

WESTWOOD HOLDINGS GROUP INC
Form DEF 14A
March 14, 2012
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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:

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- Definitive Proxy Statement
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Westwood Holdings Group, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Dear Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Westwood Holdings Group, Inc., which will be held on Thursday, April 19, 2012, at 10:00 a.m., Central time, at The Crescent Club, 200 Crescent Court, Suite 1700, Dallas, Texas 75201. The official Notice of Annual Meeting together with a proxy statement and proxy card are enclosed. Please give this information your careful attention.

Westwood invites all stockholders to attend the meeting in person. Whether or not you expect to attend the annual meeting, we urge you to complete, sign, date and promptly return the accompanying proxy card in the enclosed postage-paid envelope to assure your representation at the meeting. You can revoke your proxy at any time before it is voted by delivering written notice to Brian O. Casey at Westwood's principal executive office, by signing and mailing to us a proxy card bearing a later date, or by attending the meeting and voting in person.

Sincerely,

March 14, 2012

Brian O. Casey
Chief Executive Officer, President
and Secretary

WESTWOOD MANAGEMENT WESTWOOD TRUST
200 CRESCENT COURT, SUITE 1200 DALLAS, TEXAS 75201 T.214.756.6900 F.214.756.6979 www.westwoodgroup.com

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WESTWOOD HOLDINGS GROUP, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 19, 2012

To the Stockholders of Westwood Holdings Group, Inc.:

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of Westwood Holdings Group, Inc. (Westwood, the Company, we, us or our) will be held at The Crescent Club at 200 Crescent Court, Suite 1700, Dallas, Texas 75201 on Thursday, April 19, 2012, at 10:00 a.m., Central time, to consider and vote on the following proposals:

Proposal 1. The election of eight directors to hold office until the next annual meeting of Westwood's stockholders and until their respective successors shall have been duly elected and qualified.

Proposal 2. The ratification of the appointment of Grant Thornton LLP as Westwood's independent auditors for the year ending December 31, 2012.

In addition, we will consider the transaction of such other business as may properly come before the meeting or at any adjournments or postponements.

The foregoing items of business are more fully described in the attached proxy statement.

Only stockholders of record at the close of business on March 2, 2012 are entitled to notice of, and to vote at, the annual meeting and any adjournments or postponements thereof. A holder of shares of our common stock as of the record date is entitled to one vote in person or by proxy for each share of common stock owned by such holder on all matters properly brought before the annual meeting or at any adjournments or postponements.

All of our stockholders are invited to attend the annual meeting. Whether or not you expect to attend the annual meeting, we urge you to complete, sign, date and promptly return the accompanying proxy card in the enclosed postage-paid envelope to assure your representation at the meeting. You can revoke your proxy at any time before it is voted by delivering written notice to Brian O. Casey at our principal executive office, which is located at 200 Crescent Court, Suite 1200, Dallas, Texas 75201, by signing and mailing to us a proxy bearing a later date, or by attending the annual meeting and voting in person.

If you are the beneficial owner of shares of our common stock held in street name, you will receive voting instructions from your broker, bank or other nominee (who must be the stockholder of record). The voting instructions will provide details regarding how to vote these shares. Additionally, you may vote these shares in person at the annual meeting if you have requested and received a legal proxy from your broker, bank or other nominee giving you the right to vote the shares at the annual meeting, and you complete the legal proxy and present it to us at the annual meeting. Pursuant to the New York Stock Exchange rules, if you hold your shares in street name, nominees will not have discretion to vote these shares on the election of directors. Accordingly, if your shares are held in street name and you do not submit voting instructions to your broker, bank or other nominee, these shares will not be counted in determining the outcome on Proposal 1 set forth in this proxy statement at the annual meeting. We encourage you to provide voting instructions to your broker, bank or other nominee if you hold your shares in street name so that your voice is heard on these proposals.

This proxy statement and proxy card are being mailed to our stockholders on or about March 20, 2012.

