compensation consultant. The Compensation Committee has analyzed whether the work of Mercer as a compensation consultant has raised any conflict of interest, taking into consideration the following factors: (i) the provision of other services to the Company by Mercer; (ii) the amount of fees from the Company paid to Mercer as a percentage of Mercer's total revenue; (iii) the policies and procedures of Mercer that are designed to prevent conflicts of interest; (iv) any business or personal relationship of Mercer or the individual compensation advisors employed by Mercer with an executive officer of the Company; (v) any business or personal relationship of the individual compensation advisors with any member of the Compensation Committee; and (vi) any stock of the Company owned by Mercer or the individual compensation advisors employed by Mercer. The Compensation Committee has determined, based on its analysis in light of the factors listed above, that the work of Mercer and the individual compensation advisors employed by Mercer as compensation consultants to the Company has not created any conflict of interest.

For a further discussion of the processes and procedures of the Compensation Committee, including the roles of compensation consultants and executive officers in the determination or recommendation of executive and director compensation, see the disclosure under the headings *Compensation Discussion and Analysis* and *Director Compensation* elsewhere in this Proxy Statement.

Risks Related to Compensation Policies and Practices

As part of its oversight of the Company's executive compensation programs, the Compensation Committee, in conjunction with Company management, considers how current compensation policies and practices, including incentive opportunities, affect the Company's risk profile. The Compensation Committee evaluates the Company's compensation policies to determine whether they are designed to:

Attract and retain high-caliber leadership;

Align our executives' interests with those of our shareholders; and

Encourage an appropriate level of risk-taking while not creating incentives that are reasonably likely to pose material risk to the Company.

The Company reviews industry comparative compensation data to ensure that we are competitive in both attracting and retaining our executives. Additionally, equity-based awards are generally subject to three-year cliff vesting. We believe our compensation structure is appropriately designed to retain high caliber-leadership.

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Our compensation programs are designed to minimize excessive risk-taking. The base salary component of our compensation is aligned to market which does not, we believe, create additional risk. The current incentive awards have the following risk-limiting characteristics:

Awards are made based on a review of a variety of performance indicators, diversifying the risk associated with any single indicator of performance;

For executives, a significant portion of variable pay is delivered in the form of equity comprised of performance-based and restricted stock units granted under our equity-based, Long Term Incentive Plan using both one and three-year performance measurement periods and three-year cliff vesting, which aligns the interests of our executives with the interests of our shareholders;

Plan-based awards to our executives are limited to a maximum payout as defined by the terms of our annual and long-term incentive plans;

After reviewing and certifying Company performance results, the Compensation Committee, in its discretion, approves compensation awards for our executives;

Clawback provisions allow the Company to clawback compensation if an award was based on materially inaccurate financial statements or other performance measurement criteria; and

Our CEO, EVPs, SVPs and Directors are expected to maintain fixed levels of stock ownership commensurate with base salary multiples or annual retainers.

We believe our compensation policies and practices align compensation with the interests of our shareholders, encourage and reward sound business judgment and appropriate risk-taking over the long-term, foster key personnel retention, and do not create risks that are reasonably likely to have a material adverse effect on the Company.

Compensation Committee Interlocks and Insider Participation

Ms. Jones (Chair), and Ms. Coffey and Messrs. Baio and Treanor served on the Compensation Committee throughout 2015. None of the directors serving on the Compensation Committee were at any time during 2015, or at any other time, officers or employees of the Company. None of our executive officers serves as a member of compensation committees of any entities that have one or more of their executive officers serving on our Board.

Governance Committee

The Governance Committee currently consists of Mr. Holt (Chair), Ms. Coffey, Dr. Fleming and Mr. Treanor. During 2015, the Governance Committee held four meetings. The primary purposes of the Governance Committee are: (i) to assist the Board in fulfilling its oversight responsibilities with respect to matters relating to the interests of the shareholders of the Company; (ii) to identify individuals qualified to become Board members and to recommend to the Board qualified individuals for nomination for election or re-election at the next annual meeting of shareholders; (iii) to develop and recommend to the Board a set of governance principles applicable to the Company and to review at least annually and recommend any changes to such principles; (iv) to assess and report to the Board regarding the performance of the Board and its committees; and (v) to assist management and the Board with respect to succession planning of the Company's executives.

Director Nomination Process

The Governance Committee is responsible for identifying and recommending to the Board potential director candidates for nomination and election to the Board at the annual meeting of shareholders. In connection with this responsibility, the Governance Committee has established Guidelines for the Recruitment of Directors, which have been adopted by the Board and which are available on our website at www.virtus.com.

in the Investor Relations section, under the heading Corporate Governance.

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Under these Guidelines, in considering candidates for nomination to our Board, the Governance Committee will seek individuals with strong intellectual ability, breadth of experience, demonstrated professional achievement, diverse backgrounds, and the highest integrity. Prospective directors should also be able and willing to devote significant attention to our needs through regular attendance at meetings, preparation for meetings, and availability for regular consultation between meetings. The Governance Committee may also consider particular areas of expertise with respect to a given vacancy either because of needs arising from the retirement or resignation of a director or those arising out of changes in our business focus, our industry or the regulatory environment.

If a vacancy on our Board exists or is anticipated, the Governance Committee may look to its members and to other directors for recommendations for nominees and may also retain a search firm to assist it in identifying qualified candidates and will consider individuals recommended by shareholders. Shareholders must submit their recommendations as outlined below under the heading *Shareholder and Interested Party Communications*. The Governance Committee will evaluate all proposed nominees in light of the standards above, as well as others deemed relevant. Following its evaluation of all proposed nominees and consultation with our CEO, the Governance Committee will make recommendations to our Board of the individual(s) to be nominated for election to our Board. The Board will make the final determination as to the individual(s) who will be nominated for election. Also, under the terms of our 2008 Investment and Contribution Agreement with a predecessor to the Bank of Montreal (BMO), BMO has the right to designate one director nominee for election to the Board, subject to satisfaction of all legal and governance requirements regarding service as our director, for so long as it owns at least 10% of our outstanding Common Stock.

Board Diversity

The Board has adopted guidelines for the recruitment of directors that include factors to consider in identifying and recruiting candidates for nomination as director. In reviewing candidates for the Board, the Governance Committee and the Board as a whole seek to identify those individuals whose professional achievement, breadth of experience, and commitment to excellence and integrity best serve the Company in the markets in which it operates, while at the same time assuring the Company's shareholders and other constituencies that the Company remains committed to its core ethical values. To this end, when recruiting and assessing potential director candidates, the Governance Committee and the Board will consider, among other factors, the candidates' diversity of professional experience and personal diversity. With respect to diversity of professional experience, the Governance Committee and the Board seek candidates that have depth of experience in a variety of professional backgrounds. In terms of personal diversity, the Governance Committee and Board seek candidates who will increase the diversity of the Board in all respects, including gender, race, ethnicity, age, sexuality and other types of personal characteristics, and thereby benefit the Company with their ideas, perspectives, experience and wisdom.

