

VIRTUS INVESTMENT PARTNERS, INC.

Form SC 13D/A

November 15, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 2)

Virtus Investment Partners, Inc.

(Name of Issuer)

Common Stock, par value \$0.01 per share
(Title of Class of Securities)

92828Q109
(CUSIP Number)

Bank of Montreal

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Colleen Hennessy

111 W. Monroe Street

Chicago, IL 60603

Tel. No.: (312) 461-7745

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

October 27, 2011

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 92828Q109

(1) Names of reporting persons

Bank of Montreal

(2) Check the appropriate box if a member of a group

(a) " (b) "

(3) SEC use only

(4) Source of funds (see instructions)

WC*

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

Canada

(7) Sole voting power

Number of

shares 1,727,746**
(8) Shared voting power

beneficially

owned by 34***
each (9) Sole dispositive power

reporting

person 1,727,746**
(10) Shared dispositive power

with:

34***

(11) Aggregate amount beneficially owned by each reporting person

1,727,780****

(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)

b

(13) Percent of class represented by amount in Row (11)

23.0%**

(14) Type of reporting person (see instructions)

HC,BK

* The source of funds for acquiring the shares of Series B Preferred Stock (as defined below) was the working capital of BMO Bankcorp, Inc. (f/k/a Harris Bankcorp, Inc.) (BMO Bankcorp), a wholly-owned subsidiary of BMO Financial Corp. (f/k/a Harris Financial Corp.) (BFC), which is a wholly-owned subsidiary of Bank of Montreal (BMO), and together with BMO Bankcorp and BFC, the Reporting Persons). 378,446 shares of Common Stock (as defined below) owned by the Reporting Persons were acquired by converting 9,783 shares of Series B Preferred Stock into Common Stock on August 5, 2010.

** The Reporting Persons are the beneficial owners of 378,446 shares of Common Stock. The Reporting Persons are also the beneficial owners of 35,217 shares of Series B Voting Convertible Preferred Stock (the Series B Preferred Stock) of Virtus Investment Partners, Inc. (the Issuer). As of the date of this Amendment to Schedule 13D, each share of Series B Preferred Stock is convertible into 38.3139 shares of common stock of the Issuer (the Common Stock), and the entire 35,217 shares of Series B Preferred Stock beneficially owned by the Reporting Persons are convertible, in the aggregate, into 1,349,300 shares of Common Stock. The number of shares issuable upon the conversion of the Series B Preferred Stock may be adjusted from time to time in accordance with certain customary anti-dilution protection provisions and the amount of accumulated and unpaid dividends as set forth in the certificate of designations of the Series A Non-Voting Convertible Preferred Stock and the Series B Preferred Stock (the Certificate of Designations). In the event that all of the shares of the Series B Preferred Stock beneficially owned by the Reporting Persons are converted into Common Stock at the current conversion rate of 38.3139 shares of Common Stock per each share of Series B Preferred Stock, based upon the 7,520,884 shares of Common Stock outstanding as of October 28, 2011 (including the shares of Common Stock issuable upon conversion of the Series B Preferred Stock beneficially owned by the Reporting Persons), the Reporting Persons would own 23.0% of the outstanding shares of Common Stock.

*** 34 shares of Common Stock (the Trust Shares) are held in a bona fide fiduciary capacity in certain trust or investment accounts for the account of third parties and are beneficially owned by the Reporting Persons and BMO Harris Bank N.A., which is a wholly-owned subsidiary of BMO Bankcorp.

**** This number does not include 2,684 shares of Common Stock held by sub-advisors of Harris myCFO Investment Advisory Services, LLC (myCFO, a wholly-owned subsidiary of BFC) in the name of clients of myCFO.

CUSIP No. 92828Q109

(1) Names of reporting persons

BMO Financial Corp. (f/k/a Harris Financial Corp.)

(2) Check the appropriate box if a member of a group

(a) .. (b) ..

(3) SEC use only

(4) Source of funds (see instructions)

WC*

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

Delaware

(7) Sole voting power

Number of

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(8) Shared voting power

beneficially

owned by 34***
each (9) Sole dispositive power

reporting

person 1,727,746**
(10) Shared dispositive power

with:

34***

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(11) Aggregate amount beneficially owned by each reporting person

1,727,780****

(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions)

b

(13) Percent of class represented by amount in Row (11)

23.0%**

(14) Type of reporting person (see instructions)

HC, CO

* The source of funds for acquiring the shares of Series B Preferred Stock was the working capital of BMO Bankcorp. 378,446 shares of Common Stock owned by the Reporting Persons were acquired by converting 9,783 shares of Series B Preferred Stock into Common Stock on August 5, 2010.

** The Reporting Persons are the beneficial owners of 378,446 shares of Common Stock. The Reporting Persons are also the beneficial owners of 35,217 shares of Series B Preferred Stock. As of the date of this Amendment to Schedule 13D, each share of Series B Preferred Stock is convertible into 38.3139 shares of Common Stock, and the entire 35,217 shares of Series B Preferred Stock beneficially owned by the Reporting Persons are convertible, in the aggregate, into 1,349,300 shares of Common Stock. The number of shares issuable upon the conversion of the Series B Preferred Stock may be adjusted from time to time in accordance with certain customary anti-dilution protection provisions and the amount of accumulated and unpaid dividends as set forth in the Certificate of Designations. In the event that all of the shares of the Series B Preferred Stock beneficially owned by the Reporting Persons are converted into Common Stock at the current conversion rate of 38.3139 shares of Common Stock per each share of Series B Preferred Stock, based upon the 7,520,884 shares of Common Stock outstanding as of October 28, 2011 (including the shares of Common Stock issuable upon conversion of the Series B Preferred Stock beneficially owned by the Reporting Persons), the Reporting Persons would own 23.0% of the outstanding shares of Common Stock.

*** The Trust Shares are held in a bona fide fiduciary capacity in certain trust or investment accounts for the account of third parties and are beneficially owned by the Reporting Persons and BMO Harris Bank N.A.

**** This number does not include 2,684 shares of Common Stock held by sub-advisors of myCFO in the name of clients of myCFO.

CUSIP No. 92828Q109

(1) Names of reporting persons

BMO Bankcorp, Inc. (f/k/a Harris Bankcorp, Inc.)

(2) Check the appropriate box if a member of a group

(a) (b)

(3) SEC use only

(4) Source of funds (see instructions)

WC*

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

..

(6) Citizenship or place of organization

Delaware

(7) Sole voting power

Number of

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(14) Type of reporting person (see instructions)

HC, CO

* 378,446 shares of Common Stock owned by the Reporting Persons were acquired by converting 9,783 shares of Series B Preferred Stock into Common Stock on August 5, 2010.

** The Reporting Persons are the beneficial owners of 378,446 shares of Common Stock. The Reporting Persons are also the beneficial owners of 35,217 shares of Series B Preferred Stock. As of the date of this Amendment to Schedule 13D, each share of Series B Preferred Stock is convertible into 38.3139 shares of Common Stock, and the entire 35,217 shares of Series B Preferred Stock beneficially owned by the Reporting Persons are convertible, in the aggregate, into 1,349,300 shares of Common Stock. The number of shares issuable upon the conversion of the Series B Preferred Stock may be adjusted from time to time in accordance with certain customary anti-dilution protection provisions and the amount of accumulated and unpaid dividends as set forth in the Certificate of Designations. In the event that all of the shares of the Series B Preferred Stock beneficially owned by the Reporting Persons are converted into Common Stock at the current conversion rate of 38.3139 shares of Common Stock per each share of Series B Preferred Stock, based upon the 7,520,884 shares of Common Stock outstanding as of October 28, 2011 (including the shares of Common Stock issuable upon conversion of the Series B Preferred Stock beneficially owned by the Reporting Persons), the Reporting Persons would own 23.0% of the outstanding shares of Common Stock.