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NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

Important Notice Regarding Internet Availability of Proxy Materials for the Stockholder Meeting to be Held on April 19, 2012

The proxy materials for the Company's Annual Meeting of Stockholders, including the 2011 Annual Report, the Proxy Statement and any other additional soliciting materials, are available over the Internet by accessing the Company's website at <http://ir.westwoodgroup.com/annuals.cfm>. Other information on the Company's website does not constitute part of the Company's proxy materials.

By Order of the Board of Directors

Westwood Holdings Group, Inc.

Brian O. Casey
Chief Executive Officer, President

and Secretary

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WESTWOOD HOLDINGS GROUP, INC.

PROXY STATEMENT FOR

2012 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 19, 2012

GENERAL QUESTIONS AND ANSWERS

The following questions and answers are intended to provide brief answers to frequently asked questions concerning the proposals described in this proxy statement and the proxy solicitation process. These questions and answers do not, and are not intended to, address all the questions that may be important to you. You should carefully read the remainder of this proxy statement. This proxy statement and the accompanying proxy card are being mailed to the stockholders of Westwood Holdings Group, Inc. (Westwood, the Company, we, us or our) on or about March 20, 2012.

The Annual Meeting

Q: When and where is the annual meeting?

A: The annual meeting will be held on Thursday, April 19, 2012, at 10:00 a.m., Central time, at The Crescent Club at 200 Crescent Court, Suite 1700, Dallas, Texas 75201.

Q: What am I being asked to vote on?

A: Our stockholders are being asked to vote on the following proposals at the annual meeting:

To elect eight directors to hold office until the next annual meeting of Westwood's stockholders and until their respective successors shall have been duly elected and qualified.

To ratify the appointment of Grant Thornton LLP as Westwood's independent auditors for the year ending December 31, 2012.

Q: How does the Board of Directors recommend that I vote?

A: The Board of Directors recommends that you vote your shares (i) FOR each of the eight director nominees for election to the Board of Directors and (ii) FOR the ratification of the appointment of Grant Thornton LLP as Westwood's independent auditors for the year ending December 31, 2012.

If you submit your properly executed proxy without voting instructions, your shares represented by that proxy will be voted as recommended by the Board of Directors.

Q: Who is entitled to vote at the annual meeting?

A: Stockholders of record at the close of business on March 2, 2012 (the record date) are entitled to notice of, and to vote at, the annual meeting and any adjournments or postponements thereof. A holder of shares of our common stock as of the record date is entitled to one vote in person or by proxy for each share of common stock owned by such holder on all matters properly brought before the annual meeting or at any adjournments or postponements thereof. As of March 2, 2012, there were 8,023,728 shares of common stock outstanding and entitled to vote on each of the proposals.

Q: What constitutes a quorum?

A: In order to carry on the business of the annual meeting, we must have a quorum. This means at least a majority of the shares of common stock outstanding as of the record date must be represented at the annual meeting, either by proxy or in person. Abstentions and broker non-votes, which are described in more detail below, are counted as shares present at the annual meeting for purposes of determining whether a quorum exists.

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

A: Stockholder of Record: A stockholder of record holds shares registered directly in his or her name with our transfer agent. As a stockholder of record, you have the right to grant your voting proxy directly to us in accordance with the procedures described below or to vote in person at the annual meeting.

Beneficial Owners: If your shares are held through a bank, broker or other nominee, you are the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your bank, broker or other nominee, which is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your bank, broker or other nominee on how to vote by completing the instructions provided to you by your bank, broker or other nominee. However, since you are not a stockholder of record, you may not vote these shares in person at the annual meeting unless you obtain a valid proxy from your bank, broker or other nominee (who must be the stockholder of record) giving you the right to vote the shares.

Q: What is a broker non-vote?