The Governance Committee and the Board recognize that individual candidates have unique strengths, and no one factor or qualification outweighs all others. The Governance Committee and the Board will consider how a candidate would contribute to the overall balance of experience, expertise and perspective of the Board.

On an annual basis, as part of its self-assessment process, the Governance Committee and Board as a whole review the overall functioning of the Board including diversity of experience, expertise and perspective.

Risk and Finance Committee

The Risk and Finance Committee currently consists of Dr. Fleming (Chair) and Messrs. Holt, Swan and Zarrilli. During 2015, the Risk and Finance Committee held four meetings. The primary purposes of the Risk and Finance Committee are to assist the Board in fulfilling its oversight responsibilities with respect to: (i) the Company's policies, practices, and procedures relating to risk and risk management; (ii) the Company's financial, investment, and capital management policies; and (iii) any mergers, acquisitions and divestitures by the Company and its affiliates.

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Risk Management Oversight

The Risk and Finance Committee of our Board is primarily responsible for overseeing the Company's risk management processes on behalf of the full Board. Pursuant to its charter, the Risk and Finance Committee is charged with periodically reviewing the Company's risk management philosophy and its policies, practices and procedures regarding risk assessment and risk management. The Risk and Finance Committee periodically meets with Company management to review and discuss the Company's major risk exposures and the steps taken by management to monitor and mitigate these exposures. The Risk and Finance Committee also receives and reviews reports on selected risk topics as the Risk and Finance Committee or management deem appropriate. Our Board also receives direct reports from management on risk topics of general interest to the full Board, and each of our other Board Committees also receives periodic reports on topics relevant to the oversight of risk areas within the purview of such Committee and regularly reports to the full Board on these risk management matters.

Our Audit Committee is responsible for overseeing accounting, audit, financial reporting, internal control, internal audit, and disclosure control matters and reviews and discusses with management, our internal auditor, our outside independent registered public accounting firm, and legal counsel financial risk associated with these functions and the manner, policies and systems pursuant to which management addresses these risks.

Both our Board and our Compensation Committee actively review and discuss with management our annual and longer-term compensation incentive programs to identify and mitigate potential risks associated with incentive compensation. They assess both the appropriateness of the incentive performance goals, which are both financial and operational, as well as our financial and operating results upon which our incentive awards are based. In addition, our Governance Committee oversees and advises management on succession planning risks related to our senior management team.

While the Risk and Finance Committee, the other Board Committees within their areas of responsibility and the Board oversee our risk management, management is primarily responsible for day-to-day risk management processes and for reports to the Board and its Committees on risk management matters. We believe that this division of risk management responsibility is the most effective approach to address the Company's risk management and that the division of responsibility within and among the Board and its Board Committees allows the opportunity for regular review and discussion with our Board members as well as appropriate Board member input on, and consideration of, our risk management processes and systems.

Transactions with Related Persons

Policy Regarding Transactions with Related Persons

The Board has adopted a written policy for the review and the approval or ratification of any related person transaction (the Related Person Transactions Policy), which applies to any potential related person transactions, as defined under the rules and regulations of the SEC. A related person transaction generally means a transaction in which the Company was, is, or will be a participant, and the amount involved exceeds \$120,000 (determined without regard to the amount of profit or loss involved in the transaction) and in which a related person has or will have a direct or indirect material interest (as determined under SEC rules related to related person transactions). Under the Related Person Transactions Policy, a related person transaction requires the approval or ratification of the Audit Committee (or of the Chair of the Audit Committee in those situations in which the legal department, in consultation with the CEO or the Chief Financial Officer, determines that it is not practicable or desirable for the Company to wait until the next Audit Committee meeting for approval or ratification). Prior to approving or ratifying any transaction, the Audit Committee (or, if applicable, the Chair of the Audit Committee) must determine that the transaction is entered into in good faith on fair and reasonable terms to the Company after considering the relevant facts and circumstances, including, to the extent applicable, the related person's relationship to the Company, his or her interest in the transaction, and the material facts and terms of the transaction. No related person may participate in the review of a transaction in which he or she may have an interest.

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Transactions with Related Persons

FMR LLC

FMR LLC (Fidelity) filed a Schedule 13G/A in February 2016 stating that it holds 9.7% of our Common Stock. As a result of beneficially owning more than 5% of our Common Stock, Fidelity is currently considered a related person under our Related Person Transactions policy. Certain affiliates of Fidelity provide recordkeeping and administrative services to us in connection with the Company's Stock Plan (including the Employee Stock Purchase Plan and the Long Term Incentive Plan) and the Company's 401(k) and Non-Qualified Excess Investment Plan. During fiscal 2015, we paid certain affiliates of Fidelity approximately \$0.1 million for these recordkeeping and administrative services. In addition, pursuant to distribution agreements between the Company and an affiliate of Fidelity, we paid approximately \$3.0 million in fees during fiscal 2015 for distribution services related to our mutual funds and separately managed accounts.

These recordkeeping, administrative and distribution services contracts were entered into in the ordinary course of business.

BlackRock, Inc.

BlackRock, Inc. (BlackRock) filed a Schedule 13G/A in January 2016 stating that it holds 7.9% of our Common Stock. As a result of beneficially owning more than 5% of our Common Stock, BlackRock is currently considered a related person under our Related Person Transactions policy. Certain affiliates of BlackRock provide portfolio analytics software that we license in connection with the management of certain of our mutual funds. During fiscal 2015, we paid certain affiliates of BlackRock approximately \$0.3 million in licensing fees in connection with this software.

This licensing agreement was entered into in the ordinary course of business.

Shareholder Proposals

Shareholders may submit proposals for consideration at our 2017 Annual Meeting of Shareholders. To be included in the proxy statement, notice of meeting and proxy relating to the 2017 Annual Meeting of Shareholders, proposals must be received by our Corporate Secretary not later than December 18, 2016 and must comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934 (including the minimum share ownership requirements under that rule).

Pursuant to our by-laws, in order for any business not included in the proxy statement to be brought before the 2017 Annual Meeting of Shareholders by a shareholder, the shareholder must be entitled to vote at that meeting and must give timely written notice of that business to our Corporate Secretary. To be timely, such notice must be received by our Corporate Secretary at our office located at 100 Pearl Street, Hartford, CT 06103, no earlier than January 28, 2017 (75 days prior to April 13, 2017, the first anniversary of the date that we first mailed or made available our proxy materials for the 2016 annual meeting) and no later than February 27, 2017 (45 days prior to April 13, 2017). In the event that our 2017 Annual Meeting of Shareholders is held more than 30 days before or more than 30 days after the anniversary of this year's meeting date, the notice must be received not later than the close of business on the later of (i) the 90th day before such annual meeting, or (ii) the 10th day following the date on which public announcement of such annual meeting is first made by the Company. The notice submitted by a shareholder must contain the information required by our by-laws. Similarly, a shareholder wishing to submit a director nomination directly at the 2017 Annual Meeting of Shareholders must deliver written notice of such nomination within the time period described in this paragraph and must comply with the information requirements in our by-laws relating to shareholder nominations.

