

DIAMOND HILL INVESTMENT GROUP INC
Form PRE 14A
February 23, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

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 under §240.14a-12

Diamond Hill Investment Group, 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):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

Title of each class of securities to which transaction applies:

(1)

Aggregate number of securities to which transaction applies:

(2)

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):

(3)

Proposed maximum aggregate value of transaction:

(4)

Total fee paid:

(5)

- Fee paid previously with preliminary materials.
Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and
- identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

1

Table of Contents

DIAMOND HILL INVESTMENT GROUP, INC.
ANNUAL LETTER TO SHAREHOLDERS

March 10, 2017

Dear Fellow Shareholders:

[INSERT ANNUAL LETTER TO SHAREHOLDERS]

Sincerely,
Chris Bingaman
Chief Executive Officer

Table of Contents

Diamond Hill Investment Group, Inc.
325 John H. McConnell Boulevard, Suite 200
Columbus, Ohio 43215

March 10, 2017

Dear Shareholders:

We cordially invite you to attend the 2017 Annual Meeting of Shareholders of Diamond Hill Investment Group, Inc. to be held at The Eye Center of Columbus, 262 Neil Ave., Columbus, Ohio 43215, on Wednesday, April 26, 2017, at 10:00 a.m. Eastern Daylight Saving Time.

The attached Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted at the meeting. During the meeting, we will also report on our operations and our directors and officers will be present to respond to any appropriate questions you may have. On behalf of the Board of Directors, we urge you to sign, date and return the enclosed proxy card as soon as possible, even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person, but will ensure that your vote is counted if you are unable to attend the Annual Meeting. Your vote is important, regardless of the number of shares you own.

Sincerely,
Christopher M. Bingaman
Chief Executive Officer

Table of Contents

Diamond Hill Investment Group, Inc.
325 John H. McConnell Boulevard, Suite 200, Columbus, Ohio 43215

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 26, 2017

Notice is hereby given that the 2017 Annual Meeting of Shareholders (the "Annual Meeting") of Diamond Hill Investment Group, Inc. (the "Company"), will be held at The Eye Center of Columbus, 262 Neil Ave., Columbus, Ohio 43215, on Wednesday, April 26, 2017, at 10:00 a.m. Eastern Daylight Saving Time to consider and act upon the following matters:

- 1) the election of six directors to serve on the Company's Board of Directors until the Company's 2018 Annual Meeting of Shareholders and until their successors have been duly elected and qualified;
- 2) the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017;
- 3) an amendment to the Company's Amended and Restated Articles of Incorporation (the "Articles") and a related amendment to the Company's Amended and Restated Code of Regulations (the "Regulations") to implement majority voting in uncontested director elections unless cumulative voting is in effect;
- 4) an amendment to the Articles and a related amendment to the Regulations to eliminate cumulative voting;
- 5) a non-binding, advisory resolution to approve the compensation of the Company's named executive officers;
- 6) an advisory vote on the frequency of advisory votes on the compensation of the Company's executive officers; and
- 7) such other business as may properly come before the Annual Meeting or any adjournment thereof.

Action may be taken on the foregoing proposals at the Annual Meeting or at any adjournment of the Annual Meeting. The Board of Directors has fixed the close of business on March 3, 2017, as the record date for determination of the shareholders entitled to vote at the Annual Meeting and any adjournments thereof. Please complete, sign and date the enclosed proxy card, which is solicited by the Company's Board of Directors, and mail it promptly in the enclosed envelope. Alternatively, you may vote by phone or electronically over the Internet in accordance with the instructions on the enclosed proxy card. Returning the enclosed proxy card, or transmitting voting instructions electronically through the Internet or by telephone, does not affect your right to vote in person at the Annual Meeting. If you attend the Annual Meeting you may revoke your proxy and vote in person if your shares are registered in your name.

PROMPTLY RETURNING YOUR PROXY WILL SAVE THE COMPANY THE EXPENSE OF MAKING FURTHER REQUESTS FOR PROXIES IN ORDER TO OBTAIN A QUORUM. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE. ALTERNATIVELY, REFER TO THE INSTRUCTIONS ON THE PROXY CARD TO TRANSMIT YOUR VOTING INSTRUCTIONS VIA THE INTERNET OR BY TELEPHONE.

By order of the Board of Directors,

James F. Laird , Secretary

Columbus, Ohio
March 10, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 26, 2017:

The Proxy Statement and the Company's 2016 Annual Report on Form 10-K are available without charge at the following location:

<http://www.diamond-hill.com/proxy>

Table of Contents

Table of Contents

Diamond Hill Investment Group, Inc.
325 John H. McConnell Boulevard, Suite 200
Columbus, Ohio 43215

PROXY STATEMENT
FOR THE ANNUAL MEETING OF SHAREHOLDERS OF
DIAMOND HILL INVESTMENT GROUP, INC.
TO BE HELD ON APRIL 26, 2017

This Proxy Statement is being furnished to the shareholders of Diamond Hill Investment Group, Inc., an Ohio corporation (the "Company", "we", "us" or "our"), in connection with the solicitation of proxies by our Board of Directors (the "Board") for use at our 2017 Annual Meeting of Shareholders (the "Annual Meeting") to be held at 10:00 a.m. Eastern Daylight Saving Time on April 26, 2017, and any adjournment thereof. A copy of the Notice of Annual Meeting accompanies this Proxy Statement. This Proxy Statement and the enclosed proxy are first being mailed to shareholders on or about March 10, 2017. Only our shareholders of record at the close of business on March 3, 2017, the record date for the Annual Meeting, are entitled to notice of, and to vote at, the Annual Meeting.

The purposes of this Annual Meeting are:

- 1) To elect six directors to serve on our Board until our 2018 Annual Meeting of Shareholders and until their successors have been duly elected and qualified;
- 2) To consider and vote upon a proposal to ratify the appointment of KPMG LLP ("KPMG") as our independent registered public accounting firm for the fiscal year ending December 31, 2017;

To consider and vote upon amendments to the Company's Amended and Restated Articles of Incorporation (the "Articles") and the Company's Amended and Restated Code of Regulations (the "Regulations") to implement majority voting in uncontested director elections unless cumulative voting is in effect;
- 4) To consider and vote upon amendments to the Articles and the Regulations to eliminate cumulative voting;
- 5) To consider and vote upon a non-binding, advisory resolution to approve the compensation of our named executive officers;
- 6) To hold an advisory vote on the frequency of advisory votes on the compensation of the Company's executive officers; and
- 7) To transact such other business that may properly come before the Annual Meeting or any adjournment thereof.