A: Generally, a broker non-vote occurs when a bank, broker or other nominee that holds shares in street name for customers is precluded from exercising voting discretion on a particular proposal because (1) the beneficial owner has not instructed the bank, broker or other nominee how to vote, and (2) the bank, broker or other nominee lacks discretionary voting power to vote such shares. A bank, broker or other nominee does not have discretionary voting power with respect to the approval of non-routine matters absent specific voting instructions from the beneficial owners of such shares.

Under applicable rules, Proposal 1 is considered a non-routine matter, on which banks, brokers and other nominees are not allowed to vote unless they have received voting instructions from the beneficial owners of such shares. The proposal to ratify the appointment of Grant Thornton LLP as Westwood's independent auditor for the year ending December 31, 2012 (Proposal No. 2) is considered a routine matter on which banks, brokers and other nominees may vote in their discretion on behalf of beneficial owners who have not provided voting instructions. Your bank, broker or other nominee will send you instructions on how you can instruct them to vote on Proposal No. 2. If you do not provide voting instructions, your bank, broker or other nominee will have discretionary authority to vote your shares with respect to Proposal No. 2.

Q: What vote is required to approve each proposal?

A: Proposal No. 1: The election of directors requires the affirmative FOR vote of a plurality of the shares represented in person or by proxy at the annual meeting and entitled to vote. This means that the eight director nominees who receive the most votes will be elected. You may vote FOR or WITHHOLD with respect to the election of each director. As the election of directors is a non-routine matter under applicable rules, your bank, broker or other nominee cannot vote without instructions from you. Therefore, although there may be broker non-votes on this proposal, only FOR votes will be counted in determining whether a plurality has been cast in favor of a director. Broker non-votes and WITHHOLD votes will not affect the outcome on the election of directors.

Proposal No. 2: The ratification of the appointment of Grant Thornton LLP as Westwood's independent auditors for the year ending December 31, 2012 requires the affirmative FOR vote of a majority of the votes cast at the annual meeting. Abstentions will have no effect on the outcome of this proposal.

Procedures for Voting

Q: Who is entitled to vote?

A: Only stockholders of record as of the close of business on March 2, 2012, the record date, will be entitled to vote on the proposals at the annual meeting. Each share of common stock is entitled to one vote.

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Q: How do I vote?

A: If you are the record holder of your shares, you can vote by attending the annual meeting in person or by completing, signing and returning your proxy card in the enclosed postage-paid envelope.

If your shares are held by your broker as your nominee (that is, in street name), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. If your shares are held in street name, your proxy card may contain instructions from your broker that allow you to vote your shares using the Internet or telephone. Please consult with your broker if you have any questions regarding the electronic voting of shares held in street name.

Q: Is my proxy revocable and can I change my vote?

A: If you are a stockholder of record you may revoke your proxy at any time before it is voted by doing one of the following:

Sending a written notice revoking your proxy to Brian O. Casey, our Secretary, at 200 Crescent Court, Suite 1200, Dallas, Texas 75201.

Signing and mailing to us a proxy bearing a later date.

Attending our annual meeting and voting in person.

If you are not a stockholder of record, but instead hold your shares in street name through a bank, broker or other nominee, the above-described options for revoking your proxy do not apply. Instead, you will need to follow the instructions provided to you by your bank, broker or other nominee in order to revoke your proxy and submit new voting instructions.

Q: Is my vote confidential?

A: Yes. Only the inspector of votes and certain of our employees will have access to your proxy card. All comments will remain confidential, unless you ask that your name be disclosed.

Our Current Stock Ownership

Q: What percentage of stock do the directors and executive officers own?

A: Collectively, our executive officers and directors beneficially owned approximately 1,374,704 shares, or approximately 17.1 percent, of our outstanding common stock as of March 2, 2012.

We believe that our executive officers and directors intend to vote their shares of our common stock on each of the proposals presented in this proxy statement as recommended by the Board of Directors.

Q: Who are the largest principal stockholders?