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Shareholder and Interested Party Communications

Our Board is committed to ensuring that anyone desiring to communicate with the Board as a whole, with any committee of the Board, with our non-management or independent directors as a group, or with any specific director(s) has a convenient means of doing so. Anyone who wishes to communicate with the Board, a Committee or a specific director may do so by sending correspondence via email to corporate.secretary@virtus.com indicating the body or person(s) with whom you wish to communicate, or in writing to:

Board of Directors (or Committee or Specific Director)

Virtus Investment Partners, Inc.

c/o Corporate Secretary

100 Pearl Street

Hartford, CT 06103

The Office of the Corporate Secretary will forward your correspondence to its intended addressee promptly after receipt. Where appropriate, your correspondence will also be reviewed by the General Counsel and/or the Chief Compliance Officer.

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The following tables set forth, to the best of our knowledge, the beneficial ownership of our Common Stock, our only outstanding class of voting securities, as of March 31, 2016, by: (i) such persons known to the Company to own beneficially more than five percent (5%) of the Company's Common Stock; (ii) each of our current directors; (iii) the persons named in the Summary Compensation Table; and (iv) all of our directors and executive officers as a group. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. We deem shares of Common Stock that may be acquired by an individual within 60 days of March 31, 2016 pursuant to the exercise of options or the vesting of restricted stock units (RSUs) to be outstanding for the purpose of computing the percentage ownership of such individual but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the tables. Except as indicated in the footnotes to the tables, we believe that each beneficial owner listed has sole voting and investment power with regard to the shares beneficially owned by such person. Percentage of ownership is based on 8,259,831 shares of Common Stock outstanding on March 31, 2016.

Security Ownership of Certain Beneficial Owners

Name of Beneficial Owner & Address	Number of Shares Beneficially Owned	Percent
Bank of Montreal 111 W. Monroe Street Chicago, IL 60603	1,727,746(1)	20.9%
FMR LLC 245 Summer Street Boston, MA 02210	799,650(2)	9.7%
BlackRock, Inc. 55 East 52 nd Street New York, NY 10055	651,093(3)	7.9%
Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	581,699(4)	7.0%
Vulcan Value Partners, Inc. Three Protective Center 2801 Highway 280 South, Suite 300 Birmingham, AL 35223	418,844(5)	5.1%

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- (1) Based on a Schedule 13D/A jointly filed with the SEC on January 19, 2012 by the Bank of Montreal and BMO Financial Corp., the Bank of Montreal has sole investment and voting power with respect to 1,727,746 shares of Common Stock.
- (2) Based on a Schedule 13G/A filed with the SEC on February 12, 2016 by FMR LLC. FMR LLC has sole investment power with respect to 799,650 shares of Common Stock and sole voting power with respect to 212,679 shares of Common Stock.
- (3) Based on a Schedule 13G/A filed with the SEC on January 27, 2016 by BlackRock, Inc. BlackRock, Inc. has sole investment power with respect to 651,093 shares of Common Stock and sole voting power with respect to 635,144 shares of Common Stock.

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- (4) Based on a Schedule 13G/A filed with the SEC on February 11, 2016 by Vanguard Group. Vanguard Group has sole investment power with respect to 572,900 shares of Common Stock, shared investment power with respect to 8,799 shares of Common Stock and sole voting power with respect to 9,299 shares of Common Stock.
- (5) Based on a Schedule 13G/A filed with the SEC on February 16, 2016 by Vulcan Value Partners, LLC. Vulcan Value Partners, LLC has sole investment power with respect to 418,844 shares of Common Stock and sole voting power with respect to 412,241 shares of Common Stock.

Security Ownership of Directors and Executive Officers

Name of Beneficial Owner	Number of Shares Beneficially	Percent
	Owned	
George R. Aylward	171,546(1)	2.1%
James R. Baio	11,674	*
Diane M. Coffey	10,817	*
Susan S. Fleming	10,859	*
Timothy A. Holt	22,542	*
Melody L. Jones	922	*
Russel C. Robertson		*
Edward M. Swan, Jr.	13,156	*
Mark C. Treanor	22,962(2)	*
Stephen T. Zarrilli	952	*
Michael A. Angerthal	46,544(3)	*
Mark S. Flynn	6,526(4)	*
Barry M. Mandinach	1,135(5)	*
Francis G. Waltman	20,953(6)	*
All directors and executive officers as a group (16 persons)	351,183(7)	4.3%

* Less than 1%

- (1) Includes 70 share equivalents held in the Virtus Investment Partners, Inc. Savings and Investment Plan and 53,540 shares of Common Stock underlying options that Mr. Aylward has the right to acquire as of, or within 60 days of, March 31, 2016.
- (2) Includes 20 shares of Common Stock held in a joint account with Mr. Treanor's son. Mr. Treanor disclaims beneficial ownership of these shares.
- (3) Includes 15,867 shares of Common Stock underlying options that Mr. Angerthal has the right to acquire as of, or within 60 days of, March 31, 2016.
- (4) Includes 422 shares of Common Stock underlying options that Mr. Flynn has the right to acquire as of, or within 60 days of, March 31, 2016.
- (5) Includes 1,135 RSUs that Mr. Mandinach has the right to acquire as of, or within 60 days of, March 31, 2016.

(6) Includes 109 share equivalents held in the Virtus Investment Partners, Inc. Savings and Investment Plan.

(7) See footnotes (1) through (6).

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file reports of their initial holdings of Virtus securities and any subsequent transactions in Virtus securities with the SEC. Based on our review of the copies of such records and on information provided by our directors and our executive officers, we believe that all required Section 16(a) reports were timely filed during the fiscal year ended December 31, 2015.

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PROPOSALS REQUIRING YOUR VOTE

ITEM 1 ELECTION OF DIRECTORS

Our Board currently has ten members. Consistent with our policy, two of our Directors, Ms. Coffey and Mr. Swan, will retire as of the Annual Meeting date. Our certificate of incorporation provides for our Board to be divided into three classes for purposes of election, with three-year terms of office ending in successive years. At each annual meeting of shareholders, a class of directors will be elected for a three-year term and until his or her successor has been duly elected and qualified or until his or her earlier resignation, retirement, death, disqualification or removal. Our Class II directors have a term expiring at the 2016 Annual Meeting. Our Class III and Class I directors have terms expiring at the 2017 and 2018 Annual Meetings, respectively.

Dr. Fleming and Messrs. Baio and Robertson are each Class II directors standing for re-election at the 2016 Annual Meeting. Dr. Fleming and Mr. Baio have been directors of the Company since it became an independent public company on January 1, 2009. Mr. Robertson, a director since May 2013, was designated by BMO, which is the holder of approximately 20.9 % of our Common Stock. Under the terms of our Investment and Contribution Agreement with BMO, for so long as BMO owns at least 10% of our Common Stock, BMO has the right to designate a director who will stand as one of the Company's nominees for election by shareholders.

