

PALLADINO WAYNE

Form 4

January 05, 2009

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

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

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
PALLADINO WAYNE

(Last) (First) (Middle)

C/O PZENA INVESTMENT
MANAGEMENT, INC., 120 WEST
45TH STREET, 20TH FLOOR

(Street)

NEW YORK, NY 10036

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol

Pzena Investment Management, Inc.
[PZN]

3. Date of Earliest Transaction
(Month/Day/Year)
12/31/2008

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
__X__ Officer (give title ____ Other (specify
below) below)
Chief Financial Officer

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

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Class A common stock, par value \$0.01				(A) or (D)	0	D	
Class B common stock, par value \$0.000001				(A) or (D)	279,110	D	

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

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SEC 1474
(9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Security (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount of Underlying Security (Instr. 3 and 4)
Class B Units	(1) (2) (3) (4) (5) (6)							(1)(2)(3)(4)(5)(6)	(1)(2)(3)(4)(5)(6)	Class A common stock, par value \$0.01	27,000,000
Right to acquire Class B Units	\$ 13.53							10/30/2007	01/01/2017	Class B Units	10,000,000
Right to acquire Class B Units	\$ 4.22	12/31/2008		A		50,000		12/31/2008	12/31/2018	Class B Units	50,000,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

PALLADINO WAYNE
C/O PZENA INVESTMENT MANAGEMENT, INC.
120 WEST 45TH STREET, 20TH FLOOR
NEW YORK, NY 10036

Chief Financial Officer

Signatures

/s/ Joan F. Berger, as attorney-in-fact for Wayne A. Palladino

01/05/2009

__Signature of Reporting Person

Date

Explanation of Responses:

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

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

Represents units of Pzena LLC that were reclassified as "Class B Units" of Pzena LLC on a one-for-one basis in connection with the amendment and restatement of Pzena LLC's operating agreement as of October 30, 2007 ("the Amended Pzena LLC Agreement"), among

- (1) Pzena Inc., as the Managing Member of Pzena LLC and the holder of certain units of Pzena LLC, and the holders of such reclassified units of Pzena LLC. Pursuant to the Amended Pzena LLC Agreement, each Class B Unit is exchangeable for a share of Class A common stock of Pzena Inc., subject to the timing and volume limitations set forth in the Amended Pzena LLC Agreement.

Pursuant to the Amended Pzena LLC Agreement, no Class B Units are exchangeable before Pzena Inc. has filed, and the Securities and Exchange Commission ("SEC") has declared effective, a registration statement on Form S-3 for the resale of shares of Class A common stock that are issuable upon exchange of Class B Units. Pursuant to the Resale and Registration Rights Agreement, dated as of October 30, 2007, among Pzena Inc. and the holders of Class B Units, Pzena Inc. has agreed to use its best efforts to file, and have the SEC declare effective, such a Form S-3 registration statement as soon as practicable after Pzena Inc. becomes eligible to use Form S-3.

- (3) On and after the effective date of such Form S-3 registration statement (the "First Effective Date"), Pzena Inc. will, pursuant to the Amended Pzena LLC Agreement, establish one or more dates (each, an "Exchange Date") in each 12-month period following the First Effective Date (each, an "Annual Period") on which holders of Class B Units may exchange a number of vested Class B Units that equals a certain percentage of the vested and unvested Class B Units held by them as of the first day of the applicable Annual Period; provided that if Pzena Inc. does not establish at least one Exchange Date in each Annual Period, the Exchange Date for such Annual Period will be the last business day of the Annual Period.

- (4) Pursuant to the Amended Pzena LLC Agreement, in each Annual Period from the First Effective Date until the date that the Reporting Person's employment with Pzena Inc. and Pzena LLC has been terminated (the "Employment Termination Date"), the Reporting Person and his Permitted Transferees (as defined in the Amended Pzena LLC Agreement),

- (5) (together, the "Reporting Person Group"), will be entitled to exchange a number of vested Class B Units which is equal to 15% of the number of vested and unvested Class B Units held by the Reporting Person Group as of the first day of each such Annual period on the applicable Exchange Date(s). From the day following the Employment Termination Date until the first anniversary of the Employment Termination Date, the Reporting Person Group will not be permitted to exchange any Class B Units.

From the day following the first anniversary of the Employment Termination Date until six months thereafter, the Reporting Person Group will be able to exchange a number of vested Class B Units which is equal to 75% of the number of vested and unvested Class B

- (6) Units held by the Reporting Person Group as of the Employment Termination Date on any Exchange Date that occurs within such six month period, if any. Thereafter, the Reporting Person Group will be entitled to exchange any and all of their vested Class B Units on any applicable Exchange Date.

On December 31, 2008, the Compensation Committee of the Board of Directors of Pzena Inc., granted the Reporting Person the right to acquire Class B Units of Pzena LLC for \$4.22 per unit until December 31, 2018, subject to earlier expiration upon the occurrence of

- (7) certain events. Pursuant to the Amended and Restated Certificate of Incorporation of Pzena Inc., when Pzena LLC issues a Class B Unit to a new or existing member of Pzena LLC, Pzena Inc. will concurrently issue one share of its Class B common stock to the holder of such Class B Unit in exchange for the par value thereof.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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