Those common shares represented by (i) properly signed proxy cards received by us prior to the Annual Meeting or (ii) properly authenticated voting instructions recorded electronically over the Internet or by telephone prior to 7:00 p.m. Eastern Daylight Saving Time on April 25, 2017 and, in each case, that are not revoked, will be voted at the Annual Meeting as directed by the shareholders. If a shareholder submits a valid proxy and does not specify how the common shares should be voted, they will be voted as recommended by the Board. The proxy holders will use their best judgment regarding any other matters that may properly come before the Annual Meeting.

Table of Contents

TABLE OF CONTENTS

Section	Page
<u>QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING</u>	<u>1</u>
<u>PROCEDURAL MATTERS</u>	<u>2</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>5</u>
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>6</u>
<u>PROPOSAL 1 — ELECTION OF DIRECTORS</u>	<u>6</u>
<u>DIRECTOR INDEPENDENCE</u>	<u>6</u>
<u>THE NOMINEES</u>	<u>6</u>
<u>THE BOARD OF DIRECTORS AND COMMITTEES</u>	<u>8</u>
<u>COMPENSATION OF DIRECTORS</u>	<u>9</u>
<u>CORPORATE GOVERNANCE</u>	<u>11</u>
<u>EXECUTIVE OFFICERS AND COMPENSATION INFORMATION</u>	<u>14</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>14</u>
<u>STOCK OWNERSHIP GUIDELINES</u>	<u>19</u>
<u>SUMMARY COMPENSATION TABLE</u>	<u>20</u>
<u>GRANTS OF PLAN BASED AWARDS FOR 2014</u>	<u>21</u>
<u>OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2014</u>	<u>21</u>
<u>OPTION EXERCISES AND STOCK VESTED FOR 2014</u>	<u>22</u>
<u>PENSION PLANS AND NON-QUALIFIED DEFERRED COMPENSATION</u>	<u>22</u>
<u>EMPLOYMENT AGREEMENTS</u>	<u>22</u>
<u>COMPENSATION COMMITTEE REPORT</u>	<u>23</u>
<u>PROPOSAL 2 — RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>24</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>25</u>
<u>PROPOSAL 3 - AMEND THE COMPANY'S AMENDED AND RESTATED ARTICLES OF INCORPORATION AND AMENDED AND RESTATED CODE OF REGULATIONS TO IMPLEMENT MAJORITY VOTING IN UNCONTESTED DIRECTOR ELECTIONS UNLESS CUMULATIVE VOTING IS IN EFFECT</u>	<u>26</u>
<u>PROPOSAL 4 - AMEND THE COMPANY'S AMENDED AND RESTATED ARTICLES OF INCORPORATION AND AMENDED AND RESTATED CODES OF REGULATION TO ELIMINATE CUMULATIVE VOTING</u>	<u>28</u>
<u>PROPOSAL 5 - ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS</u>	<u>29</u>
<u>PROPOSAL 6 - ADVISORY VOTE ON THE FREQUENCY WITH WHICH TO HOLD AN ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S EXECUTIVE OFFICERS</u>	<u>30</u>
<u>ADDITIONAL INFORMATION</u>	<u>31</u>
<u>SHAREHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS</u>	<u>31</u>
<u>SHAREHOLDER PROPOSALS FOR 2018 ANNUAL MEETING</u>	<u>31</u>
<u>SHAREHOLDERS SHARING THE SAME ADDRESS</u>	<u>31</u>
<u>OTHER BUSINESS</u>	<u>32</u>
<u>APPENDIX A - DRAFT CHANGES TO ARTICLES OF INCORPORATION TO REFLECT ADDITION OF MAJORITY VOTING</u>	<u>A-1</u>
<u>APPENDIX B - DRAFT CHANGES TO ARTICLES OF INCORPORATION TO REFLECT ELIMINATION OF CUMULATIVE VOTING</u>	<u>B-1</u>

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: When and where will the Annual Meeting take place?

A: The Annual Meeting will be held at The Eye Center of Columbus, 262 Neil Ave., Columbus, Ohio 43215, on Wednesday, April 26, 2017, at 10:00 a.m. Eastern Daylight Saving Time.

Q: What may I vote on?

A: At the Annual Meeting, you will be asked to consider and vote upon:

- the election of six directors to serve on the Board until our 2018 Annual Meeting of Shareholders;
- the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;
- amendments to the Articles and Regulations to implement majority voting in uncontested director elections unless cumulative voting is in effect;
- amendments to the Articles and Regulations to eliminate cumulative voting;
- a non-binding, advisory resolution to approve the compensation of our named executive officers; and
- an advisory vote on the frequency of advisory votes on the compensation of the Company's executive officers.

Q: What do I need to do now?

After carefully reading this Proxy Statement, indicate on the enclosed proxy card how you want your shares to be voted and sign and mail the proxy card promptly in the enclosed envelope. Alternatively, you may vote by phone or over the Internet in accordance with the instructions on your proxy card. The deadline for transmitting voting instructions over the Internet or telephonically is 7:00 p.m. Eastern Daylight Saving Time on Tuesday, April 25, 2017. If you vote by phone or over the Internet you do not need to return a proxy card. You should be aware that if you vote over the Internet or by phone, you may incur costs associated with electronic access, such as usage charges from Internet service providers and telephone companies.

Q: What does it mean if I get more than one proxy card?