*** The Trust Shares are held in a bona fide fiduciary capacity in certain trust or investment accounts for the account of third parties and are beneficially owned by the Reporting Persons and BMO Harris Bank N.A.

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SIGNATURE

Introductory Statement

This Second Amendment to Schedule 13D (this Amendment) is being filed to amend certain information provided in the Schedule 13D filed by the Reporting Persons on January 12, 2009, as amended on August 20, 2010 (the Original Filing). Any capitalized term used in this Amendment but not defined herein shall have the meaning given to such term in the Original Filing. This Amendment supplements or amends certain items in the Original Filing as indicated below. Unless otherwise specified, the information in the Original Filing remains unchanged; provided, however, that all references to Harris in the Original Filing shall refer to BMO Bankcorp, as defined herein, and all references to HFC shall refer to BFC, as defined herein.

Item 1. Security and Issuer

There are no changes to Item 1 of the Original Filing.

Item 2. Identity and Background

This Amendment amends the Original Filing to provide a new Schedule A listing the name, residence or business address, position, present principal occupation or employment, the name and, if other than any Reporting Person, the principal business and address of any corporation or organization in which such employment is conducted and citizenship of each director and executive officer of each Reporting Person.

In addition, the final paragraph of Item 2 in the Original Filing is deleted in its entirety and replaced with the following:

During the last five years, none of the Reporting Persons and, to the best of the Reporting Persons' knowledge, none of the persons listed on Schedule A attached hereto, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

There are no changes to Item 3 of the Original Filing.

Item 4. Purpose of Transaction

Item 4 of the Original Filing is hereby amended by deleting the last sentence in the paragraph under *Board of Directors Membership* .

In addition, Item 4 of the Original Filing is hereby supplemented with the following information:

On October 27, 2011, BMO Bankcorp entered into a Conversion and Voting Agreement (the *Conversion and Voting Agreement*) with the Issuer. Pursuant to the terms of the Conversion and Voting Agreement, BMO Bankcorp has agreed to convert (the *Series B Conversion*) all shares of its Series B Preferred Stock into shares of Common Stock effective upon the later of (i) November 1, 2011 or (ii) the date of expiration (or earlier termination) of the applicable waiting period in respect of the HSR Filings (*HSR Approval*) under the Hart-Scott Rodino Antitrust Improvement Act of 1976. The Series B Conversion was subject to BMO Bankcorp's receipt of a special dividend in respect of its Series B Preferred Stock equal to the sum of accrued but unpaid dividends payable in respect of its Series B Preferred Stock under the Certificate of Designations and the net present value of all dividends that would otherwise have been due and payable in respect of the Series B Preferred Stock from (and including) November 1, 2011 until October 31, 2014.

From October 27, 2011 and continuing until the first to occur of (i) the occurrence of the Series B Conversion or (ii) the filing of the CoD Amendment (as defined below) by the Issuer, BMO Bankcorp shall not transfer any shares of Series B Preferred Stock to any transferee, except for a transferee that has agreed to be bound by the terms of the Conversion and Voting Agreement. Notwithstanding the foregoing, if HSR Approval is not received by BMO Bankcorp on or prior to December 1, 2011, BMO Bankcorp shall thereafter be permitted to transfer all or any portion of the Common Stock underlying the Series B Preferred Stock pursuant to the terms of an underwritten registered offering of Common Stock, or one or more sales effected pursuant to Rule 144 of the Securities Act of 1933, as amended, in each case, in connection with which BMO Bankcorp delivers shares of Series B Preferred Stock to the participating underwriter(s) or dealer(s) to be converted into Common Stock in connection with the closing of such offering or settlement of such sales (and such shares of Series B Preferred Stock are actually converted into Common Stock on or prior to such closing).

Under the Conversion and Voting Agreement, BMO Bankcorp irrevocably waived, on its own behalf and on behalf of any transferee all further rights to dividends (other than its participation in Common Stock dividends) payable on or in respect of the Series B Preferred Stock pursuant to the Certificate of Designations. BMO Bankcorp also agreed to cause the resignation of the director, Ross F. Kappele, it appointed through its exercise of Series B Preferred Stock voting rights, and waived on its own behalf and on behalf of any transferee, the right of holders of Series B Preferred Stock to appoint and elect one director. In connection with this waiver, the size of the Issuer's Board of Directors was decreased by one director. BMO Bankcorp also waived additional rights associated with the Series B Preferred Stock, including its approval rights with respect to certain transactions, pursuant to the terms of the Conversion and Voting Agreement.

BMO Bankcorp will be entitled to vote its Common Stock acquired pursuant to the Series B Conversion on matters submitted to a vote of the Issuer's common stockholders. In accordance with the terms of the Conversion and Voting Agreement, BMO Bankcorp will not exercise voting discretion with respect to any shares of Common Stock that cause its share ownership of the Issuer to increase above 24 percent as a result of Issuer repurchases.

If the Series B Conversion does not occur prior to March 31, 2012, BMO Bankcorp has consented to the removal of the waived terms described above from the Certificate of Designations (the CoD Amendment).

The above description is qualified in its entirety by reference to the Conversion and Voting Agreement, attached hereto as Exhibit 4.01.

Item 5. Interest in Securities of the Issuer

Item 5 of the Original Filing is hereby amended by (i) deleting the sentence "In the event that all of the shares of the Series B Preferred Stock beneficially owned by the Reporting Persons are converted into Common Stock at the current conversion rate of 38.3139 shares of Common Stock per one share of Series B Preferred Stock, based upon the 7,571,746 shares of Common Stock of the Issuer outstanding as of August 19, 2010 (including the shares of Common Stock issuable upon conversion of the Series B Preferred Stock beneficially owned by the Reporting Persons), the Reporting Persons would own 22.8% of the outstanding shares of Common Stock." and (ii) replacing it with "In the event that all of the shares of the Series B Preferred Stock beneficially owned by the Reporting Persons are converted into Common Stock at the current conversion rate of 38.3139 shares of Common Stock per one share of Series B Preferred Stock, based upon the 7,520,884 shares of Common Stock of the Issuer outstanding as of October 28, 2011 (including the shares of Common Stock issuable upon conversion of the Series B Preferred Stock beneficially owned by the Reporting Persons), the Reporting Persons would own 23.0% of the outstanding shares of Common Stock."

Item 5 of the Original Filing is hereby supplemented with the following information:

Pursuant to the terms of the Conversion and Voting Agreement, BMO Bankcorp has agreed to the Series B Conversion effective upon the later of (i) November 1, 2011 or (ii) the date of HSR Approval.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Item 6 of the Original Filing is hereby amended by incorporating by reference the information set forth in Items 4 and 5 hereof.

Item 7. Material to be Filed as Exhibits

Exhibit 4.01: Conversion and Voting Agreement between BMO Bankcorp and the Issuer.

DIRECTORS AND EXECUTIVE OFFICERS OF**BANK OF MONTREAL**

(as of November 9, 2011)

The name, address, position, present principal occupation or employment of each of the directors and executive officers of Bank of Montreal (BMO) are set forth below.