Under our Corporate Governance Principles, a director is generally required to retire no later than the first annual meeting following his or her 74th birthday. Under exigent circumstances, the Board may request that the director continue to serve, provided, however, that no director shall serve beyond the first annual meeting following his or her 75th birthday.

Board Nominees

In February 2016, members of our Governance Committee evaluated the contributions and performance of James R. Baio, Susan S. Fleming and Russel C. Robertson as members of our Board and recommended to the Board that each of Messrs. Baio and Robertson and Dr. Fleming be nominated to stand for re-election as a Class II director at the Annual Meeting. Our Board, having considered the recommendations of the Governance Committee, approved James R. Baio, Susan S. Fleming and Russel C. Robertson as our Class II nominees for election to the Board by the shareholders. If elected by the shareholders, Mr. Baio, Dr. Fleming and Mr. Robertson will hold office for a three-year term expiring at the 2019 annual meeting of shareholders and until his or her successor has been duly elected and qualified, or upon his or her earlier resignation, retirement, death, disqualification or removal. Each of Mr. Baio, Dr. Fleming and Mr. Robertson has indicated that he or she will serve if elected. We do not anticipate that any Board nominee will be unable or unwilling to stand for election, but should any such nominee be unavailable for election by reason of death or other unexpected occurrence, your proxy, to the extent permitted by applicable law, may be voted by the proxies named therein, with discretionary authority in connection with the nomination by the Board and the election of any substitute nominee. A plurality of the affirmative votes cast by shareholders present in person or represented by proxy and entitled to vote is required for the election of each such director nominee.

The Board recommends that shareholders vote FOR the election of its three director

nominees as Class II directors of Virtus: James R. Baio,

Susan S. Fleming and Russel C. Robertson

Listed below are the names of the Board's nominees to the Class II director seats and the incumbent directors who will be continuing in office following the Annual Meeting, together with certain biographical and business information regarding such persons and the experience and certain other factors considered in connection with the selection of such persons for membership on our Board.

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Board Nominees to Class II

JAMES R. BAIO (62), Class II. Mr. Baio was Chief Financial Officer and Executive Vice President of Capmark Financial Group, Inc., a private equity portfolio company engaged in global real estate finance, from 2006 until his retirement in 2007. Prior to that time, from 1989 to 2006, he held various positions at Franklin Resources, Inc., a publicly traded global investment management organization known as Franklin Templeton Investments. He served as Chief Financial Officer, Treasurer and Executive Vice President from 2003 to 2006, Chief Administrative Officer from 2000 to 2003, Senior Vice President and Treasurer, Templeton Mutual Funds and Mutual Series Mutual Funds from 1994 to 2000, and Senior Vice President and Risk Manager from 1989 to 1994. Prior to that, he was Senior Manager, Audit and Tax at Ernst & Young, a professional services organization, from 1977 to 1989. Mr. Baio is licensed as a certified public accountant (inactive since 2008). Mr. Baio brings to our Board substantial experience in financial and accounting matters concerning asset management organizations and overall familiarity with the investment management industry. Furthermore, Mr. Baio's extensive financial, accounting and auditing experience positions him well to serve as a member of our Board and Audit Committee.

SUSAN S. FLEMING (46), Class II. Dr. Fleming is currently a consultant, executive educator and Senior Lecturer in management, finance and entrepreneurship at Cornell University. Dr. Fleming worked at Capital Z Financial Services, a private equity firm, as a Principal from 1998 to 2001 and as Partner from 2001 to 2003. She was Vice President at Insurance Partners Advisors, LP, a private equity firm, from 1994 to 2003 and held various positions at Morgan Stanley and Company from 1992 to 1994. Dr. Fleming has served as a director of Endurance Specialty Holdings, Ltd., a global insurance provider, since May 2011 and in the past has served as a director of Universal American Financial Corp., a family of specialty healthcare companies, from July 1999 to December 2003, PXRE Group, Ltd., a property reinsurer, from April 2002 to April 2005, Ceres Group, Inc., an insurance and annuity products provider, from February 2000 to August 2006, and Quanta Capital Holdings, Ltd., a specialty insurance and reinsurance holding company, from July 2006 to October 2008. With her years of experience in investment banking, private equity, consulting and education, Dr. Fleming brings to our Board demonstrated leadership and experience with a wide array of corporate finance, mergers and acquisitions, and operational matters. Dr. Fleming's experience in corporate finance and organizational leadership also positions her well to serve as a member of our Board and Chair of our Risk and Finance Committee.

RUSSEL C. ROBERTSON (68), Class II. Russel Robertson currently serves as EVP and Head, Anti-Money Laundering, at BMO Financial Group (BMO) a diversified financial services organization, to which he was appointed in July 2013. Prior to his current role, he served as Executive Vice President, Business Integration, at BMO Financial Group, and as Vice Chair at BMO Financial Corp. (formerly Harris Financial Corp.) since March 2011. Before joining BMO, he spent over 35 years as a Chartered Accountant. In this capacity, he held various senior positions with a number of major accounting firms, including holding the positions of Vice Chair, Deloitte & Touche LLP (Canada), from 2002 to 2008, and Managing Partner, Arthur Andersen LLP (Canada), from 1994 to 2002. Mr. Robertson holds a Bachelor of Arts degree (Honours) from the Ivey School of Business at the University of Western Ontario. Since June 2012, Mr. Robertson has served on the board of Turquoise Hill Resources, a Canadian mining and development company headquartered in Vancouver, British Columbia. Mr. Robertson has significant managerial experience and brings to our Board substantial experience in accounting and auditing matters regarding the financial services industry and significant strategic planning experience.

Other Current Members of the Board

GEORGE R. AYLWARD (51), Class III. Mr. Aylward is President and CEO and has held those positions since January 1, 2009, when the Company became an independent public company. He has served as President of the Company since November 6, 2006. Mr. Aylward joined Phoenix Investment Partners, Inc. (PXP), the majority owned asset management subsidiary of The Phoenix Companies, Inc. (PNX) and predecessor to the Company, in 1996. Mr. Aylward served as President, Asset Management, and Senior Executive Vice President of PNX from February 2007 to December 31, 2008 and as Executive Vice President, Asset Management, of PNX from

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November 6, 2006 to February 2007. Mr. Aylward served as Senior Vice President and Chief Operating Officer, Asset Management, of PNX from 2004 through 2006, and as Chief of Staff to the Chairman, President and CEO of PNX from 2002 through 2004. Mr. Aylward also served in several senior financial positions at PXP prior to 2002. Since 2006, Mr. Aylward has served as President and Trustee of the Virtus Mutual Funds, having been Executive Vice President from 2004 to 2006; Trustee of the Virtus Variable Insurance Trust, since 2012; Director of the Virtus Global Funds, plc since 2013; Trustee and President of the Virtus Global Multi-Sector Income Fund and the Virtus Total Return Fund, since 2012; Trustee of the Virtus Alternative Solutions Trust, since 2013; Director of the Duff & Phelps Select Energy MLP Fund, Inc., since 2014; Chairman and Trustee of Virtus ETF Trust II, since 2015; and Chairman, President and CEO of The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc., since 2006. Mr. Aylward brings to our Board demonstrated leadership, extensive knowledge regarding the asset management and financial services industries, and superior skills as our CEO.