A: If your shares are registered in more than one account, you will receive more than one proxy card. If you intend to vote by mail, please sign, date and return all proxy cards to ensure that all your shares are voted. If you are a record holder and intend to vote by telephone or over the Internet, you must do so for each individual proxy card you receive.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Many shareholders are beneficial owners, meaning they hold their shares in "street name" through a broker, bank or other nominee. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record. For shares registered directly in your name with our transfer agent, you are considered the shareholder of record and we are sending this Proxy Statement and related materials directly to you. As a shareholder of record, you have the right to vote in person at the Annual Meeting or you may grant your proxy directly to the Board's designees by completing, signing and returning the enclosed proxy card, or transmitting your voting instructions over the Internet or by phone.

Beneficial Owner. For shares held in “street name,” you are considered the beneficial owner and this Proxy Statement and related materials are being forwarded to you by your broker, bank or other nominee, who is the shareholder of record. As the beneficial owner, you have the right to direct your broker or other nominee on how to vote your shares. Your broker or nominee will provide you with information on the procedures you must follow to instruct them how to vote your shares or how to revoke previously given voting instructions.

Q: If my shares are held in “street name” by my broker, will my broker vote my shares for me?

Your broker will vote your shares in the manner you instruct, and you should follow the voting instructions your broker provided to you. However, if you do not provide voting instructions to your broker, it may vote your shares in its discretion on certain “routine” matters. The ratification of the appointment of KPMG as our independent A: registered public accounting firm for the 2017 fiscal year is considered routine, and if you do not submit voting instructions, your broker may choose, in its discretion, to vote or not vote your shares on the ratification. None of the other matters to be voted on at the Annual Meeting are routine, and your broker may not vote your shares on those matters without your instructions.

Table of Contents

Q: May I revoke my proxy or change my vote after I have mailed a proxy card or voted electronically over the Internet or by telephone?

A: Yes. You can change your vote at any time before your proxy is voted at the Annual Meeting. If you are the record holder of the shares, you can do this in three ways:

• send a written statement to James F. Laird, our Secretary, stating that you would like to revoke your proxy, which must be received prior to the Annual Meeting;

• send a newly signed and later-dated proxy card, which must be received prior to the Annual Meeting, or submit a later-dated electronic voting instructions over the Internet or by telephone no later than 7:00 p.m. Eastern Daylight Saving Time on April 25, 2017; or

• attend the Annual Meeting and either revoke your proxy in person prior to the start of voting at the Annual Meeting or vote in person at the Annual Meeting (attending the Annual Meeting will not, by itself, revoke your proxy or a prior Internet or telephone vote).

If you are a beneficial owner, you may change your vote by submitting new voting instructions to your broker or nominee. You should review the instructions provided by your broker or nominee to determine the procedures you must follow.

Q: Can I vote my shares in person at the Annual Meeting?

A: You may vote shares held of record in person at the Annual Meeting. If you choose to attend, please bring the enclosed proxy card and a form of identification. If you are a beneficial owner and you wish to attend the Annual Meeting and vote in person, you will need a signed proxy from your broker or other nominee giving you the right to vote your shares at the Annual Meeting and a form of identification. To obtain directions to attend the Annual Meeting and vote in person, please call our office at (614) 255-3333 or visit the Company's website, <http://www.diamond-hill.com/contact/>.

Q: How will my shares be voted if I submit a proxy without voting instructions?

A: If you submit a proxy and do not indicate how you want your shares voted, your proxy will be voted on the proposals as recommended by the Board. The Board's recommendations are set forth in this Proxy Statement.

Q: Who can answer my questions about how I can submit or revoke my proxy or vote by phone or via the Internet?

A: If you are a record holder and have more questions about how to submit your proxy, please call Tom Line, the Company's Chief Financial Officer, at (614) 255-3333. If you are a beneficial owner, you should contact your broker or other nominee to determine the procedures you must follow.

PROCEDURAL MATTERS

Record Date

Only our shareholders of record at the close of business on March 3, 2017, the record date, will be entitled to vote at the Annual Meeting. As of the record date, there were [] of our common shares outstanding and entitled to vote at the Annual Meeting.

Proxy

Your shares will be voted at the Annual Meeting as you direct on your signed proxy card or in your telephonic or Internet voting instructions. If you submit a proxy card without voting instructions, it will be voted as recommended by the Board. The Board's recommendations are set forth in this Proxy Statement. The duly appointed proxy holders will vote in their discretion on any other matters that may properly come before the Annual Meeting.

Voting

Each outstanding share may cast one vote on each separate matter of business properly brought before the Annual Meeting. If you hold shares in street name, we encourage you to instruct your broker or other nominee as to how to vote your shares.

A shareholder voting in the election of directors may cumulate such shareholder's votes and give one candidate a number of votes equal to (i) the number of directors to be elected (six), multiplied by (ii) the number of shares held by the shareholder, or may distribute

Table of Contents

such shareholder's total votes among as many candidates as the shareholder may select. However, no shareholder will be entitled to cumulate votes unless the candidate's name has been placed in nomination prior to voting and a shareholder has given us notice at least 48 hours prior to the Annual Meeting of the intention to cumulate votes. The proxies the Board is soliciting include the discretionary authority to cumulate votes. If cumulative voting occurs at the Annual Meeting, the proxies intend to vote the shares represented by proxy in a manner to elect as many of the six director nominees as possible. Cumulative voting only applies to the election of directors.

Director elections. The affirmative vote of the holders of a plurality of the shares present at the Annual Meeting, in person or by proxy, and entitled to vote is required for the election of directors. The six nominees receiving the most votes will be elected.

Ratification of selection of KPMG. The affirmative vote of a majority of the shares present at the Annual Meeting, in person or by proxy, and entitled to vote on the proposal is required to ratify the selection of KPMG as the Company's independent registered public accounting firm for fiscal year 2017.

Amendments to Articles and Regulations to implement majority voting. The affirmative vote of a majority of the Company's outstanding common shares is required to amend the Articles and Regulation to implement majority voting in uncontested director elections unless cumulative voting is in effect.

Amendments to Articles and Regulations to eliminate cumulative voting. The affirmative vote of a majority of the Company's outstanding common shares is required to amend Articles and Regulation to eliminate cumulative voting.

Advisory approval of named executive officer compensation. The affirmative vote of a majority of the shares present at the Annual Meeting, in person or by proxy, and entitled to vote on the proposal is required for shareholder advisory approval of the compensation of the Company's named executive officers.