Name	Address	Position/Principal Occupation/Employment	Citizenship
Robert Murray Astley	574 Strathmere Court Waterloo, Ontario, Canada N2T 2K2	Director of BMO; Corporate Director	Canadian
David Ross Beatty	c/o Beatinvest Limited 98 Teddington Park Toronto, Ontario, Canada M4N 2C8	Director of BMO; Chairman and Chief Executive Officer of Beatinvest Limited, an investment services company	Canadian
Sophie Brochu	c/o Gaz Métro 1717 Du Havre Montreal, Quebec, Canada H2K 2X3	Director of BMO, President and Chief Executive Officer of Gaz Métro, a utilities company	Canadian
Robert Chevrier	c/o Société de gestion Roche Inc. 200, Avenue des Sommets, Apt 2001 Ile des Soeurs, Verdun, Quebec, Canada H3E 2B4	Director of BMO; President of Société de gestion Roche Inc., a management and investment company	Canadian
George A. Cope	c/o Bell Canada 483 Bay Street, 9 th Floor South Tower Toronto, Ontario, Canada M5G 2C9	Director of BMO; President and Chief Executive Officer of BCE Inc. and Bell Canada, each a telecommunications company	Canadian
William A. Downe	c/o Bank of Montreal, 100 King Street West, 1 First Canadian Place, 24 th Floor Toronto, Ontario, Canada M5X 1A1	Director, President and Chief Executive Officer of BMO; Director and Vice Chairman of the Board of Directors of BMO Financial Corp.	American and Canadian
Christine A. Edwards	35 W. Wacker Drive Chicago, IL 60601	Director of BMO; Partner, Winston & Strawn LLP, a law firm	American
Ronald Farmer	2 Devon Court Markham, Ontario, Canada L6C 1B3	Director of BMO; Managing Director of Mosaic Capital Partners, a Toronto-based holding company with interests in several	Canadian

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David Galloway

c/o Bank of Montreal

100 King Street West, 1 First Canadian
Place, 24th Floor

Toronto, Ontario, Canada M5X 1A1

private companies

Director and Chairman of the Board
of Directors of BMO; Director of
BMO Financial Corp.

Canadian

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Name	Address	Position/Principal Occupation/Employment	Citizenship
Harold N. Kvisle	c/o TransCanada Corporation 450 1st St. SW Calgary, Alberta, Canada T2P 5H1	Director of BMO; Former President and Chief Executive Officer of TransCanada Corporation, a North American energy company focused on natural gas transmission and power generation	Canadian
Bruce H. Mitchell	c/o Permian Industries Limited First Canada Place, Suite 5330, Box 183 Toronto, Ontario, Canada M5X 1A6	Director of BMO; President and Chief Executive Officer of Permian Industries Limited, a management and holding company with interests in the North American food processing and technology industries	Canadian
Philip S. Orsino	68 Yorkville Avenue Suite 205 Toronto, Ontario, Canada M5R 3V7	Director of BMO; President of Jeld-Wen, a building services company	Canadian
Martha C. Piper	6028 Chancellor Boulevard Vancouver, British Columbia, Canada V6T 1E7	Director of BMO; Corporate Director	American and Canadian
Robert Prichard	c/o Torys LLP 79 Wellington St. West Suite 3000, Box 279 TD Centre Toronto, Ontario, Canada M5K 1N2	Director of BMO; Chair of Torys LLP, a law firm	British and Canadian
Guylaine Saucier	1000 rue de la Gauchetiere Ouest #2500 Montreal, Quebec, Canada H3B 0A2	Director of BMO; Corporate Director	Canadian
Don M. Wilson III	543 North Street Greenwich, Connecticut 06830	Director of BMO; Corporate Director	American
Jean-Michel Ares	100 King Street West, 1 First Canadian Place, 24 th Floor Toronto, Ontario, Canada M5X 1A1	Group Head, Technology and Operations	Canadian

Name	Address	Position/Principal Occupation/Employment	Citizenship
Ellen Costello	c/o BMO Harris Bank 111 W. Monroe Street, Floor 2W Chicago, IL 60603	Director, Chief Executive Officer and U.S. Country Head of BMO Financial Corp.; Director of BMO Bankcorp, Inc.	American
Simon Fish	c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 21 st Floor Toronto, Ontario, Canada M5X 1A1	Executive Vice President and General Counsel of BMO Financial Group	British
Surjit Rajpal	c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 24 th Floor Toronto, Ontario, Canada M5X 1A1	Executive Vice President and Chief Risk Officer of BMO Financial Group	Canadian
Thomas Voysey Milroy	c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 4 th Floor Toronto, Ontario, Canada M5X 1A1	Chief Executive Officer of BMO Capital Markets, BMO Financial Group	Canadian
Gilles G. Ouellette	c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 49 th Floor Toronto, Ontario, Canada M5X 1A1	President and Chief Executive Officer of Private Client Group of BMO	Canadian
Richard Rudderham	c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 68 th Floor Toronto, Ontario, Canada M5X 1A1	Executive Vice President, Head of Human Resources, BMO Financial Group	Canadian
Thomas E. Flynn	c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 24 th Floor Toronto, Ontario, Canada M5X 1A1	Chief Financial Officer of BMO Financial Group	Canadian
Franklin J. Techar	c/o Bank of Montreal 55 Bloor Street West, 16 th floor Toronto, Ontario, Canada M4W 3N5	President and Chief Executive Officer, Personal and Commercial Banking Canada of BMO Financial Group	American
Russel C. Robertson	c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 24 th Floor	Executive Vice President, Business Integration, BMO Financial Group; Vice-Chair of BMO Financial Corp.	Canadian

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Douglas B. Stotz	Toronto, Ontario, Canada M5X 1A1 c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 28 th Floor	Chief Marketing Officer, BMO Financial Group	American
Rose M. Patten	Toronto, Ontario, Canada M5X 1A1 c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 24 th Floor Toronto, Ontario, Canada M5X 1A1	Special Advisor to the President and Chief Executive Officer of BMO Financial Group	Canadian

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Name	Address	Position/Principal Occupation/Employment	Citizenship
Mark F. Furlong	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director of BMO Bankcorp, Inc. and BMO Financial Corp.; President and Chief Executive Officer, BMO Bankcorp, Inc. and BMO Harris Bank N.A.	American
Kevin G. Lynch	c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 24 th Floor Toronto, Ontario, Canada M5X 1A1	Vice-Chair, BMO Financial Group	Canadian

DIRECTORS AND EXECUTIVE OFFICERS OF**BMO FINANCIAL CORP.**

(as of November 9, 2011)

The name, address, position, present principal occupation or employment of each of the directors and executive officers of BMO Financial Corp. (BFC) are set forth below.

Name	Address	Position/Principal Occupation/Employment	Citizenship
Terry Bulger	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Executive Vice President, U.S. Risk Management and Chief Risk Officer of BMO Bankcorp, Inc. and BFC	American
David R. Casper	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director of BMO Bankcorp, Inc.; Executive Vice President, Commercial Banking Division of BMO Bankcorp, Inc. and BFC	American
Ellen Costello	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director, Chief Executive Officer and U.S. Country Head of BFC; Director of BMO Bankcorp, Inc.	American
Terry A. Jenkins	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director of BMO Bankcorp, Inc.; Executive Vice President, Private Banking, U.S. of BMO Bankcorp, Inc. and BFC	Canadian
Peter B. McNitt	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director and Vice-Chair of BMO Bankcorp, Inc.	American
Christopher J. McComish	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director of BMO Bankcorp, Inc.; Executive Vice President of Personal Banking IL, IN, WI, KS and Co-Head of North American Specialized Sales of BMO Bankcorp, Inc. and BFC	American
Cecily Mizarz	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Executive Vice President, Strategy and Implementation, Global Private Banking of BMO Bankcorp, Inc. and BFC	American
Deirdre C. Drake	c/o BMO Harris Bank	Senior Vice President, Human Resources of BMO Bankcorp, Inc.	American

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	111 W. Monroe Street	and BFC	
	Chicago, IL 60603		
Pamela C. Piarowski	c/o BMO Harris Bank	Director of BMO Bankcorp, Inc.; Senior Vice President, Chief Financial Officer and Treasurer of BMO Bankcorp, Inc. and BFC	American
	111 W. Monroe Street		
	Chicago, IL 60603		
Dante DeWitt	c/o BMO Harris Bank	Senior Vice President and Chief Information Officer, Technology and Operations U.S. of BMO Bankcorp, Inc. and BFC	American
	111 W. Monroe Street		
	Chicago, IL 60603		