A: Based on our review of Schedule 13G, Schedule 13D and Form 4 filings, as of March 2, 2012, our ten largest institutional stockholders were GAMCO Investors, Inc. (11.2% ownership of our outstanding common stock), Royce & Associates (7.7%), Third Avenue Management LLC (6.6%), BlackRock (4.8%), Conestoga Capital (4.5%), Vanguard Group (3.0%), Wells Fargo & Co. (2.8%), Dimensional Fund Advisors, Inc. (2.0%), State Street Corp. (1.4%) and Bank of New York Mellon (1.3%). Susan M. Byrne, our Chairman, owned 8.2%, and Brian O. Casey, our President and Chief Executive Officer, owned 4.9% of our outstanding common stock as of March 2, 2012. Our employees and directors, including Ms. Byrne and Mr. Casey, collectively owned approximately 33.6% of our outstanding common stock as of March 2, 2012.

Other Information

Q: What is the deadline to propose actions for consideration at the 2013 annual meeting of stockholders?

A: To be included in the proxy statement for the 2013 annual meeting, stockholder proposals must be in writing and must be received by Westwood at our principal executive office at the following address: 200

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Crescent Court, Suite 1200, Dallas, Texas 75201, Attn: Secretary, no later than November 20, 2012. In addition, all proposals will need to comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the 1934 Act), which lists the requirements for the inclusion of shareholder proposals in company-sponsored proxy materials.

Q: How may I recommend or nominate individuals to serve as directors, and what is the deadline to propose or nominate individuals to serve as directors?

A: You may propose director candidates for consideration by the Governance/Nominating Committee of our Board of Directors. Any such recommendations must be in writing to our Corporate Secretary at our principal executive office and received not less than 120 calendar days before the one-year anniversary of the date that the proxy statement for the previous year's annual meeting was released to stockholders. However, if we did not hold an annual meeting during the previous year, or if the date of the current year's annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, then the deadline is a reasonable time before we begin to print and mail our proxy materials. For the 2013 annual meeting, the deadline is November 20, 2012. Director candidates recommended by stockholders are evaluated by the Governance/Nominating Committee based on the same criteria applied by the Governance/Nominating Committee to director candidates identified by that committee. To be valid, a stockholder's notice to the Corporate Secretary must set forth certain information, as further described in Corporate Governance Information Director Nominees.

Q: Who is soliciting my proxy and who will pay the solicitation expenses?

A: We are soliciting your proxy by and on behalf of our Board of Directors, and we will pay the cost of preparing and distributing this proxy statement and the cost of soliciting votes. We will reimburse stockbrokers and other custodians, nominees and fiduciaries for forwarding proxy and solicitation material to the owners of our common stock.

Q: Who can help answer my additional questions?

A: Stockholders who would like additional copies, without charge, of this proxy statement or have additional questions about this proxy statement, including the procedures for voting their shares, should contact:
William R. Hardcastle, Jr., Chief Financial Officer

Westwood Holdings Group, Inc.

200 Crescent Court, Suite 1200

Dallas, Texas 75201

Telephone: (214) 756-6900

This question and answer section is qualified in its entirety by the more detailed information contained in this proxy statement. You are strongly urged to read this proxy statement carefully in its entirety before you vote.

This proxy statement contains important information that should be read before you vote on the proposals herein. You are strongly urged to read this proxy statement, including Appendix A hereto, in its entirety. You are also strongly urged to read our Annual Report on Form 10-K for the period ended December 31, 2011, which is being sent to you with this proxy statement.

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Our bylaws provide that the Board of Directors of the Company (the Board) will consist of between three and eleven directors, as determined from time to time by resolution of the Board. The Board of Directors has set the number of directors at eight, all of whose terms expire as of the 2012 Annual Meeting. Each director elected at the 2012 Annual Meeting will serve until the 2013 Annual Meeting and thereafter until his or her successor has been elected and qualified or until the director's earlier death, resignation or removal. The Board of Directors, upon the recommendation of the Governance/Nominating Committee, has nominated the nominees listed below. Each nominee has consented to being named in this proxy statement and to serve if elected.