Recommendation of frequency of shareholder votes on named executive officer compensation. Shareholders may vote in favor of holding the vote on named executive officer compensation every year, every two years or every three years, or they may abstain. Although the frequency receiving the affirmative vote of the holders of a plurality of the shares present, in person or by proxy, and entitled to vote would be deemed the shareholder recommendation, the Board will take the results of the voting into account in determining how frequently to hold shareholder advisory votes on named executive officer compensation.

Effect of broker non-votes and abstentions. Under the applicable regulations of the Securities and Exchange Commission (the "SEC") and the rules of the exchanges and other self-regulatory organizations of which the brokers are members, brokers who hold common shares in street name for beneficial owners may sign and submit proxies and may vote our common shares on certain "routine" matters. The ratification of KPMG is considered routine. Under applicable stock exchange rules, brokers are not permitted to vote without instruction in the election of directors or on the amendments to the Articles and the Regulations to implement majority voting and to eliminate cumulative voting in director elections. In addition, SEC regulations prohibit brokers from voting without customer instruction on the approval of named executive officer compensation. Proxies that are signed and submitted by brokers that have not been voted on certain matters are referred to as "broker non-votes."

Neither broker non-votes nor abstentions will have any effect on the election of directors. Abstentions will have the same effect as a vote against the ratification of the appointment of KPMG and the advisory approval of named executive officer compensation; although, broker non-votes will have no effect on those proposals. Abstentions and non-votes will have the same effect as a vote against the proposals to amend the Articles and Regulations to implement majority voting and to eliminate cumulative voting.

Quorum

Business can be conducted at the Annual Meeting only if a quorum, consisting of at least the holders of a majority of our outstanding shares entitled to vote, is present, either in person or by proxy. Abstentions and broker non-votes will be counted toward establishing a quorum. If a quorum is not present at the time the Annual Meeting is convened, a majority of the shares represented in person or by proxy may adjourn the Annual Meeting to a later date and time, without notice other than announcement at the Annual Meeting. At any such adjournment of the Annual Meeting at which a quorum is present, any business may be transacted which might have been transacted at the Annual Meeting as originally called.

Solicitation; Expenses

We will pay all expenses of the Board's solicitation of the proxies for the Annual Meeting, including the cost of preparing, assembling and mailing the Notice, form of proxy and Proxy Statement, postage for return envelopes, the handling and expenses for tabulation of proxies received, and charges of brokerage houses and other institutions, nominees or fiduciaries for forwarding such documents to beneficial owners. We will not pay any electronic access charges associated with Internet or telephonic voting incurred by a shareholder.

Table of Contents

We may solicit proxies in person or by telephone, facsimile or e-mail, and our officers, directors and employees may also assist with solicitation, but will receive no additional compensation for doing so.

No person is authorized to give any information or to make any representation not contained in this Proxy Statement, and you should not rely on any such information or representation. This Proxy Statement does not constitute the solicitation of a proxy in any jurisdiction from any person to whom it is unlawful to make such proxy solicitation in such jurisdiction. The delivery of this Proxy Statement shall not, under any circumstances, imply that there has not been any change in the information set forth herein since the date of this Proxy Statement.

Requests for Proxy Statement and Annual Report on Form 10-K; Internet Availability

Our Annual Report on Form 10-K for the year ended December 31, 2016, including audited consolidated financial statements, accompanies this Proxy Statement but is not a part of the proxy solicitation material. We are delivering a single copy of this Proxy Statement and the Form 10-K to multiple shareholders sharing an address unless we have received instructions from one or more of the shareholders to the contrary. We will promptly deliver a separate copy of the Proxy Statement and/or Form 10-K, at no charge, upon receipt of a written or oral request by a record shareholder at a shared address to which a single copy of the documents was delivered. Written or oral requests for a separate copy of the documents, or to provide instructions for delivery of documents in the future, may be directed to James F. Laird, Secretary of the Company, at 325 John H. McConnell Boulevard, Suite 200, Columbus, Ohio 43215 or by phone at (614) 255-3333. Additionally, this Proxy Statement and our Annual Report on Form 10-K are available on the internet free of charge at: <http://www.diamond-hill.com/proxy>.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth beneficial ownership of our common shares as of the record date, March 3, 2017, by (a) all persons known by us to beneficially own five percent or more of the Company's outstanding shares, (b) each director of the Company, (c) our Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer, and (d) all of our executive officers, directors, and nominees as a group. Although not required, we have also voluntarily disclosed all common shares beneficially owned by all other employees of the Company, excluding our executive officers. Unless otherwise indicated, the named persons exercise sole voting and dispositive power over the shares listed. None of the named persons hold any outstanding options to acquire our common shares, and none of the named persons have pledged any common shares of the Company as security.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class ⁽¹⁾
Christopher M. Bingaman		(2) *
R. H. Dillon		(2)
Randolph J. Fortener		*
James F. Laird		
Thomas E. Line		(2) *
Paul A. Reeder III		*
Bradley C. Shoup		*
Frances A. Skinner		*
Lisa M. Wesolek		(2) *
Directors, nominees, and executive officers as a group (9 persons)	—	
All other employees of the Company (110 persons)	580,411	(3)
5% Beneficial Owners		
FMR LLC ⁽⁴⁾	250,290	
BlackRock, Inc. ⁽⁵⁾	224,787	
Wells Fargo & Company ⁽⁶⁾	192,087	

Beneficial ownership of less than one percent is represented by an asterisk (*). The percent of class is based upon (1)(a) the number of shares beneficially owned by the named person, divided by (b) [], which was the total number of shares that were issued and outstanding as of March 3, 2017.

Includes [] shares, [] shares, [] shares, and [] shares for Mr. Bingaman, Mr. Dillon, Mr. Line, and Ms. Wesolek, (2) respectively, that are held in the Company's 401(k) plan, over which the Trustee of the 401(k) Plan possess the voting power and which are subject to restrictions on the power to dispose of these shares.