Name	Address	Position/Principal	Citizenship
Justine Fedak	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Senior Vice President, Head of Marketing and Customer Strategies of BMO Bankcorp, Inc. and BFC	Canadian
Gail S. Palac	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Senior Vice President and Chief Auditor, U.S. Operations of BMO Bankcorp, Inc. and BFC	American
Craig T. Ingram	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Senior Vice President, Business Continuity Planning of BMO Bankcorp, Inc. and BFC	American
Judith Rice	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Director of BMO Bankcorp, Inc.; Senior Vice President, Community Affairs and Economic Development and Community Reinvestment Act Officer of BMO Bankcorp, Inc. and BFC	American
Mark F. Furlong	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Director of BMO Bankcorp, Inc. and BFC; President and Chief Executive Officer, BMO Bankcorp, Inc. and BMO Harris Bank N.A.	American
Ann Benschoter	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Executive Vice President, Headquarters, U.S. Personal and Commercial Banking of BMO Bankcorp, Inc. and BFC	American
Brad Chapin	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Executive Vice President of Personal Banking WI, MN, AZ and FL of BMO Bankcorp, Inc. and BFC	American
James Duca	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Executive Vice President, Private Banking, U.S. of BMO Bankcorp, Inc. and BFC	American
Kenneth Krei	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Executive Vice President, Global Private Banking of BMO Bankcorp, Inc. and BFC	American
Gilles G. Ouellette	c/o Bank of Montreal	President and Chief Executive Officer of Private Client Group of	Canadian

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	100 King Street West, 1 First Canadian Place, 49 th Floor	Bank of Montreal	
	Toronto, Ontario, Canada M5X 1A1		
Barry McInerney	c/o BMO Harris Bank	Co-CEO Global Asset Management, BMO Bankcorp, Inc. and BFC	Canadian
	111 W. Monroe St.		
	Chicago, IL 60603		
Thomas J. O Neill	c/o BMO Harris Bank	Head, Special Assets Portfolio of BMO Bankcorp, Inc. and BFC	American
	111 W. Monroe St.		
	Chicago, IL 60603		
Russel C. Robertson	c/o Bank of Montreal	Executive Vice President, Business Integration, BMO Financial Group; Vice-Chair of BFC	Canadian
	100 King Street West, 1 First Canadian Place, 24 th Floor		
	Toronto, Ontario, Canada M5X 1A1		

Name	Address	Position/Principal	Citizenship
David Galloway	c/o Bank of Montreal 100 King Street West, 1 First Canadian Place, 24 th Floor Toronto, Ontario, Canada M5X 1A1	Director and Chairman of the Board of Directors of Bank of Montreal; Director of BFC	Canadian
William A. Downe	c/o Bank of Montreal, 100 King Street West, 1 First Canadian Place, 24 th Floor Toronto, Ontario, Canada M5X 1A1	Director, President and Chief Executive Officer of Bank of Montreal; Director and Vice Chairman of the Board of Directors of BFC	American and Canadian
Stephen E. Bachand	325 Ponte Vedra Blvd. Ponte Vedra Beach, FL 32082	Director of BFC; Director of Bank of America; Corporate Director	American
Pastora San Juan Cafferty	c/o University of Chicago School of Social Service Administration 969 East 60 th Street Chicago, IL 60637	Director of BFC; Professor Emerita, University of Chicago	American
Frank M. Clark	c/o Commonwealth Edison 440 South LaSalle St., 33 rd Floor Chicago, IL 60605	Director of BFC; Chairman and CEO of Commonwealth Edison, a utilities company	American
Susan T. Congalton	c/o California Amforge Corp. 1520 Kensington Rd, Ste 112 Oak Brook, IL 60523	Director of BFC; Chairman and CEO of California Amforge Corp., a forgings production company	American
John W. Daniels Jr.	c/o Quarles & Brady LLP 411 East Wisconsin Ave. Milwaukee, WI 53202	Director of BFC; Chairman, Quarles & Brady LLP, a law firm	American
Arnold Donald	7 Huntleigh Woods St. Louis, MO 63131	Director of BFC; private investor and small business owner	American
David J. Lubar	c/o Lubar & Co. 700 North Water Street, Ste. 1200 Milwaukee, WI 53202	Director of BFC; President, Lubar & Co.	American
Jerome A. Peribere	c/o Dow AgroSciences 210 W. Washington Square	Director of BFC; President and Chief Executive Officer of Dow AgroSciences, an agricultural	French

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John Rau	Philadelphia, PA 19106 c/o Miami Corporation 410 North Michigan Ave., Ste. 590 Chicago, IL 60611	company Director of BFC; President and Chief Executive Officer of Miami Corporation, a distributor of automotive and marine interior and exterior trim products	American
John S. Shiely	15270 Briaridge Court Elm Grove, WI 53122	Director of BFC; Former Chairman of the Board, Briggs & Stratton Corporation, a manufacturer of gasoline engines for outdoor power equipment	American
Michael J. Van Handel	c/o Manpower Inc. 100 Manpower Place Milwaukee, WI 53212	Director of BFC; Executive Vice President and Chief Financial Officer of Manpower Inc., an employment service provider	American

DIRECTORS AND EXECUTIVE OFFICERS OF**BMO BANKCORP, INC.**

(as of November 9, 2011)

The name, address, position, present principal occupation or employment of each of the directors and executive officers of BMO Bankcorp, Inc. (BMO Bankcorp) are set forth below.

Name	Address	Position/Principal Occupation/Employment	Citizenship
Terry Bulger	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Executive Vice President, U.S. Risk Management and Chief Risk Officer of BMO Bankcorp and BMO Financial Corp.	American
David R. Casper	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director of BMO Bankcorp; Executive Vice President, Commercial Banking Division of BMO Bankcorp and BMO Financial Corp.	American
Ellen Costello	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director, Chief Executive Officer and U.S. Country Head of BMO Financial Corp; Director of BMO Bankcorp	American
Terry A. Jenkins	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director of BMO Bankcorp; Executive Vice President Private Banking, U.S. of BMO Bankcorp and BMO Financial Corp.	Canadian
Peter B. McNitt	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director and Vice-Chair of BMO Bankcorp	American
Christopher J. McComish	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Director of BMO Bankcorp, Executive Vice President of Personal Banking IL, IN, WI, and KS and Co-Head of North American Specialized Sales of BMO Bankcorp and BMO Financial Corp.	American
Cecily Mistarz	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Executive Vice President, Strategy and Implementation, Global Private Banking of BMO Bankcorp and BMO Financial Corp.	American
Deirdre C. Drake	c/o BMO Harris Bank		American

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	111 W. Monroe Street	Senior Vice President, Human Resources of BMO Bankcorp and BMO Financial Corp.	
	Chicago, IL 60603		
Pamela C. Piarowski	c/o BMO Harris Bank	Director of BMO Bankcorp; Senior Vice President, Chief Financial Officer and Treasurer of BMO Bankcorp and BMO Financial Corp.	American
	111 W. Monroe Street		
	Chicago, IL 60603		
Dante DeWitt	c/o BMO Harris Bank	Senior Vice President and Chief Information Officer, Technology and Operations, U.S. of BMO Bankcorp and BMO Financial Corp.	American
	111 W. Monroe Street		
	Chicago, IL 60603		

Name	Address	Position/Principal	Citizenship
Justine Fedak	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Senior Vice President, Head of Marketing and Customer Strategies of BMO Bankcorp and BMO Financial Corp.	Canadian
Gail S. Palac	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Senior Vice President and Chief Auditor, U.S. Operations of BMO Bankcorp and BMO Financial Corp.	American
Craig T. Ingram	c/o BMO Harris Bank 111 W. Monroe Street Chicago, IL 60603	Senior Vice President, Business Continuity Planning of BMO Bankcorp and BMO Financial Corp.	American
Judith Rice	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Director of BMO Bankcorp, Senior Vice President, Community Affairs and Economic Development and Community Reinvestment Act Officer of BMO Bankcorp and BMO Financial Corp.	American
Mark F. Furlong	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Director of BMO Bankcorp and BMO Financial Corp.; President and Chief Executive Officer, BMO Bankcorp and BMO Harris Bank N.A.	American
Ann Benschoter	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Executive Vice President, Headquarters, U.S. Personal and Commercial Banking of BMO Bankcorp and BMO Financial Corp.	American
Brad Chapin	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Executive Vice President of Personal Banking WI, MN, AZ and FL of BMO Bankcorp and BMO Financial Corp.	American
James Duca	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Executive Vice President, Private Banking, U.S. of BMO Bankcorp and BMO Financial Corp.	American
Kenneth Krei	c/o BMO Harris Bank 111 W. Monroe St. Chicago, IL 60603	Executive Vice President, Global Private Banking of BMO Bankcorp and BMO Financial Corp.	American
Barry McInerney	c/o BMO Harris Bank	Co-CEO Global Asset Management, BMO Bankcorp and	Canadian

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Thomas J. O Neill

111 W. Monroe St.

Chicago, IL 60603

c/o BMO Harris Bank

111 W. Monroe St.

Chicago, IL 60603

BMO Financial Corp.