We have no reason to believe that any of the nominees will not serve if elected, but if any of them should become unavailable to serve as a director, and if the Board of Directors designates a substitute nominee, the persons named in the accompanying proxy will vote for the substitute nominee designated by the Board of Directors, unless a contrary instruction is given in the proxy.

Each stockholder is entitled to cast one vote for each director nominee per share of common stock held by them at the close of business on March 2, 2012. A plurality of the shares represented in person or by proxy at the annual meeting and entitled to vote is required for the election of directors. This means that the eight director nominees who receive the most votes will be elected. Votes may be cast in favor of a director nominee or withheld. Stockholders may withhold authority to vote for any nominee by striking a line through the name of such nominee in the space provided for such purpose on the proxy card. Broker non-votes and votes that are withheld will be excluded entirely from the vote and will have no effect. Votes that are withheld for a particular nominee will be excluded from the vote for that nominee only.

Nominees

The persons nominated to be directors are listed below. The following information is submitted concerning the nominees for election as directors:

Name	Age	Position(s) With Westwood
Brian O. Casey	48	Chief Executive Officer, President, Secretary and Director
Susan M. Byrne	65	Chairman of the Board of Directors and Director
Tom C. Davis	63	Director
Richard M. Frank	64	Director
Robert D. McTeer	69	Director
Geoffrey R. Norman	68	Director
Martin J. Weiland	63	Director
Raymond E. Wooldridge	73	Director

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THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE

FOR THE APPROVAL OF EACH OF THE DIRECTOR NOMINEES.

The biographical information for each director nominee is set forth below.

Brian O. Casey has served as Chief Executive Officer of Westwood since January 2006, as President, Secretary and director of Westwood since its inception in December 2001, and as Chief Operating Officer of Westwood from 2001 to 2005. Mr. Casey has served as Chief Executive Officer of Westwood Management Corp. (Westwood Management), our subsidiary that provides investment advisory services to a variety of clients, since January 2006, as Secretary since 2003, as President since 2002, and as a director since 2000. Mr. Casey served as Chief Operating Officer of Westwood Management from 2000 to 2005, as Executive Vice President from 2000 to 2002, and as Vice President from 1992 to 1996. Mr. Casey has served as President and director of Westwood Trust, our subsidiary that provides trust and custodial services, since 1996. Since 2002, Mr. Casey has served on the Tartan Board of Directors, a group exclusively devoted to raising money for the Texas Scottish Rite Hospital for Children. Since 2006, he has been a member of the Governor's Business Council for the State of Texas. He was appointed in 2008 to the board of the Baylor Health Care System Foundation, which helps raise money to support Baylor Health Care System's mission of patient care, education, research and community service.

As the Chief Executive Officer of the Company, and with over 19 years in senior executive roles with the Company, Mr. Casey brings an extensive knowledge of and experience with the Company and its business as well as valuable leadership and management experience. Mr. Casey has deep knowledge of the Company's operations, strategies and competitive environment as well as the asset management industry as a whole. As a board member of numerous private organizations, Mr. Casey also brings valuable experience in governance matters.

Susan M. Byrne has served as Chairman of the Board of Directors and director of Westwood since its inception in December 2001. She previously served as Westwood's Co-Chief Investment Officer from January 2011 to February 2012, as its Chief Investment Officer from January 2006 to January 2011 and as its Chief Executive Officer from December 2001 to December 2005. Ms. Byrne is the founder of Westwood Management, and has served as its Chairman of the Board since 1983, as its Co-Chief Investment Officer from January 2011 to February 2012, as its Chief Investment Officer from 1983 to January 2011, as its Chief Executive Officer from 1983 to 2005, and as its President from 1983 to 2002. She also served as a director of Westwood Trust from 1996 to 1999. Ms. Byrne serves as a member of the Board of Grace Presbyterian Ministries Foundation. She served as a member of the Board of the University of Texas Investment Management Company from 1996 to 2004 and as a member of the Board of Trustees for the City of Dallas Employees Retirement Fund from 1998 to 2003.