Includes all employees of Diamond Hill Investment Group, Inc. and its subsidiaries as of March 3, 2017, excluding executive officers. Each employee has sole voting power. Certain shares are subject to restrictions on the power to (3) dispose of the shares. The employees do not constitute a Group as defined by Rule 13d-1 of the Exchange Act.

Includes [] shares held in the Company's 401(k) plan, over which the Trustees of the 401(k) Plan possess the voting power and which are subject to restrictions on the power to dispose of these shares.

The address for FMR LLC is 245 Summer Street, Boston, MA 02210. Based on information contained in a (4) Schedule 13G/A filed with the SEC on February 14, 2017, by FMR LLC. In this Schedule 13G, FMR LLC reported sole voting power over 56,337 shares and sole dispositive power over 250,290 shares on behalf of Fidelity Institutional Asset Management Trust Company and FMR Co. Inc..

(5) The address for BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022. Based on information contained in a Schedule 13G/A filed with the SEC on January 23, 2017, by BlackRock, Inc. In this Schedule 13G/A, BlackRock, Inc. reported sole voting power over 218,628 shares and sole dispositive power over 224,787 shares on behalf of the following subsidiaries: BlackRock (Netherlands) B.V., BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Institutional Trust

Company, N.A., and BlackRock Investment Management, LLC.

The address for Wells Fargo & Company is 420 Montgomery Street, San Francisco, CA 94163. Based on information contained in a Schedule 13G filed with the SEC on January 27, 2017, by Wells Fargo & Company. In this Schedule 13G, Wells Fargo & Company reported sole voting and dispositive power over 2,148 shares, shared (6) voting power over 84,951 shares, and shared dispositive power over 189,939 shares on behalf of the following subsidiaries: Wells Fargo Clearing Services, LLC, Wells Fargo Advisors Financial Network, and Wells Fargo Bank, N.A.

Table of Contents

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors, and any persons who beneficially own more than ten percent of the Company's shares (the "Reporting Persons"), to file with the SEC initial reports of beneficial ownership on Form 3 and reports of changes in beneficial ownership on Form 4 and Form 5 by specified deadlines. Reporting Persons are required by SEC regulations to furnish to the Company copies of all Section 16(a) reports they file with the SEC. Based solely upon a review of the Forms 3, 4 and 5 furnished to the Company and statements made by Reporting Persons that no other Section 16(a) reports were required to be filed by them, we believe that the Reporting Persons complied with all filing requirements applicable to them with respect to transactions during the fiscal year ended December 31, 2016, except that a Form 4 for Ms. Wesolek was filed late.

PROPOSAL 1 — ELECTION OF DIRECTORS

The Board guides the strategic direction of the Company and oversees its management. All of our directors are elected annually. Pursuant to the recommendation of the Nominating and Governance Committee, the Board has nominated the six nominees listed below for election, all of whom are incumbents, to hold office until the next annual meeting of shareholders and until their respective successors are elected and qualified. If any nominee becomes unable or unwilling to serve between the date of this proxy statement and the Annual Meeting, proxies will be voted FOR the election of a replacement recommended by the Nominating and Governance Committee and approved by the Board.

Director Independence

The Board has determined that, with the exception of Mr. Dillon and Mr. Laird, all of our nominees are independent under the rules and independence standards of The NASDAQ Stock Market ("NASDAQ"), as well as applicable SEC requirements. There are no family relationships among our directors and executive officers.

The Nominees

The Board has determined that all of our director nominees are qualified to serve as directors of the Company. In addition to the specific business experience listed below, each of our director nominees has the tangible and intangible skills and attributes that we believe are required to be an effective director of the Company, including experience at senior levels in areas of expertise helpful to the Company, a willingness and commitment to assume the responsibilities required of a director, and the character and integrity we expect of our directors. The specific qualifications of each individual nominee are set forth under his or her name below.

R. H. Dillon, CFA, age 60, has been a director of the Company since 2001 and chairman since 2015. He served as the CEO of the Company from 2000 to 2015 and continues to serve as a portfolio manager. Mr. Dillon has over 35 years of experience in the investment management industry.

Mr. Dillon received his BS and MA from The Ohio State University and his MBA from University of Dayton. Mr. Dillon also holds the Chartered Financial Analyst designation.

The Board believes that Mr. Dillon's qualifications to serve on the Board include his 15 years of experience as CEO and a portfolio manager of the Company, his in-depth knowledge and involvement in our operations and his more than 30 years of experience as an investment professional.

Randolph J. Fortener, age 63, has been an independent director of the Company since 2013, is the chair of the Audit Committee, serves on the Nominating and Governance Committee and Compensation Committee, and is an audit committee financial expert, as defined by the SEC. Since 2014, Mr. Fortener has been the CEO of Cozzins Road

Capital, a private investment firm. As CEO of Cozzins Road Capital, Mr. Fortener directs all investment and acquisition activity for the company. Previously, Mr. Fortener worked at the Crane Group, a private holding and management company, based in Columbus, Ohio, from 1990 to 2014 and served as the president of Crane Investment Company from 2007 to 2014. Prior to joining the Crane Group, Mr. Fortener was a partner at Deloitte & Touche LLP, a big four accounting firm, providing services to investment banking firms. Mr. Fortener also specialized in estate and tax planning for privately held businesses while with Deloitte. Mr. Fortener has over 35 years of business experience, with an emphasis on corporate acquisitions and investments.

Table of Contents

Mr. Fortener received a BS in accounting from The University of Findlay and an MBA in finance from the University of Dayton and is a Certified Public Accountant (inactive).

Mr. Fortener's qualifications to serve on the Board include his substantial experience in accounting and financial matters, including his significant experience as a certified public accountant and his experience on other corporate boards.

James F. Laird, CPA, age 60, has been a director of the Company since 2011, Secretary since 2001 and served as the Chief Financial Officer and Treasurer of the Company and President of Diamond Hill Funds from 2001 to 2014. Mr. Laird is currently retired. Mr. Laird has over 25 years of experience in the investment management industry.

Mr. Laird received his BS in Accounting from The Ohio State University, is a Certified Public Accountant, and previously held the Series 7, 24, 26, 27 and 63 securities licenses with the Financial Industry Regulatory Authority.