TIMOTHY A. HOLT (63), Class I. Mr. Holt held various senior management positions with Aetna, Inc., a managed healthcare company, until his retirement in 2008. He was Senior Vice President and Chief Investment Officer from 1999 to 2008, Vice President and Chief Investment Officer from 1997 to 1999, Chief Enterprise Risk Officer from 2004 to 2007, Senior Vice President and Chief Financial Officer of Aetna Retirement Services from 1996 to 1997, Vice President of Portfolio Management Group from 1992 to 1995, Vice President of Aetna Portfolio Management from 1991 to 1992, Vice President, Finance and Treasurer from 1989 to 1991, Vice President of Public Bonds from 1987 to 1989, Property/Casualty Portfolio Manager from 1983 to 1987, Investment Officer from 1981 to 1982 and Investment Officer/Analyst from 1977 to 1981. He was a member of Aetna's Executive Committee from 2003 until his retirement in 2008. Mr. Holt served as a consultant to Aetna during 2008 and 2009. Since 2012, Mr. Holt has served as a director of MGIC Investment Corporation, a provider of private mortgage insurance in the U.S., and since January 2014 as a director of StanCorp Financial Group, which was a publicly traded insurance products company until it was acquired in March 2016. With his broad management, financial and investment experience at Aetna, Mr. Holt brings to our Board leadership and knowledge regarding the financial and investment industries, risk management, corporate governance and financial and corporate operational matters. Mr. Holt received his M.B.A. from the Tuck School of Business at Dartmouth, and he has been designated as a chartered financial analyst from the CFA Institute, a global association of investment professionals headquartered in the United States. Mr. Holt's extensive management and investment experience positions him well to serve as a member of our Board and Chair of our Governance Committee.

MELODY L. JONES (56), Class I. Ms. Jones has been Chief Administrative Officer at CEB, a member-based advisory firm that provides products and services to businesses worldwide, since 2012 and manages its global Product Development function with additional responsibility for CEB's human resources, information technology, legal, and communications functions. She joined CEB in 2005 as Chief Human Resources Officer after serving as Global Head of Human Resources at T. Rowe Price, an investment management firm, and earlier as Chief Human Resources Officer at Aon Corporation, an insurance brokerage and consulting company. She also served as a senior consultant with Organizational Dynamics, Inc. and as a member of the senior leadership team of HR Strategies, Inc. and held several leadership positions at Citicorp Mortgage. Ms. Jones brings to our Board significant experience and expertise in the areas of human resources, information technology and communications. Her management and leadership experience position her well to serve as a member of our Board and Chair of our Compensation Committee.

MARK C. TREANOR (69), Class III. Mr. Treanor served as Senior Partner at the law firm of Treanor Pope & Hughes, which he founded, from 2009 until his retirement in 2013. He also serves as an executive leadership coach. Previously, he served as Senior Executive Vice President, General Counsel and Secretary of Wachovia Corporation, a bank holding company, from 2001 to August 2008, with responsibilities for legal, regulatory, corporate governance and government relations activities for all domestic and international businesses, including Evergreen Investments, Wachovia's asset management division, and was a member of Wachovia's Senior Risk Committee and its Operating Committee, which was responsible for overall management of Wachovia, and was Chairman of its Ethics Committee. Previously, from 1999 until 2001, he held similar responsibilities as

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Executive Vice President, General Counsel and Secretary of First Union Corporation, Wachovia's predecessor, which he joined in 1998 after serving as President and Senior Partner at Treanor Pope & Hughes. Mr. Treanor served as a director of Wachovia Bank N.A. from 2001 to June 2008. Mr. Treanor has served as Chairman of the Advisory Committee to the Export-Import Bank of the United States and has served on the boards of numerous educational and charitable organizations, including the National Defense University, the United States Naval Academy (Vice-Chair), the University of Maryland School of Law, the National Defense University Foundation (Chair), the U.S. Chamber of Commerce Institute for Legal Reform, and the Board of Advisors to the University of North Carolina School of Law Center for Banking and Finance. A former Marine Corps captain and graduate of the U.S. Naval Academy, Mr. Treanor is a member of the Council on Foreign Relations. He holds a Juris Doctor degree (with honors) from the University of Maryland School of Law where he was a member of the Law Review and Order of the Coif. Mr. Treanor brings to our Board management and leadership ability and extensive knowledge of a wide array of financial, legal and operational issues facing public company financial organizations, including corporate governance, legal and regulatory compliance, leadership development and succession planning, risk assessment, mergers and acquisitions, and strategic planning. Mr. Treanor's extensive management and leadership experience with large organizations positions him well to serve as the Chairman of our Board.

STEPHEN T. ZARRILLI (55), Class I. Stephen T. Zarrilli has been President and CEO of Safeguard Scientifics, a company that provides growth capital for entrepreneurial healthcare and technology companies, since 2012 and has served as CEO and Chief Financial Officer of both publicly traded and privately-held, venture-backed companies. He joined Safeguard Scientifics in 2008 as Senior Vice President, Chief Financial Officer and Chief Administrative Officer. Previously he was the Chairman and CEO of Penn Valley Group, a management advisory firm that he founded, and earlier was CFO at Fiberlink Communications Corp., a security software company; CEO of Concellera, a document management software company; and CEO of US Interactive Inc., a digital marketing firm. He began his career at Deloitte LLP. From 2004 to 2015, Mr. Zarrilli served as a Director of Nutrisystem, Inc. a publicly traded weight loss products company. Mr. Zarrilli's demonstrated leadership experience along with his substantial experience and expertise in accounting and auditing matters positions him well to serve as a member of our Board and Chair of our Audit Committee.

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ITEM 2 APPROVAL OF AN AMENDMENT TO THE COMPANY S AMENDED AND RESTATED OMNIBUS INCENTIVE AND EQUITY PLAN TO INCREASE THE NUMBER OF SHARES AVAILABLE FOR ISSUANCE BY 600,000 SHARES AND TO REFINER THE DESCRIPTION OF OUR PERFORMANCE GOALS

We are seeking shareholder approval for an amendment (Amendment) to the Company s Amended and Restated Omnibus Incentive and Equity Plan (the Omnibus Plan) to increase the number of shares of Common Stock authorized for issuance by 600,000 shares and to refine the description of our Performance Goals.

The maximum number of shares of our Common Stock initially authorized for issuance under the Omnibus Plan in connection with Awards under the Omnibus Plan is 1.8 million of which 179,179 remain available for issuance as of March 31, 2016. If the Amendment is approved, the shares available will be increased by 600,000 shares. The Amendment to the Omnibus Plan, if approved by our shareholders, will become immediately effective as of May 25, 2016, and we estimate, based on historical grant information, that the proposed increase should provide a sufficient number of shares to allow us to continue to make awards for approximately three to five years. Future grant levels will be impacted by multiple factors, including the Company s stock price.