As the Founder and Chairman of the Board of the Company, and as a result of her tenure with the Company and its subsidiaries for over 28 years, Ms. Byrne brings an extensive knowledge of and experience with the Company and its business as well as valuable leadership and management experience. Ms. Byrne has deep knowledge of the Company's operations, strategies and competitive environment as well as the asset management industry as a whole. With over 40 years of experience in the investment management business, Ms. Byrne is uniquely qualified to provide insight to the Board on the Company's investment management strategies and operations. As a board member of numerous private organizations, Ms. Byrne also brings valuable experience in governance matters.

Tom C. Davis has served as a director of Westwood since April 2004. He served as a director of Westwood Trust from March 2004 to December 2006. Since March 2001, he has served as Chief Executive Officer of The Concorde Group, a private investment firm. Mr. Davis serves on the Board of Directors of Dean Foods Company, an NYSE-listed dairy and branded foods business; Affirmative Insurance Holdings, Inc., a NASDAQ-listed integrated, non-standard auto insurance business; and Bluffview Advisors, LLC, an inactive registered broker-dealer headquartered in Dallas, Texas. He was the managing partner and head of banking and corporate finance for the Southwest division of Credit Suisse First Boston (formerly Donaldson, Lufkin & Jenrette) from March 1984 to February 2001.

Mr. Davis brings extensive financial, operational, regulatory, strategic and capital markets expertise to the Board, having led the investment banking and corporate finance group for the Southwest Division of Credit Suisse First Boston (formerly Donaldson, Lufkin & Jenrette) for 17 years. Mr. Davis also brings valuable experience in business, governance, compensation and financial matters through his current and prior service as a director for other public and private companies.

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Richard M. Frank has served as a director of Westwood and Westwood Trust since February 2006. Since December 2008, Mr. Frank has served as Executive Chairman of the Board of CEC Entertainment, Inc. (CEC), a Dallas-based NYSE-listed company that operates a chain of pizza and children's entertainment restaurants. He has served as a director of CEC since June 1985. He served as Chairman of the Board and Chief Executive Officer of CEC from March 1986 to December 2008, and as CEC's President and Chief Operating Officer from June 1985 until October 1988.

Mr. Frank brings extensive knowledge with regard to executive and board level oversight of a public company through his significant experience as chief executive officer, chairman and director of CEC. Mr. Frank also has a deep understanding of business, governance, compensation and financial matters through his service with CEC.

Robert D. McTeer has served as a director of Westwood and Westwood Trust since July 2007. Mr. McTeer has served as a Distinguished Fellow at the National Center for Policy Analysis (the NCPA) since January 2007. Prior to joining the NCPA, he was Chancellor of the Texas A&M University System from November 2004 through November 2006. Before that, he had a 36-year career with the Federal Reserve System, including approximately 14 years as President of the Federal Reserve Bank of Dallas and as a member of the Federal Open Market Committee. Mr. McTeer currently serves on the Board of Directors of Refocus Group, a private company based in Dallas engaged in research and development of surgical procedures for vision disorders. He also serves as a Director of Aquinas Companies, a private company based in Houston primarily engaged in construction, and as a Director of Beal Bank Plano and Beal Bank Nevada, both private companies. He is a former Director of Guaranty Bank, a public company, the University of Georgia's College of Business, and the National Council on Economic Education, a non-profit entity. He is a former Director and President of the Association of Private Enterprise Education, a non-profit entity.

Mr. McTeer brings extensive knowledge of capital markets and the global economy, having served with the Federal Reserve System for 36 years. Mr. McTeer also brings valuable experience in business, governance, compensation and financial matters through his current and prior service as a director for other public and private companies.