Mr. Laird's qualifications to serve on the Board include his 13 years of experience as CFO of the Company, his in-depth knowledge and involvement in our operations and his more than 25 years of experience in the financial, operational, administrative, and distribution aspects of the investment management industry.

Paul A. Reeder, III, age 55, has been an independent director of the Company since 2015 and serves on the Audit Committee, Nominating and Governance Committee, and the Compensation Committee, and is an audit committee financial expert, as defined by the SEC. Mr. Reeder has been the President of PAR Capital Management, a private investment management firm, since 1990.

Mr. Reeder received his BA from Oberlin College and his Master's degree from the Sloan School of Management at MIT.

Mr. Reeder's qualifications to serve on the Board include his substantial experience of over 30 years in the investment management industry as an analyst, portfolio manager, and a principal executive of a private investment partnership.

Bradley C. Shoup, age 58, has been an independent director of the Company since 2012, is the chair of the Nominating and Governance Committee, serves on the Audit Committee and Compensation Committee, and is an audit committee financial expert, as defined by the SEC. Mr. Shoup is currently a private investor. He was a Partner at Falcon Fund Management Ltd. from 2013 to 2016. From 2011 to 2013, Mr. Shoup was Managing Director of Cox Partners, Inc. From 2007 to 2011, Mr. Shoup was Chief Investment Officer of Armstrong Equity Partners LP.

Mr. Shoup received his BS in Civil Engineering with Distinction from the University of Kansas and his Master's degree from the Sloan School of Management at MIT.

Mr. Shoup's qualifications to serve on the Board include over 20 years of experience in the investment management industry.

Frances A. Skinner, CFA, CPA, age 52, has been an independent director of the Company since 2010, is the chair of the Compensation Committee, serves on the Audit Committee and Nominating and Governance Committee, and is an audit committee financial expert, as defined by the SEC. Ms. Skinner has been a partner with AUM Partners, LLC, a management consulting firm specializing in the investment management industry, since 2009. Prior to joining AUM Partners, she was a principal with Focus Consulting Group, Inc., a management consulting firm specializing in the investment management industry from 2003 to 2009. Ms. Skinner also spent 16 years at Allstate Investments, LLC, where she worked on developing compensation and incentive programs for investment professionals. Ms. Skinner has over 25 years of experience in the areas of investment management, finance and consulting. She is a co-author of the

book *High Performing Investment Teams* (Wiley, 2006).

Ms. Skinner received her BA from St. Xavier University and her MBA from the University of Illinois – Chicago. Ms. Skinner also holds the Chartered Financial Analyst designation and is a Certified Public Accountant.

Ms. Skinner’s qualifications to serve on the Board include her significant experience in the global investment management industry and experience in developing and consulting on matters of leadership, teamwork, performance evaluation, and compensation practices.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF R. H. DILLON, RANDY J. FORTENER, JAMES F. LAIRD, PAUL A. REEDER, III, BRADLEY C. SHOUP, AND FRANCES A. SKINNER AS DIRECTORS OF THE COMPANY.

7

Table of Contents

THE BOARD OF DIRECTORS AND COMMITTEES

The Board held a total of four meetings during the year ended December 31, 2016. Each director attended all of the meetings of the Board and its committees of which he or she was a member. Consistent with our Corporate Governance Guidelines, the independent directors met in executive session at each regularly scheduled Board meeting in 2016. Our Corporate Governance Guidelines provide that all directors are expected to attend each annual meeting of shareholders. All of our then incumbent directors attended our 2016 Annual Meeting of Shareholders.

Corporate Governance

The Board has three standing committees: the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee. The Board has adopted a written charter for each Committee. Current copies of each committee charter and our Corporate Governance Guidelines are available on our website, ir.diamond-hill.com, under the heading “Corporate Governance” on the right hand side of the site.

Pursuant to rules promulgated under the Sarbanes-Oxley Act of 2002, the Board has adopted a Code of Ethics for Principal Executive and Senior Financial Officers. This code is intended to deter wrongdoing and promote honest and ethical conduct, full, timely and accurate reporting, compliance with laws, and accountability for adherence to the code, including internal reporting of code violations.

We also have a Code of Business Conduct and Ethics that is applicable to all of our employees and directors, a copy of which was filed as an exhibit to our Annual Report on Form 10-K filed with the SEC on March 7, 2014. It is our policy to require all employees to participate annually in continuing education and training relating to the Code of Business Conduct and Code of Ethics.

We also have established a policy prohibiting our officers, directors, and employees from purchasing or selling shares of the Company while in possession of material, nonpublic information, or otherwise using such information for their personal benefit or in any manner that would violate applicable laws and regulations. The policy also prohibits all employees and directors from purchasing or selling any derivative arrangement related to securities of the Company or engaging in any speculative, short selling, or hedging activities related to securities of the Company that may have a similar economic effect.

Audit Committee

Mr. Fortener, Mr. Reeder, Mr. Shoup, and Ms. Skinner serve on the Audit Committee, which met four times during 2016. Mr. Fortener serves as the Chair of the Audit Committee. The Board has determined that each of these committee members meets the independence and financial literacy rules and standards of the SEC and NASDAQ. The Board also has concluded that each of Mr. Fortener, Mr. Reeder, Mr. Shoup, and Ms. Skinner also meets the criteria to be an audit committee financial expert as defined by the SEC.

The primary purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the retention of our independent registered public accounting firm, including appointing and overseeing the terms of its engagement and its performance, qualifications and independence, and the integrity of our financial statements, other financial information provided to shareholders, and our internal control structure. The Audit Committee also reviews all related person transactions for potential conflicts of interest on an ongoing basis and all such transactions must be approved by the Audit Committee. Additional information on the approval of related person transactions is available under the heading “Certain Relationships and Related Person Transactions” below. The report of the Audit Committee appears below the heading “AUDIT COMMITTEE REPORT.”

Table of Contents

Compensation Committee

Mr. Fortener, Mr. Reeder, Mr. Shoup, and Ms. Skinner serve on the Compensation Committee, which met three times during 2016. Ms. Skinner serves as the Chair of the Compensation Committee. The Board has determined that each of these committee members meets the independence criteria of the SEC and NASDAQ.