Head, Special Assets Portfolio of
BMO Bankcorp and BMO
Financial Corp.

American

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: November 15, 2011

Bank of Montreal

/s/ Barbara Muir
Signature

Barbara Muir

Senior Vice President, Deputy General Counsel,
Corporate Affairs and Corporate Secretary
(Name/Title)

/s/ Karen Eastburn
Signature

Karen Eastburn

Assistant Corporate Secretary
(Name/Title)

BMO Financial Corp.

/s/ Pamela C. Piarowski
Signature

Pamela C. Piarowski

Senior Vice President
(Name/Title)

BMO Bankcorp, Inc.

/s/ Pamela C. Piarowski
Signature

Pamela C. Piarowski

Senior Vice President
(Name/Title)

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(4) On February 26, 2014, Mr. Kanzer resigned as CEO and President of Synthetic Biomics, Inc. and as a member of our Board of Directors.

In October 2013, director compensation for independent members was approved at \$4,500 per Board meeting that they attend in person and \$2,000 per telephonic Board meeting. In addition, in 2013 we granted independent members of the Board of Directors an annual option grant of 25,000 stock options. We also reimburse directors for travel and other out-of-pocket expenses incurred in attending Board of Director and Committee meetings.

Our Compensation Committee conducted an evaluation of the compensation of the members of our Board of Directors. In order to aid its decision-making, the Compensation Committee considered the compensation practices and the competitive market for directors at companies with which we compete for personnel and an independent compensation advisor was retained to conduct a study of our peer group compensation. In early March 2013, the Compensation Committee retained Hay Group for matters related to the compensation of the members of our Board of Directors. Hay Group is an outside global human resources consulting firm and does not provide any other services to us. Our Compensation Committee determined that Hay Group was independent and lacked any conflict of interest. Hay Group was asked to provide independent, third-party advice and expertise on director compensation issues and to report directly to the Compensation Committee. Hay Group provided the Compensation Committee with comparative market data and alternatives to consider

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when making compensation decisions. Based substantially upon the results of the study, commencing April 2014, directors who are not employees and not otherwise receiving an annual retainer, will receive an annual cash fee of \$35,000. All non-employee directors receive an annual cash fee of \$7,500, \$5,000 and \$3,250 for service on the Audit,

Compensation and Nominations Committees, respectively, and the Chairman of the Audit, Compensation and Nominations Committees receive an additional annual cash fee of \$13,500, \$10,000 and \$6,000, respectively. Our independent, non-executive Chairman of the Board receives an annual cash retainer of \$150,000. Upon election to the Board, each non-employee director receives an up-front option grant for services as a director for the three years next following, exercisable for 105,000 shares of common stock at an exercise price equal to the fair market value of our common stock on the date of grant and vesting annually on a pro rata basis over a three year period, with one-third of the grant vesting on the date of grant and one-third vesting on each of the next two yearly anniversaries. In April 2014, each current non-employee director also received an up-front option grant for services as a director for the three years next following, exercisable for 105,000 shares of our common stock at an exercise price equal to the fair market value of the our common stock on the date of grant and vesting on a pro rata basis over a three year period, with one-third of the grant vesting on the date of grant and one-third vesting on each of April 17, 2015 and April 17, 2016, respectively.

LIMITS ON LIABILITY AND INDEMNIFICATION

Our Articles of Incorporation eliminate the personal liability of our directors to the Company and its stockholders for monetary damages for breach of their fiduciary duties in certain circumstances. Our Articles of Incorporation further provide that we will indemnify its officers and directors to the fullest extent permitted by law. We believe that this indemnification covers at least negligence and gross negligence on the part of the indemnified parties. Insofar as indemnification for liabilities under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the Company under the foregoing provisions or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission that indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is therefore unenforceable. We entered into an indemnification agreement with each of our directors and officers. The agreement confirms our obligation to indemnify the directors and officers to the fullest extent authorized by our Amended and Restated Bylaws and supplements the indemnification otherwise available to the covered person under the Company's Charter and Amended and Restated Bylaws. The form of indemnification agreement was described and filed as an exhibit to the Form 8-K filed by the Company with the Securities and Exchange Commission on January 6, 2009.

COMPENSATION COMMITTEE INTERLOCKS

During the last fiscal year ended December 31, 2013, none of our executive officers served on the Board of Directors or Compensation Committee of any other entity whose officers served either on our Board of Directors or Compensation Committee.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information, as of May 1, 2014, or as otherwise set forth below, with respect to the beneficial ownership of our common stock (i) all persons known to us to be the beneficial owners of more than 5% of the outstanding shares of our common stock, (ii) each of our directors and our executive officer named in the Summary Compensation Table, and (iii) all of our directors and our executive officer as a group.

Principal Stockholders Table

Name and Address of Beneficial Ownership ⁽²⁾	Shares Owned ⁽¹⁾	
	Number of Shares	Percentage of Shares ⁽³⁾
Intrexon Corporation ⁽⁴⁾	8,675,768	14.84 %
NRM VII Holding I, LLC ⁽⁴⁾	3,625,000	6.20 %
C. Evan Ballantyne ⁽⁵⁾	338,890	*
Jeffrey J. Krawns ⁽⁶⁾	447,105	*
Jeffrey Riley ⁽⁷⁾	779,844	1.32 %
Scott L. Tarriff ⁽⁸⁾	110,000	*
Jeffrey Wolf ⁽⁹⁾	168,332	*
Randal J. Kirk ⁽¹⁰⁾	12,300,768	21.04 %
All officers and directors as a group (5 persons)	1,844,171	3.06 %

* represents less than 1% of our common stock

The address for each beneficial owner except Intrexon Corporation, NRM VII Holdings I, LLC and Randal J. Kirk is 155 Gibbs Street, Suite 412, Rockville, Maryland 20850. The address for Intrexon Corporation and NRM VII Holdings I, LLC is 20358 Seneca Meadows Pkwy, Germantown, Maryland 20876 and the address for Mr. Kirk is The Governor Tyler, 1881 Grove Avenue, Radford, Virginia 24141.

Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities. Except as indicated in the footnotes to the table, to the knowledge of the Company, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws, where applicable.

Pursuant to the rules of the SEC, the number of shares of our common stock deemed outstanding includes shares issuable pursuant to options held by the respective person or group that are currently exercisable or may be exercised within 60 days of May 1, 2014.

(3) As of May 1, 2014, we had 58,453,528 shares of common stock outstanding.

Share ownership information is based on information contained in a schedule 13D filed with the SEC on December 19, 2013. Does not include additional shares that have not yet been earned but may in the future be earned under the terms of agreements with Intrexon Corporation.

Includes 338,890 shares issuable upon exercise of options held by Mr. Ballantyne that are exercisable within the 60-day period following May 1, 2014. Does not include an additional 236,110 shares issuable upon exercise of options held by Mr. Ballantyne that are not exercisable within the 60-day period following May 1, 2014.