Geoffrey R. Norman has served as a director of Westwood and Westwood Trust since April 2007. He has been an independent consultant to General Electric Company (General Electric) since 2004. He was employed by General Electric from 1968 to 2004, serving in various roles including Comptroller of GE Española, Chief Financial Officer of GE International Contractor Equipment, Vice President & Treasurer of GE Capital, and Executive Vice President of GE Asset Management from April 1988 to March 2004. He is currently a member of the Board of Trustees of the Canadian General Electric Pension Trust. He also serves on advisory boards for QD Technology, a start-up software company; and buildOn, a not-for-profit entity that builds schools in underdeveloped countries and organizes after-school clubs in United States high schools. Mr. Norman serves as an advisor to 5AM Ventures, an early-stage venture capital biotech firm.

Mr. Norman brings extensive financial, operational, regulatory and strategy expertise to the Board, having served in several finance and executive management roles over a 36-year career at General Electric. In addition, as a former executive with GE Asset Management and current member of the Board of Trustees of the Canadian General Electric Pension Trust, Mr. Norman brings extensive knowledge of the institutional investment management business from both the asset manager and plan sponsor perspective.

Martin J. Weiland has served as a director of Westwood and Westwood Trust since December 2010. He retired as Chairman, President and Chief Executive Officer of Northern Trust Bank of Texas N.A. in May of 2009. Before his appointment to the CEO position in 1997, Mr. Weiland served as Chief Fiduciary Officer of Northern Trust Bank of Texas N.A. He has more than 35 years of experience in the trust and investment management industry. Mr. Weiland began his career at Continental Illinois National Bank in 1973. He then moved to Texas to become Manager of Employee Benefits for Texas Commerce Bank. In 1987, he joined First Republic (Bank of America) to manage Corporate and Institutional Trust. He is a past Chairman of the Trust Financial Services

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Division of the Texas Bankers Association and has served on various industry related committees including the American Bankers Association, as well as the Texas Bankers Association. He is currently on the board of The Dallas Opera, having served as President/Chairman on two separate occasions.

Mr. Weiland brings extensive knowledge of the trust and investment management industries to the Board, having served over 35 years with Northern Trust, First Republic Bank, Texas Commerce Bank and Continental Illinois Bank. Mr. Weiland brings a thorough understanding of competitive, regulatory, client service and strategic issues facing the Company.

Raymond E. Wooldridge has served as a director of Westwood since its inception in December 2001. He has served as a director of Westwood Trust since 2000. He is a director of CEC Entertainment, Inc., a Dallas-based NYSE-listed company that operates a chain of pizza and children's entertainment restaurants. He is Chairman of the Board of Reeves Bancshares, Inc., a one-bank holding company whose principal subsidiary is Stockmans Bank, which serves southwestern Oklahoma. Mr. Wooldridge was a Director for Davidson Companies, Inc., a financial services holding company headquartered in Montana, from 1994 to 2009. He also served as a Director of Davidson Trust Company, a wealth management and trust firm, from 2001 to 2005. From 1986 to 1999, he was a director of SWS Group, Inc. (SWS); from 1996 to 1999, he served as the Vice Chairman and Chairman of the Executive Committee of SWS; from 1993 to 1996, he served as Chief Executive Officer of SWS; and from 1986 to 1993, he served as President and Chief Operating Officer of SWS. He is a past Chairman of the National Securities Clearing Corporation, a national clearing agency registered with the SEC, and past Vice Chairman of the Board of Governors of the National Association of Securities Dealers.

Mr. Wooldridge brings extensive financial, operational, regulatory and strategy expertise to the Board, having served in senior executive roles with SWS for over 13 years. In addition, as a former senior executive and director of SWS, our former parent company, Mr. Wooldridge developed intimate knowledge of the Company's operations, firm history and competitive landscape. Mr. Wooldridge also brings valuable experience in business, governance, compensation and financial matters through his current and prior service as a director for other public and private companies.