The primary purpose of the Compensation Committee is to review and approve the Company's executive compensation policies, evaluate the performance of our executive officers in light of corporate goals and objectives approved by the Compensation Committee, approve the annual salaries, bonuses, stock grants and other benefits, direct and indirect, of our executive officers, make recommendations to the full Board with respect to incentive compensation plans and equity-based plans and determine director and committee member/chair compensation for non-employee directors. The Compensation Committee also administers our equity and other incentive plans. The Compensation Committee has delegated to management the ability to make stock grants to our employees within specific parameters to align the interests of our shareholders and our employees and to promote employee retention, and long-term employee ownership. A description of the Company's processes and procedures for the consideration and determination of executive officer compensation are discussed under the heading "Compensation Discussion and Analysis" below.

Nominating and Governance Committee

Mr. Fortener, Mr. Reeder, Mr. Shoup, and Ms. Skinner serve on the Nominating and Governance Committee, which met twice during 2016. Mr. Shoup serves as the Chair of the Nominating and Governance Committee. The Board has determined that each of these committee members meets the independence criteria of NASDAQ.

The primary purpose of the Nominating and Governance Committee is to maintain and cultivate the effectiveness of the Board and oversee the Company's governance policies. Among the committee's responsibilities are Board and committee composition, director qualifications, director orientation and education, and Board evaluations. The Nominating and Governance Committee identifies, evaluates, and nominates Board candidates; reviews compliance with director stock ownership guidelines; and oversees procedures regarding shareholder nominations and other shareholder communications to the Board. The Nominating and Governance Committee is also responsible for monitoring compliance with and recommending any changes to the Company's Corporate Governance Guidelines. Additional information regarding the committee's activities can be found under the heading "Corporate Governance."

Board Committee Membership

The following table summarizes the membership of the Board and each of its committees, and the number of times each met during 2016.

Director	Audit	Compensation	Nominating and Governance
R. H. Dillon	—	—	—
Randolph J. Fortener	Chair	Member	Member
James F. Laird	—	—	—
Paul A. Reeder, III	Member	Member	Member
Bradley C. Shoup	Member	Member	Chair
Frances A. Skinner	Member	Chair	Member
Number of Meetings in 2016	4	3	2

Compensation of Directors

The Compensation Committee is responsible for periodically reviewing and recommending to the Board the compensation of our non-employee directors. At the discretion of the Board, directors are eligible to receive stock-based awards under the Diamond Hill Investment Group, Inc. 2014 Equity and Cash Incentive Plan (the “2014 Plan”). The Compensation Committee has determined that the use of long-term cliff vesting restricted stock awards as the sole form of compensation for our non-employee directors is the most appropriate way to further align the interests of our directors with the long-term interests of our

Table of Contents

shareholders. These restricted stock grants are intended to compensate the directors for a long period of time and are intended to fully compensate directors for their services as directors and as members of committees of the Board. After the restricted stock grants vest, to further align the interests of our directors and shareholders, our Corporate Governance Guidelines prohibit the shares from being sold while the director remains on the Board, except that shares may be sold within the year the grants vest to pay taxes due as a result of the vesting. The following table sets forth information regarding the compensation earned by, or paid to, directors who served on our Board in 2016.

2016 Director Compensation⁽¹⁾

Name	Cash	Stock Awards	All Other Compensation	Total
R. H. Dillon ⁽²⁾	\$500,000	\$500,000	\$ 28,200	\$1,028,200
Randolph J. Fortener	\$—	\$—	\$ —	\$—
James F. Laird	\$20,000	\$—	\$ —	\$20,000
Paul A. Reeder, III	\$—	\$—	\$ —	\$—
Frances A. Skinner	\$—	\$—	\$ —	\$—
Bradley C. Shoup	\$—	\$—	\$ —	\$—

⁽¹⁾ Omits those columns where no compensation was awarded or earned.

Mr. Dillon is Chairman of the Board of Directors and is also a non-executive employee of the Company. The

⁽²⁾ compensation shown in this table relates solely to Mr. Dillon's role as an employee of the Company. Mr. Dillon's cash compensation included \$200,000 in base salary and \$300,000 in discretionary bonus. He also received \$24,000 in 401k contributions and \$4,200 in health savings account contributions.

On January 1, 2016, the Company entered into a new Employment Agreement with Mr. Dillon in consideration of his continued employment as a portfolio manager. For more information on this agreement, see the discussion under the heading "Employment Agreements and Change in Control Benefits".

Outstanding Stock Grants to Directors

The below table shows the amount of unvested restricted stock grants outstanding to directors as of December 31, 2016 and the service period covered by the grant. All of these grants vest in full at the conclusion of the applicable service period.

Name	Shares Granted	Approximate Service Period	Service Period Covered	Grant-Date Fair Value	Grant Date	Vesting Date
Randolph J. Fortener	6,000	Five Years	4/24/13 – 4/30/18	\$452,940	4/30/13	4/30/18
James F. Laird	8,000	Ten Years	4/30/15 – 4/30/25	\$1,125,760	2/27/15	4/30/25
Paul A. Reeder, III	8,000	Ten Years	4/30/15 – 4/30/25	\$1,457,600	4/30/15	4/30/25
Frances A. Skinner ⁽¹⁾	6,000	Five Years	1/1/12 – 12/31/16	\$462,060	2/22/12	1/1/17
Bradley C. Shoup	6,000	Five Years	4/25/12 – 4/30/17	\$454,140	4/25/12	4/30/17

This existing award of 6,000 shares vested on January 1, 2017. On October 26, 2016, the Compensation

⁽¹⁾ Committee approved a new award of 2,700 shares of restricted stock to Ms. Skinner with a grant date of January 1, 2017 and a vesting date of April 30, 2020.

Ownership and Retention Guidelines

Our Corporate Governance Guidelines generally prohibit shares granted to our directors as compensation from being sold while the director remains on the Board, except for sales of shares to pay taxes due upon vesting. Therefore, we

expect each non-employee director to hold for his or her entire term of service on the Board all of our shares granted to the director as compensation.