Includes 447,105 shares issuable upon exercise of options held by Mr. Krawns that are exercisable within the 60-day period following May 1, 2014. Does not include an additional 70,000 shares issuable upon exercise of options held

by Mr. Kraws that are not exercisable within the 60-day period following May 1, 2014.

Includes 769,444 shares issuable upon exercise of options held by Mr. Riley that are exercisable within the 60-day (7) period following May 1, 2014. Does not include an additional 638,889 shares issuable upon exercise of options held by Mr. Riley that are not exercisable within the 60-day period following May 1, 2014.

Includes 110,000 shares issuable upon exercise of options held by Mr. Tarriff that are exercisable within the (8) 60-day period following May 1, 2014. Does not include an additional 70,000 shares issuable upon exercise of options held by Mr. Tarriff that are not exercisable within the 60-day period following May 1, 2014.

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Includes 168,332 shares issuable upon exercise of options held by Mr. Wolf that are exercisable within the 60-day (9) period following May 1, 2014. Does not include an additional 70,000 shares issuable upon exercise of options held by Mr. Wolf that are not exercisable within the 60-day period following May 1, 2014.

(10) Share ownership information is based on information contained in a schedule 13D filed with the SEC on December 19, 2013. All such shares are held by Intrexon Corporation and NRM VII Holdings I, LLC. Mr. Kirk, directly and through certain affiliates, has voting and dispositive power over a majority of the outstanding capital of Intrexon Corporation, and controls NRM VII Holdings I, LLC. Mr. Kirk disclaims beneficial ownership of the shares held by Intrexon Corporation and NRM VII Holdings I, LLC, except to the extent of any pecuniary interest therein.

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PROPOSAL 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BDO USA, LLP was our independent registered public accounting firm for the year ended December 31, 2013.

Ratification of the selection of BDO USA, LLP by our stockholders is not required by law. As a matter of policy, however, the selection is being submitted to our stockholders for ratification at the annual meeting.

We anticipate that representatives of BDO USA, LLP will be available by telephone during the annual meeting for the purpose of responding to appropriate questions. At the annual meeting, the representatives of BDO USA, LLP will be afforded an opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions. Upon recommendation of the Audit Committee and unanimous approval by our Board of Directors, on July 3, 2012, we dismissed Berman & Company, P.A. as our independent registered public accounting firm. On July 16, 2012, we retained BDO USA, LLP as our new independent registered public accounting firm responsible for auditing our financial statements.

Berman & Company, P.A.'s reports on our financial statements as of and for the two years ended December 31, 2011 and 2010, did not contain an adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles; however, after being filed with the Securities and Exchange Commission (SEC) on March 30, 2012, the original audit opinion included in our Annual Report on Form 10-K for the year ended December 31, 2011, was withdrawn due to the failure of Berman & Company, P.A. to follow proper partner rotation procedures. On May 11, 2012, a new audit opinion for the year ended December 31, 2011 and an amended Annual Report on Form 10-K/A for such year was filed with the SEC.

During the years ended December 31, 2011 and 2010, and in the subsequent interim period through July 3, 2012: (i) there were no disagreements with Berman & Company on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Berman & Company, P.A., would have caused it to make reference to the subject matter of the disagreement in connection with its reports on our financial statements for such years and (ii) there were no events otherwise reportable under Item 304(a)(1)(v) of Regulation S-K other than the following which was previously reported by us: the failure of Berman & Company, P.A. to follow proper partner rotation procedures that resulted in the withdrawal of Berman & Company, P.A.'s audit opinion included in our Annual Report on Form 10-K for the year ended December 31, 2011 and our being unable to rely upon such audit opinion. Such matters have been discussed by both our Audit Committee and Board of Directors with Berman & Company, P.A., and Berman & Company, P.A. is authorized to fully respond to inquiries of BDO USA, LLP concerning such matter.

We requested that Berman & Company, P.A. furnish us with a letter addressed to the SEC stating whether it agreed with the statements we made above. We filed a copy of such letter in which Berman & Company, P.A. stated such agreement, as an exhibit to a Current Report on Form 8-K filed with the SEC on July 10, 2012.

During the years ended December 31, 2010 and 2011 and in the subsequent interim period through July 3, 2012, we did not consult with BDO USA, LLP regarding the application of accounting principles to a specified transaction, either contemplated or proposed, or the type of audit opinion that might be rendered on our financial statements, and neither a written report nor oral advice was provided that was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue, or with any of the matters outlined in Item 304(a)(2)(ii) of Regulation S-K.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE SELECTION OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR OUR FISCAL YEAR ENDING ON DECEMBER 31, 2014.

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REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Our Audit Committee reviews our financial reporting process on behalf of our Board of Directors. In January 2007, our Board of Directors adopted a written charter for our Audit Committee, which it re-evaluates annually in connection with the filing of our Annual Report on Form 10-K with the SEC. In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited financial statements contained in the Annual Report on Form 10-K for our fiscal year ended December 31, 2013 with our management and our independent registered public accounting firm for such year, BDO USA, LLP. Our management is responsible for the financial statements and the reporting process, including the system of internal controls. The independent registered public accounting firm is responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States.

The Audit Committee (i) discussed with BDO USA, LLP the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, *Communications with Audit Committees*; (ii) received the written disclosures and the letter from BDO USA, LLP required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*; and (iii) discussed with BDO USA, LLP its independence. The Audit Committee also considered whether, and determined that, the independent registered public accounting firm's provision of other non-audit services to us was compatible with maintaining BDO USA, LLP's independence.

You should note the members of our Audit Committee are not our employees and are not performing the functions of auditors or accountants. Accordingly, it is not the duty or responsibility of the Audit Committee or its members to conduct field work or other types of auditing or accounting reviews or procedures or to set auditor independence standards. Members of the Audit Committee necessarily rely on the information provided to them by management and the independent auditors. Accordingly, the Audit Committee's considerations and discussions referred to above do not constitute assurance that the audit of our financial statements has been carried out in accordance with generally accepted accounting principles or that our auditors are in fact independent.

Based on the review and discussions referred to above, the Audit Committee recommended to our Board of Directors (and our Board of Directors approved) that the audited financial statements be included in our Annual Report on Form 10-K for our fiscal year ended December 31, 2013, for filing with the SEC. In addition, the Audit Committee recommended to our Board of Directors and our Board of Directors approved, subject to stockholder ratification, that BDO USA, LLP be appointed as our independent registered public accounting firm for 2014.

Jeffrey Wolf
Jeffrey Kraws
Scott L. Tarriff

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AUDIT FEES AND ALL OTHER FEES

The following table sets forth the aggregate fees including expenses billed to us for the years ended December 31, 2013 and 2012 by BDO USA, LLP.

	December 31,	
	2013	2012
Audit Fees and Expenses ⁽¹⁾	\$215,000	\$134,000
	\$215,000	\$134,000

Audit fees and expenses were for professional services rendered for the audit and reviews of the consolidated (1) financial statements of the Company, professional services rendered for issuance of consents and assistance with review of documents filed with the SEC.

Audit Committee Pre-Approval Policy

The Audit Committee has adopted procedures for pre-approving all audit and non-audit services provided by the independent registered public accounting firm, including the fees and terms of such services. These procedures include reviewing detailed back-up documentation for audit and permitted non-audit services. The documentation includes a description of, and a budgeted amount for, particular categories of non-audit services that are recurring in nature and therefore anticipated at the time that the budget is submitted. Audit Committee approval is required to exceed the pre-approved amount for a particular category of non-audit services and to engage the independent registered public accounting firm for any non-audit services not included in those pre-approved amounts. For both types of pre-approval, the Audit Committee considers whether such services are consistent with the rules on auditor independence promulgated by the SEC and the PCAOB. The Audit Committee also considers whether the independent registered public accounting firm is best positioned to provide the most effective and efficient service, based on such reasons as the auditor's familiarity with our business, people, culture, accounting systems, risk profile, and whether the services enhance our ability to manage or control risks and improve audit quality. The Audit Committee may form and delegate pre-approval authority to subCommittees consisting of one or more members of the Audit Committee, and such subCommittees must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. All of the services provided by the independent registered public accounting firm were pre-approved by the Audit Committee.