The proposed Amendment also refines the description of Performance Goals in the Omnibus Plan to read as set forth below under Overview of the Omnibus Plan, as Amended Business Criteria for Performance Goals. Approval by shareholders of the proposed Amendment will constitute approval of the permissible performance goals under which compensation may be paid under the Omnibus Plan for purposes of certain awards intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code.

How the Company Uses Equity

The Company uses equity to align the interests of executives and key employees, including investment professionals, with shareholders. For executives, equity awards are included in long-term compensation plans linked to long-term performance results. Equity is granted in the form of both performance share units and restricted stock units. Our investment affiliates operate with compensation programs that are based on individual firm profitability, with a portion of the annual variable incentive compensation which may be granted to employees in the form of restricted stock units that vest ratably over three years.

Reasons for the Amendment

The amendment of the Omnibus Plan is intended to ensure that a sufficient level of shares of Common Stock remains available to allow us to continue to use equity incentives to attract and retain the services of qualified employees, directors and consultants of the Company and its subsidiaries whom are essential to our long-term growth and success and to align their interests with those of shareholders. The definition of Performance Goals describes categories of performance goal measures, including operating, financial, equity and strategic performance measures, that may be established by the Compensation Committee which has been refined to eliminate detailed and redundant listing of specific potential metrics with the intention of providing us the flexibility to tailor our incentive compensation program to the Company s goals and align incentives with shareholder interests.

Share Usage and Dilution Impact

In determining the appropriate number of additional shares of Common Stock available for issuance under the Company s Amended and Restated Omnibus Plan, management and the Compensation Committee considered various factors, including the dilution, historic share usage and burn rate. As of December 31, 2015, the Company s three-year average burn rate, a measure of the Company s share usage as a percentage of outstanding shares, was 1.8%. With respect to dilution, the Company has a share repurchase program in place which is primarily designed to offset dilution related to shares issued under the Omnibus Plan. Over the past three years,

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share repurchases have more than offset equity granted to employees, as shown in the table below. In addition, at the election of the employee, the Company can net settle the tax portion of previously issued restricted stock units, which further limits the dilutive impact of equity compensation.

Year Ended December 31	Share Grants	Shares Repurchased	Net Settlements Of Vesting Restricted Stock Units
2013	46,000	105,000	38,222
2014	77,947	225,441	50,952
2015	118,380	638,703	37,488
Total	242,327	969,144	126,662

General Description of the Omnibus Plan**Overview of the Omnibus Plan, as Amended**

The Omnibus Plan provides for the grant of awards which may include one or more of the following: (i) stock options (which may consist of incentive stock options or non-qualified stock options); (ii) stock appreciation rights; (iii) stock awards (which may consist of restricted stock and restricted stock units); (iv) performance awards (both cash and equity); and (v) any other types of equity and non-equity awards. The terms of the awards are embodied in an award agreement, and awards may be granted singly, in combination or in tandem. All or part of an award may be subject to such terms and conditions established by our Compensation Committee, including, but not limited to, continuous service with the Company and its affiliates, achievement of specific business objectives and attainment of performance goals. The Compensation Committee cannot re-price stock options or stock appreciation rights without shareholder approval (other than in connection with corporate transactions involving the Company, such as stock splits, merger, consolidation, split-up, spin-off, combination, among other things) or grant new stock options in substitution for or upon the cancellation of stock options previously granted. If any shares covered by an award are cancelled, forfeited, terminated or expire unexercised, these shares will again become available for award under the Omnibus Plan. For options, if the exercise price of an option is paid by tender to the Company of shares of Common Stock owned by the Participant (as defined below), or by means of a net-exercise, the number of shares available for issuance under the Omnibus Plan shall be reduced by the gross number of shares for which the option is exercised and shares of Common Stock withheld or reacquired by the Company in satisfaction of any tax withholding obligations shall not again be available for issuance under the Omnibus Plan.

Terms of the Omnibus Plan, as Amended

Plan Award Limitation. Subject to the provisions of Section 5.2, 5.3 and 5.4, the number of shares of Common Stock available for delivery in connection with Awards under the Plan shall be 2.4 million shares.

The total number of shares with respect to which Incentive Stock Options may be granted shall not exceed 2.4 million shares.

The type and form of Awards under this Plan shall be in the discretion of the Committee.

The shares to be delivered under the Plan may consist, in whole or in part, of Common Stock held in treasury or authorized but unissued Common Stock, not reserved for any other purpose, or any combination thereof.

Business Criteria for Performance Goals. Performance Goals means the objectives that may be established by the Committee, in its discretion, for a Performance Cycle with respect to any performance based Awards contingently awarded under the Plan. The Performance Goals for Awards that are intended to constitute performance-based compensation, within the meaning of Section 162(m) of the Code are designated by the

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Committee and are based upon one or more performance goal measures relating to; our assets under management (or AUM), including diversification of AUM across asset classes, geographies, clients and channels, and portfolio manager; sales metrics, including gross inflows, net flows, redemption rates, market share, diversification across asset classes, geographies, clients and channels; financial metrics, calculated on a GAAP or as adjusted basis, including measures relating to revenue, income, cash flows, earnings, margins on an absolute or per share basis; equity performance, including shareholder returns; investment performance, including investment performance by account or weighted by AUM, investment performance ratings as measured by third parties, and risk adjusted investment performance; balance sheet, capital and return measures, including return of capital, return on equity, return on capital or invested capital, working capital, payout level, shares repurchased and economic value created; strategic performance, including customer service measures or indices, success of new product launches, business expansion or consolidation, diversified business distribution channels, enhancement of organizational and risk management capabilities and maintaining or building reputation of brand, brand image and name awareness. The targeted level of performance with respect to Performance Goals may be established at levels and in such terms as the Committee may determine, in its discretion, including absolute entity performance, as relative to performance in prior periods or to Company specified plans, or relative to the performance of one or more third parties or a special index or benchmark, or other external measure, or as a ratio of one metric to another. The Committee may specify that any Performance Goals will be calculated before or after specific or identified items such as extraordinary or nonrecurring, special income, expense or other items, before or after changes in accounting principles or standards, before or after capital charges, before or after revenues, operations, earnings or losses of discontinued operations or acquisitions, or before or after awards under the Plan or other incentive compensation.

Other Material Terms of the Omnibus Plan

A summary of other material terms of the Omnibus Plan is set forth below; such terms have previously been approved by shareholders and are not subject to shareholder approval at the Annual Meeting. This summary is qualified in its entirety by reference to the complete text of the Omnibus Plan, as amended, a copy of which is attached as Appendix D to the electronic copy of this proxy statement filed with the SEC and may be accessed from the SEC's website at www.sec.gov. In addition, a copy of the Omnibus Plan may be obtained without charge by making a written request to our Investor Relations Department at Virtus Investment Partners, Inc., 100 Pearl Street, 9th Floor, Hartford, CT 06103.