10

Table of Contents

CORPORATE GOVERNANCE

The Nominating and Governance Committee has general oversight responsibility for assessment and recruitment of new director candidates, as well as evaluation of director and board performance and oversight of our governance matters. The Nominating and Governance Committee has adopted Corporate Governance Guidelines and reviews them annually. The most current version of the Guidelines is available on our website, ir.diamond-hill.com, under “Corporate Governance” on the right hand side of the site.

Board Leadership and Composition

The Chairman approves Board agendas and schedules, chairs all executive sessions of the directors, acts as the liaison between the directors and management, oversees the information distributed in advance of Board meetings, is available to the Secretary to discuss and, as necessary, respond to shareholder communications to the Board, and calls meetings of the directors.

Concurrent with the election of Mr. Dillon as Chairman of the Board in April 2015, the Board also appointed Mr. Laird as Lead Outside Director. The responsibilities of the Lead Outside Director include all of the duties of Chairman when the Chairman is not present.

Currently, four of our six directors are independent under NASDAQ standards. In addition, the Nominating and Governance Committee, the Audit Committee, and the Compensation Committee are all comprised entirely of independent directors. Overall, we believe that our Board structure is designed to foster critical oversight, good governance practices, and the interests of the Company and its shareholders.

Among other things, the Corporate Governance Guidelines address term limits of each director. Although we have a 10 year service limit for non-employee directors, the Guidelines authorize the Board to make exceptions to this limitation and permit directors to serve for an additional year, and the Board has made such exceptions in the past.

Board’s Role in Risk Oversight

The Board’s role in our risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including client investment results, and operational, financial, legal, regulatory and strategic risks. The Audit Committee is responsible for overseeing risks relating to our accounting matters, financial reporting and legal and regulatory compliance. To satisfy these oversight responsibilities, the Audit Committee meets regularly with management and the Company’s independent registered public accounting firm. The Compensation Committee is responsible for overseeing risks relating to employment policies and our compensation and benefits programs. To satisfy these oversight responsibilities, the Compensation Committee meets regularly with management to understand the implications of compensation decisions, particularly the risks that our compensation policies pose to our finances and our relationship with employees.

Executive Leadership Team

Effective January 1, 2016, Christopher M. Bingaman was named Chief Executive Officer, succeeding Mr. Dillon.

The Company has established an Executive Leadership Team and three divisional leadership teams. The members of the Executive Leadership Team include Mr. Bingaman, Mr. Line, and Ms. Wesolek. Members of the Executive Leadership Team lead the three divisional leadership teams as indicated below:

Mr. Bingaman – Investment Leadership Team

Mr. Line – Administration Leadership Team

Ms. Wesolek – Distribution Leadership Team

The Company believes that the Executive Leadership Team and three divisional leadership teams is an appropriate and effective organizational structure for the Company.

11

Table of Contents

Director Orientation and Continuing Education and Development

When a new independent director joins the Board, the Company provides a formal orientation program to provide the new director with an understanding of our operations and financial condition. In addition, each director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director. To assist the directors in maintaining such level of expertise, we may, from time to time, offer continuing education programs in addition to briefings during Board meetings relating to the competitive and industry environment and the Company's goals and strategies.

Director Qualifications and the Nominations Process

The Nominating and Governance Committee believes that the nominees presented in this proxy statement would constitute a Board with an appropriate level and diversity of experience, education, skills, and independence. The Nominating and Governance Committee routinely considers the current composition of the Board, and whether changes should be made or additional directors should be added.

The Nominating and Governance Committee supervises the nomination process for directors. It considers the performance, independence, background, experience, gender and other forms of diversity, as well as other characteristics of our incumbent directors, including their willingness to serve, and any change in their employment or other circumstances in considering their nomination each year. We do not have any formal policy regarding diversity in identifying nominees for a directorship, but rather we consider it among the various factors relevant to any particular nominee and the overall needs of the Board. In the event that a vacancy exists or the Company decides to increase the size of the Board, the Nominating and Corporate Governance Committee will identify, interview, examine, and make recommendations to the Board regarding appropriate candidates.

The Nominating and Governance Committee identifies potential candidates principally through suggestions from our directors and senior management. The committee may also seek candidates through informal discussions with third parties. We have not historically retained search firms to help identify director candidates and did not do so in identifying this year's nominees.

In evaluating potential candidates, the Nominating and Governance Committee considers, among other factors, independence from management, experience, expertise, commitment, diversity, number of other public company board and related committee seats held, potential conflicts of interest, and the composition of the Board at the time of the assessment. Additionally, all potential nominees must:

- demonstrate strong character and integrity;
- have sufficient time to carry out their duties;
- have experience at senior levels in areas of expertise helpful to the Company and consistent with the objective of having a diverse and well-rounded Board; and
- have the willingness and commitment to assume the responsibilities required of a director of the Company.

In addition, candidates expected to serve on the various Board committees must meet all applicable independence and financial literacy qualifications required by NASDAQ, the SEC, and other applicable laws and regulations. The evaluation process of potential candidates also includes personal interviews and discussions with appropriate references. Once the Nominating and Governance Committee has selected a candidate, it recommends the candidate to the full Board for election if a vacancy occurs or is created by an increase in the size of the Board during the course of the year, or for nomination if the director is to be first elected by our shareholders. All directors serve for one-year terms and must stand for reelection annually.

The Nominating and Governance Committee does not currently have any specific policies regarding the consideration of director candidates recommended by shareholders due to a historical absence of shareholder recommendations. In the event of such a recommendation, the Nominating and Governance Committee would consider the recommendation using the process and criteria set forth above. In the future, the Nominating and Governance Committee may in its discretion adopt policies regarding the consideration of director candidates recommended by shareholders.

Shareholder recommendations for Board candidates must be directed in writing to the Company at 325 John H. McConnell Boulevard, Suite 200, Columbus, Ohio 43215, Attention: Secretary, and must include the candidate's name, home and business contact information, detailed biographical data and qualifications, information regarding any relationships between the candidate and the Company within the last three years, and evidence of the recommending person's ownership of our common shares.

Table of Contents

Certain Relationships and Related Person Transactions