TABLE OF CONTENTS**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table summarizes all compensation awarded to, earned by or paid to Jeffrey Riley and C. Evan Ballantyne, during the fiscal years ended December 31, 2013 and 2012.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Options Awards (\$) ⁽¹⁾	All Other Compensation (\$) ⁽²⁾	Total (\$)
Jeffrey Riley, President and CEO ⁽³⁾	2013	\$348,000	\$	\$	\$ 16,000	\$364,000
	2012	\$314,000	\$52,000	\$1,716,000	\$ 7,000	\$2,089,000
C. Evan Ballantyne, CFO ⁽⁴⁾	2013	\$298,000	\$	\$	\$ 16,000	\$314,000
	2012	\$267,000	\$44,000	\$1,044,000	\$ 7,000	\$1,362,000

Amount reflects the grant date fair value of the named executive officer's stock options, calculated in accordance (1) with FASB ASC Topic 718. For a discussion of the assumptions used in calculating these values, see Note 5 to our consolidated financial statements.

The all other compensation column is comprised of the portion of medical, dental and vision premiums paid by us (2) on behalf of our named executive officer. These benefits are offered to all Synthetic Biologics employees who work at least 17.5 hours per week for the Company.

(3) Mr. Riley was appointed as the Company's President and Chief Executive Officer on February 3, 2012.

(4) Mr. Ballantyne was appointed as the Company's Chief Financial Officer on February 6, 2012.

TABLE OF CONTENTS**Outstanding Equity Awards at Fiscal Year End**

The table below reflects all outstanding equity awards made to each of the named executive officers that are outstanding at December 31, 2013. We currently grant stock-based awards pursuant to our 2010 Stock Incentive Plan (the 2010 Stock Plan) and have outstanding awards under our 2001 Stock Incentive Plan (the 2001 Stock Plan) and 2007 Stock Incentive Plan (the 2007 Stock Plan).

Name	Grant Date ⁽¹⁾	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Jeffrey Riley	02/03/12 ⁽²⁾	458,333	291,667	\$2.30	02/03/22
	11/17/11	100,000		\$0.49	11/17/18
	01/05/11	25,000		\$1.50	01/05/18
	12/01/10	8,333		\$0.74	12/01/20
	03/03/10	25,000		\$0.87	03/03/20
C. Evan Ballantyne	02/06/12 ⁽²⁾	259,722	165,278	\$2.47	02/06/22

- (1) Unless otherwise noted, options vest immediately on the date of grant.
(2) These options will vest pro rata, on a monthly basis, over 36 months.

Equity Compensation Plan Information

The following table sets forth information about the securities authorized for issuance under our equity compensation plans for the fiscal year ended December 31, 2013.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by stockholders:			
2001 Stock Incentive Plan	953,507	\$1.44	60,190
2007 Stock Incentive Plan	443,573	\$1.55	533,101
2010 Stock Incentive Plan	2,512,500	\$1.95	3,484,030
Equity compensation plans not approved by stockholder	N/A	N/A	N/A
Total	3,909,580	\$1.78	4,077,321

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INFORMATION CONCERNING EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

Background information about our executive officers who are not nominees for election as directors is set forth below.

C. Evan Ballantyne. Mr. Ballantyne joined Synthetic Biologics as its Chief Financial Officer in February 2012. He also serves as the Company's Corporate Secretary and Treasurer. From 2006 until its acquisition in April 2011, Mr. Ballantyne served as Executive Vice President and Chief Financial Officer of Clinical Data, Inc., a publicly-traded biopharmaceutical company which was acquired by Forest Laboratories, Inc. for \$1.3 billion. While at Clinical Data, he was instrumental in leading corporate financings totaling approximately \$220 million as well as a number of acquisition and divestitures totaling \$116 million. Mr. Ballantyne has also served as Chief Financial Officer of a number of private medical technology companies, including Avedro and ZymeQuest. Earlier in his career, he served as Vice President and Chief Operating Officer for ACNielsen Europe Middle East & Africa and held the Chief Financial Officer position as well for two years. There, Mr. Ballantyne was responsible for all aspects of operations, strategic planning and finance in more than 45 countries for a corporation with 9,700 employees. He also helped lead the company's successful ISO certification process. He began his career at the Dun & Bradstreet Corporation where he held several senior financial positions. Mr. Ballantyne earned a BA from the University of Western Ontario, and took a post-graduate degree in Business Administration with Honors from the University of Windsor.

Employment Agreements

On February 3, 2012, Jeffrey Riley was appointed to serve as our Chief Executive Officer and President, and on February 6, 2012, C. Evan Ballantyne was appointed to serve as our Chief Financial Officer. The following are summaries of the agreements that were executed in connection with these appointments.

Jeffrey Riley Employment Agreement

Effective February 3, 2012, in connection with his appointment, Mr. Riley entered into a three-year employment agreement with us (the "Riley Employment Agreement"). Pursuant to the Riley Employment Agreement, as recently amended, Mr. Riley will be entitled to an annual base salary of \$385,000 and will be eligible for discretionary performance and transactional bonus payments. Additionally, pursuant to the Riley Employment Agreement, Mr. Riley was granted options to purchase 750,000 shares of our common stock with an exercise price equal to our per share market price on the date of issue. These options will vest pro rata, on a monthly basis, over 36 months. The Riley Employment Agreement also includes confidentiality obligations and inventions assignments by Mr. Riley.

If Mr. Riley's employment is terminated for any reason, he or his estate as the case may be, will be entitled to receive the accrued base salary, vacation pay, expense reimbursement and any other entitlements accrued by him to the extent not previously paid (the "Accrued Obligations"); provided, however, that if his employment is terminated (1) by us without Just Cause (as defined in the Riley Employment Agreement) or by Mr. Riley for Good Reason (as defined in the Riley Employment Agreement) then in addition to paying the Accrued Obligations, (x) we shall continue to pay his then current base salary and continue to provide benefits at least equal to those which were provided at the time of termination for a period of six months and (y) he shall have the right to exercise any vested options until the earlier of the expiration of the severance or the expiration of the term of the option, or (2) by reason of his death or Disability (as defined in the Riley Employment Agreement), then in addition to paying the Accrued Obligations, he would have the right to exercise any vested options until the expiration of the term of the option. In such event, if Mr. Riley

commenced employment with another employer and becomes eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits to be provided by us as described herein will terminate.

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C. Evan Ballantyne Employment Agreement

Effective February 6, 2012, C. Evan Ballantyne was appointed our Chief Financial Officer. In connection with his appointment, Mr. Ballantyne entered into a three-year employment agreement with us (the Ballantyne Employment Agreement). Pursuant to the Ballantyne Employment Agreement, as recently amended, Mr. Ballantyne will be entitled to an annual base salary of \$335,000 and will be eligible for discretionary performance and transactional bonus payments. Additionally, pursuant to the Ballantyne Employment Agreement, Mr. Ballantyne was granted options to purchase 425,000 shares of our common stock with an exercise price equal to our per share market price on the date of issue. These options will vest pro rata, on a monthly basis, over 36 months. The Ballantyne Employment Agreement also includes confidentiality obligations and inventions assignments by Mr. Ballantyne.