Eligibility Requirements. The Omnibus Plan governs the award and payment of cash and equity awards to any employee of the Company or its subsidiaries, any of our non-employee directors, and any of our consultants (collectively, the Participants) and is administered by our Compensation Committee. Awards may be made under the Omnibus Plan to any Participant selected by the Compensation Committee or by an officer as delegated by the Compensation Committee in accordance with the Omnibus Plan. As of March 31, 2016, there were approximately 424 employees and eight non-executive directors eligible to receive awards under the Omnibus Plan.

Administration. Our Compensation Committee is responsible for the administration of the Omnibus Plan and, subject to the terms of the Omnibus Plan, has the discretion: to select Participants to receive awards; to determine all of the terms and conditions of each award, the performance goals, if any, applicable to each award, and the exercise price or base price, if any, associated with each award; and to interpret provisions of the Omnibus Plan and make all factual and legal determinations regarding the Omnibus Plan and any award agreements. Our Compensation Committee may, to the extent such action is not inconsistent with applicable law or stock exchange rules, delegate its powers and administrative responsibilities to one or more members of the Compensation Committee or to one or more officers or employees of the Company and also may delegate to one or more officers of the Company the determination of awards to Company employees, so long as the recipients are not executive officers of the Company.

Award Limits. The Omnibus Plan places limits on the maximum amount of each type of award that may be granted to any Participant in any calendar year. Under the Omnibus Plan, no Participant may receive awards of

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stock options or stock appreciation rights that cover in the aggregate more than 250,000 shares in any calendar year. Additionally, no Participant may receive awards of restricted stock or restricted stock units subject to performance goals that cover in the aggregate more than 250,000 shares or units, as the case may be, in any calendar year. Furthermore, no Participant may receive an annual incentive award that exceeds \$10 million in any calendar year. Lastly, the amount of any long-term incentive award paid to a Participant in any calendar may not exceed \$10 million. For each of these award limits, any unused shares or dollar amounts as of the close of the prior calendar year may be rolled over to the next calendar year and added to the applicable award limit.

Types of Awards. The Omnibus Plan provides for grants of stock options, stock appreciation rights, stock awards, performance awards (both cash and equity) and any other types of equity awards. The terms of the awards are embodied in an award agreement, and awards may be granted singly, in combination, or in tandem. All or part of an award may be subject to such terms and conditions established by our Compensation Committee, including, but not limited to, continuous service with the Company and its subsidiaries, achievement of specific business objectives and attainment of performance goals. No award may be re-priced.

Stock Options and Stock Appreciation Rights. The Omnibus Plan permits the granting of stock options to purchase shares of our Common Stock and stock appreciation rights. The exercise price of each stock option and stock appreciation right may not be less than the fair market value of our Common Stock on the date of grant. The term of each stock option or stock appreciation right may not exceed ten years from the date of grant. The Compensation Committee may provide for a graded vesting schedule, cliff vesting, immediate vesting or earlier vesting following an employee's termination of employment for death, disability or retirement or upon a change of control or other specified events. In the case of termination due to cause, all outstanding options expire immediately. Upon termination of employment (other than for cause), vested stock options generally must be exercised within 90 days following termination of employment or, if earlier, the original expiration date, but the unvested stock options generally would immediately terminate. In cases of termination due to death, disability or retirement, options must be exercised within three years from the date of termination of employment or, if earlier, the original expiration date. Upon death unvested options will generally automatically vest, but upon termination for disability or retirement, options would generally continue to vest according to their regular vesting schedule. In general, a grantee may pay the exercise price of an option in cash or shares of Common Stock.

Stock Awards. The Omnibus Plan permits the granting of stock awards. The Compensation Committee may provide for a graded vesting schedule, cliff vesting, immediate vesting or earlier vesting following an employee's termination of employment for death, disability or retirement or upon a change of control or other specified events. If a Participant ceases to be employed or service is terminated by reason of death or disability generally the stock award will vest as to a prorated portion of the shares based on the number of days the Participant actually worked since the grant date or in the case of a stock award that vests in installments, since the last vesting date. Upon retirement or early retirement stock awards will generally continue to vest according to their regular vesting schedule.

Performance Awards. The Omnibus Plan permits the granting of performance awards in the form of cash and/or equity. Performance awards are subject to the satisfaction of specified performance criteria. The Compensation Committee may provide for earlier vesting following an employee's termination of employment for death, disability or retirement or upon a change in control or other specified events. The performance goals determine the value and amount of performance awards that will be paid to Participants and the portion of an award that may be exercised to the extent such performance goals are met. The business criteria for performance goals that may be used by our Compensation Committee in establishing awards that are intended to qualify as performance-based compensation under IRC Section 162(m) are set forth above under the heading Overview of the Omnibus Plan, as Amended Business Criteria for Performance Goals.

Adjustments. If there are any changes in the number of shares of our Common Stock resulting from stock splits, stock dividends, reorganizations, recapitalizations, any merger or consolidation of the Company, or if any other

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event that affects our capitalization occurs, the number of shares of our Common Stock issuable under the Omnibus Plan, the individual limitations on the number of shares that may be awarded to any Participant, the aggregate number of shares subject to outstanding awards, and the respective prices and/or vesting of such awards will be adjusted to prevent enlargement or dilution of the benefits or potential benefits intended to be made available under the Omnibus Plan.

Amendment, Modification and Termination. The Board or Compensation Committee may amend, modify, suspend or terminate the Omnibus Plan, to the extent that no such action will materially adversely affect the rights of a Participant holding an outstanding award under the Omnibus Plan without such Participant's consent. However, the Company will obtain shareholder approval for any amendment to the Omnibus Plan to the extent required by applicable laws or stock exchange rules. In addition, without limiting the foregoing, unless approved by shareholders, no such amendment will be made which would (i) increase the number of shares available for issuance under the Omnibus Plan, (ii) lower the minimum exercise price at which an option or stock-settled stock appreciation right may be granted or (iii) extend the maximum term for options or stock-settled stock appreciation rights granted under the Omnibus Plan.

U.S. Federal Income Tax Consequences

The following is a description of the material U.S. federal income tax consequences generally arising under present law with respect to certain awards that may be granted under the Omnibus Plan.

A Participant to whom a nonqualified stock option (NQSO) is granted will recognize no income at the time of the grant. When the Participant exercises a NQSO, the Participant will generally recognize ordinary income equal to the excess, if any, of the fair market value (determined as of the date of exercise) of the Common Stock received over the option exercise price. Similarly, the grant of a stock appreciation right (SAR) will normally not result in taxable income to a Participant. At the time of exercise, the Participant will normally recognize ordinary compensation income in an amount equal to the cash and the fair market value of the Common Stock that the Participant receives to satisfy the SAR.