If Mr. Ballantyne's employment is terminated for any reason, he or his estate as the case may be, will be entitled to receive the accrued base salary, vacation pay, expense reimbursement and any other entitlements accrued by him to the extent not previously paid (the Accrued Obligations); provided, however, that if his employment is terminated (1) by us without Just Cause (as defined in the Ballantyne Employment Agreement) or by Mr. Ballantyne for Good Reason (as defined in the Ballantyne Employment Agreement) then in addition to paying the Accrued Obligations: (i) we shall continue to pay his then current base salary and continue to provide benefits at least equal to those which were provided at the time of termination for a period of six months and (ii) he shall have the right to exercise any vested options until the earlier of the expiration of the severance or the expiration of the term of the option, or (2) by reason of his death or Disability (as defined in the Ballantyne Employment Agreement), then in addition to paying the Accrued Obligations, he would have the right to exercise any vested options until the expiration of the term of the option. In such event, if Mr. Ballantyne, commenced employment with another employer and becomes eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits to be provided by us as described herein will terminate.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Pursuant to our charter, our Audit Committee shall review on an on-going basis for potential conflicts of interest, and approve if appropriate, all our Related Party Transactions as required by Section 120 of the NYSE MKT Company Guide. For purposes of the Audit Committee Charter, Related Party Transactions shall mean those transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404.

From January 2, 2012 through September 30, 2012, Steve H. Kanzer was engaged as our Interim Director of our Biologics Division. In connection with his appointment, Mr. Kanzer entered into a six month employment agreement with us on a full time basis (the Kanzer Employment Agreement), which may be extended for an additional three months upon consent of the parties. Pursuant to the Kanzer Employment Agreement, Mr. Kanzer was entitled to a base salary of \$90,000 for the term, healthcare coverage pursuant to our healthcare insurance plan, reimbursement for certain relocation expenses and rent expense. The Kanzer Employment Agreement also included confidentiality obligations and inventions assignments by Mr. Kanzer. Mr. Kanzer was not entitled to severance pay upon termination of his employment. On October 1, 2012, the Kanzer Employment Agreement was amended (the Amended Kanzer Employment Agreement) and Mr. Kanzer was engaged as our Licensing Associate. In connection with this appointment, Mr. Kanzer entered into a two year agreement with us on a part time basis (2.5 days per week). Pursuant to the Amended Kanzer Employment Agreement, Mr. Kanzer was entitled to a base salary of \$150,000 for the term and healthcare coverage pursuant to our healthcare insurance plans. Effective December 5, 2013, Mr. Kanzer was appointed CEO and President of our majority owned subsidiary, Synthetic Biomics, Inc. In connection with this

appointment, Mr. Kanzer was entitled to an annual base salary of \$195,000 for the term and healthcare coverage pursuant to our healthcare insurance plans. On February 26, 2014, Mr. Kanzer resigned as CEO and President of Synthetic Biomics, Inc. and as a member of our Board of Directors. On May 2, 2014, Mr. Kanzer filed a Form 4 with the SEC which disclosed that as of April 30, 2014, he beneficially owned less than 5% of the outstanding shares of our common stock and he is no longer required to file reports regarding changes in his beneficial ownership.

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AVAILABILITY OF REPORT ON FORM 10-K

Our audited consolidated financial statements are included in our Annual Report on Form 10-K for the fiscal year ending December 31, 2013 filed with the SEC, 100 F Street, N.E., Washington, D.C. 20549. Upon your written request, we will provide to you a complimentary copy of our 2013 Annual Report on Form 10-K as filed with the Securities and Exchange Commission. Your request should be mailed to Synthetic Biologics, Inc., Attention: Corporate Secretary, Synthetic Biologics, Inc., Administrative Office, 617 Detroit Street, Suite 100, Ann Arbor, Michigan 48104. A complimentary copy may also be obtained at the internet website maintained by the Securities and Exchange Commission at www.sec.gov, and by visiting our internet website at www.syntheticbiologics.com and clicking on Investors, then on SEC Filings.

NOTICE REGARDING DELIVERY OF STOCKHOLDER DOCUMENTS (HOUSEHOLDING INFORMATION)

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies and intermediaries. A number of brokers and other intermediaries with account holders who are our stockholders may be householding our stockholder materials, including this proxy statement. In that event, a single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or other intermediary that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent, which is deemed to be given unless you inform the broker or other intermediary otherwise when you receive or received the original notice of householding. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, please notify your broker or other intermediary to discontinue householding and direct your written request to receive a separate proxy statement to us at: Synthetic Biologics, Inc., Attention: Corporate Secretary, Synthetic Biologics, Inc., Administrative Office, 617 Detroit Street, Suite 100, Ann Arbor, Michigan 48104 or by calling us at (734) 332-7800. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their broker or other intermediary.

STOCKHOLDER PROPOSALS

Stockholder proposals which are intended to be presented at the 2015 Annual Meeting of Stockholders pursuant to SEC Rule 14a-8 must be received by the Company by January 12, 2015.

A stockholder who intends to present business, including the election of a director, at the 2015 Annual Meeting of Stockholders other than pursuant to Rule 14a-8, must comply with the requirements set forth in our Amended and Restated Bylaws. Stockholders should consult our Amended and Restated Bylaws to ensure that all of the specific requirements of such notice are met.

Available Information on Corporate Governance and SEC Filings

Through our website (*www.syntheticbiologics.com*), we make available, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, all amendments to those reports, and other filings with the Securities and Exchange Commission, as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. We also make the following documents available on our website: the Audit Committee Charter; the Compensation Committee Charter; the Nominations Committee Charter; our Code of Conduct; and our Code of Ethics for Financial Management. You may also obtain a copy of any of the foregoing documents, free of charge, if you submit a written request to Synthetic Biologics, Inc., Attention: Corporate Secretary, Synthetic Biologics, Inc., Administrative Office, 617 Detroit Street, Suite 100, Ann Arbor, Michigan 48104.

No person is authorized to give any information or make any representation other than that contained in this proxy statement, and if given or made, such information may not be relied upon as having been authorized.

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**SYNTHETIC BIOLOGICS, INC.
THIS PROXY IS SOLICITED BY THE BOARD OF
DIRECTORS
IN CONNECTION WITH THE 2014 ANNUAL MEETING
OF STOCKHOLDERS
TO BE HELD AT 9:00 A.M. (EASTERN TIME) ON JUNE
10, 2014**

PROXY: JEFFREY RILEY AND C. EVAN BALLANTYNE, or either of them, are hereby appointed by the undersigned as attorneys and proxies with full power of substitution, to vote at the 2014 Annual Meeting of Stockholders of Synthetic Biologics, Inc. and at any adjournment(s) or postponement(s) of that meeting.

WITH RESPECT TO ANY MATTER THAT SHOULD PROPERLY COME BEFORE THE ANNUAL MEETING THAT IS NOT SPECIFIED HEREIN, THIS PROXY, WILL BE VOTED IN THE DISCRETION OF THE PROXY HOLDER.

PLEASE SIGN AND DATE AND RETURN PROMPTLY

**THE BOARD OF DIRECTORS OF SYNTHETIC
BIOLOGICS, INC.
RECOMMENDS THAT YOU VOTE
FOR ALL NOMINEES LISTED IN PROPOSAL 1
and
FOR PROPOSAL 2**

PROPOSAL 1. Election of the following director nominees to serve for the following year and until his successor is elected: Nominees are: Jeffrey J. Kraws, Jeffrey Riley, Scott L. Tarriff and Jeffrey Wolf.

FOR ALL NOMINEES

WITHHOLD AUTHORITY
FOR ALL NOMINEES

WITHHELD FOR THE
FOLLOWING ONLY:
(WRITE THE NAME(S) OF
THE NOMINEE(S) IN
THE SPACE BELOW)

o

o

PROPOSAL 2. Ratification of the selection of BDO USA, LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2014.

FOR
o

AGAINST
o

ABSTAIN
o

Dated:

Signature(s) of Stockholder(s)

Title:

Please mark, date and sign exactly as your name appears on this proxy card and return in the enclosed envelope. If acting as executor, administrator, trustee, guardian, etc., you should so indicate when signing. If the signer is a corporation, please sign the full corporate name, by a duly authorized officer. If shares are held jointly, each stockholder named should sign.