A Participant to whom an incentive stock option (ISO) which qualifies under Section 422 of the Internal Revenue Code is granted will generally recognize no income at the time of grant or at the time of exercise. However, upon the exercise of an ISO, the excess of the fair market value of the Common Stock over the exercise price thereof may result in the Participant being subject to an alternative minimum tax under applicable provisions of the Internal Revenue Code. When a Participant sells the Common Stock received upon exercise of an ISO more than one year after exercise and more than two years after the date of grant of such ISO, the Participant will normally recognize long-term capital gain or loss equal to the difference, if any, between the sale price of such shares at such time and the exercise price. If the Participant disposes of such shares before such periods end, the Participant will recognize ordinary compensation income equal to the lesser of (i) the difference, if any, between the fair market value of such shares on the date of exercise and the exercise price, and (ii) the difference, if any, between the sale price and the exercise price. Any other gain or loss on such sale (in addition to the ordinary income mentioned above), will normally be capital gain or loss.

Generally, we will be entitled to a deduction equal to the amount recognized as ordinary income by the Participant in connection with stock options and SARs. However, we generally are not entitled to a tax deduction relating to amounts that represent a capital gain to a Participant.

With respect to other awards granted under the Omnibus Plan that result in a transfer to the Participant of cash or shares or other property that is either not restricted as to transferability or not subject to a substantial risk of forfeiture, a Participant must generally recognize ordinary income equal to the cash or the fair market value of shares or other property actually received (less consideration paid for the shares, if any). With respect to awards involving shares or other property that is restricted as to transferability and subject to a substantial risk of forfeiture, the Participant must generally recognize ordinary income equal to the fair market value of the shares

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or other property received at the earliest time the shares or other property become transferable or not subject to a substantial risk of forfeiture (less consideration paid for the shares, if any). Recipients of restricted stock units generally should not recognize income until such units are converted into cash or shares, at which time a Participant must generally recognize ordinary income equal to the fair market value of the transferred shares at such time (less consideration paid for the shares, if any). Unless limited by IRC Section 162(m), the Company generally will be entitled to a deduction in an amount equal to the ordinary income recognized by the Participant with respect to these other awards.

Under Section 162(m) of the Internal Revenue Code, the Company may not deduct certain compensation over \$1,000,000 in any year to the Chief Executive Officer or any of the three other most highly compensated executive officers of the Company, other than the Chief Financial Officer, unless, among other things, this compensation qualifies as performance-based compensation under Section 162(m) of the Internal Revenue Code, and the material terms of the plan related to such compensation are approved by shareholders. For purposes of Section 162(m) of the Internal Revenue Code, the material terms include (1) the employees eligible to receive compensation, (2) a description of the business criteria on which performance goals are based, and (3) the maximum amount of compensation that can be paid to an employee during a specified period. Each of these aspects is discussed above under Overview of the Omnibus Plan, as Amended and Other Material Terms of the Omnibus Plan.

Compensation that qualifies as performance-based compensation is excluded from the \$1 million deductibility cap applicable to certain highly compensated employees under IRC Section 162(m), and therefore remains deductible by the company that pays it. Under the Omnibus Plan, options granted with an exercise price at least equal to 100% of fair market value of the underlying shares at the date of grant will be, and awards which are conditioned upon achievement of performance goals may be, intended to qualify as such performance-based compensation. A number of requirements must be met, however, in order for particular compensation to so qualify. Accordingly, there can be no assurance that such compensation under the Omnibus Plan will be fully deductible under all circumstances.

The Omnibus Plan and all awards are intended to be exempt from or comply with Section 409A of the Internal Revenue Code pursuant to the guidance issued thereunder in all respects and will be administered in a manner consistent with such intent.

The foregoing provides only a general description of the application of federal income tax laws to certain types of awards under the Omnibus Plan. This discussion is intended to assist shareholders in considering how to vote at the Annual Meeting and not as tax guidance to Participants in the Omnibus Plan, as the consequences may vary with the types of awards made, the identity of the recipients and the method of payment or settlement.

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The following table provides information concerning options granted under the Omnibus Plan since its inception.

Name and Principal Position	Stock Options
George R. Aylward President and Chief Executive Officer	23,120
Michael A. Angerthal Executive Vice President, Chief Financial Officer	15,867
Mark S. Flynn Executive Vice President, General Counsel	422
Barry M. Mandinach Executive Vice President, Head of Distribution	
Francis G. Waltman Executive Vice President, Head of Product Management	7,933
Current Executive Officers as a Group	51,675
All Employees, including All Current Officers who are not Executive Officers, as a Group	207,151

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2015 with respect to compensation plans under which shares of our Common Stock may be issued.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b) (1)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)(c)
Equity compensation plans approved by security holders (2)	348,253	\$ 18.78	322,986
Equity compensation plans not approved by security holders			
Total	348,253	\$ 18.78	322,986

(1)

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The weighted-average exercise price set forth in this column is calculated excluding outstanding restricted stock unit awards (RSUs) since recipients of such awards are not required to pay an exercise price to receive the shares subject to these awards. The weighted-average exercise price of outstanding options, warrants and rights, including RSUs, was \$8.45.

- (2) Represents 156,636 shares of Common Stock issuable upon the exercise of stock options and 191,617 shares of our Common Stock issuable upon the vesting of RSUs outstanding under the Company's Omnibus Incentive and Equity Plan (the Omnibus Plan). Of the 1,800,000 maximum number of shares of our Common Stock authorized for issuance under the Omnibus Plan, 80,639 shares of Common Stock have been issued on a cumulative basis in the form of direct grants to directors.

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Stock Price

The closing market price of a share of our Common Stock reported on the NASDAQ Stock Market on March 31, 2016 was \$78.11 per share.

Registration with the SEC

The Company will file a Registration Statement on Form S-8 with the Securities and Exchange Commission with respect to the shares of the Company's Common Stock to be registered pursuant to the Omnibus Plan as soon as reasonably practicable following shareholder approval and prior to the offering of any such shares.

A majority of the votes represented at the Annual Meeting, in person or by proxy and entitled to vote, is required to approve this proposal.

The Board recommends that shareholders vote FOR the approval of the amendment to the Company's Omnibus Plan

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**ITEM 3 RATIFICATION OF THE APPOINTMENT OF
THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for the current fiscal year ending December 31, 2016. PricewaterhouseCoopers LLP has audited our consolidated financial statements for the fiscal year ended December 31, 2015 and performed other services as described under **Fees Paid to the Independent Registered Public Accounting Firm** below.

We are submitting the selection of PricewaterhouseCoopers LLP to our shareholders for ratification as a matter of good corporate governance. If the appointment is not ratified by the shareholders of the Company, the Audit Committee may reconsider the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm. Even if the selection is ratified, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time it determines that a change would be in the best interests of the Company and our shareholders.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

A majority of the votes represented at the Annual Meeting, in person or by proxy and entitled to vote, is required to ratify the appointment of PricewaterhouseCoopers LLP.

The Board recommends a vote FOR the ratification of the appointment of

PricewaterhouseCoopers LLP

as our independent registered public accounting firm

for the fiscal year ending December 31, 2016

Fees Paid to the Independent Registered Public Accounting Firm

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