Table of Contents**Corporate Governance Information**

The Board of Directors held five meetings during 2011. All of the director nominees attended at least seventy-five percent of the meetings held in 2011. The standing committees of the Board of Directors currently consist of the Audit Committee, the Compensation Committee and the Governance/Nominating Committee. The membership and duties of these committees are described below.

<i>Independent Directors (1)</i>	Audit Committee	Compensation Committee	Governance/Nominating Committee
Tom C. Davis (2)	M		M
Richard M. Frank	M	C	M
Robert D. McTeer	M		
Geoffrey R. Norman	M	M	
Martin J. Weiland (3)	M	M	C
Raymond E. Wooldridge (4)	C	M	M

M Committee member

C Committee chairman

- (1) The Board of Directors has determined that all members of the Audit, Compensation and Governance/Nominating Committees are independent directors within the meaning of the NYSE Corporate Governance Listing Standards.
- (2) The Board of Directors has determined that Tom C. Davis is qualified as an Audit Committee financial expert within the meaning of the regulations of the Securities and Exchange Commission (SEC) and has accounting and related financial management expertise within the meaning of the NYSE Corporate Governance Listing Standards.
- (3) Martin J. Weiland was appointed to the Compensation Committee in February 2012.
- (4) Raymond E. Wooldridge is Lead Director, and as such, he chairs executive sessions of the Board of Directors.

Board Committees

Audit Committee. The Audit Committee operates pursuant to a charter approved by our Board of Directors, which the Audit Committee reviews periodically to determine if revisions are necessary or appropriate. A copy of the charter is posted on our website at www.westwoodgroup.com. In addition, a copy of the charter is available upon written request to our Corporate Secretary at our principal executive office (200 Crescent Court, Suite 1200, Dallas, Texas 75201). The Audit Committee monitors our independent auditors as well as the preparation of our financial statements. The Audit Committee considers and selects an independent accounting firm to conduct the annual audit, monitors the independence of our independent accountants and monitors our accounting and financial reporting processes and audits of our financial statements. The Audit Committee is responsible for reviewing reports from our management relating to our financial condition and other matters that may have a material impact on our financial statements and compliance policies. The Audit Committee is also responsible for inquiring of our management and independent auditors regarding the appropriateness of the accounting principles we follow, as well as reviewing changes in accounting principles and their impact on our financial statements in terms of scope of audits conducted or scheduled to be conducted. The Audit Committee is further responsible for preparing a report stating, among other things, whether our audited financial statements should be included in our Annual Report. The Audit Committee met five times during 2011. All of the members of the Audit Committee attended at least seventy-five percent of the meetings held in 2011.

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Compensation Committee. The Compensation Committee operates pursuant to a charter approved by our Board of Directors, a copy of which is posted on our website at www.westwoodgroup.com. In addition, a copy of the charter is available upon written request to our Corporate Secretary at our principal executive office. The Compensation Committee authorizes and determines all compensation for our executive officers, administers our incentive compensation plans in accordance with the powers and authority granted in such plans, determines any incentive awards to be made to our officers, administers all of our stock incentive plans and other equity ownership,

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compensation, retirement and benefit plans, approves the performance-based compensation of individuals pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (Code Section 162(m)), and administers other matters relating to compensation or benefits. The Compensation Committee met six times during 2011. All of the members of the Compensation Committee attended at least seventy-five percent of the meetings held in 2011.

Governance/Nominating Committee. The Governance/Nominating Committee operates pursuant to a charter approved by our Board of Directors, a copy of which is posted on our website at www.westwoodgroup.com. In addition, a copy of the charter is available upon written request to our Corporate Secretary at our principal executive office. The primary function of the Governance/Nominating Committee is to develop and oversee the application of corporate governance principles to Westwood, to identify and evaluate qualified candidates for Board membership and recommend to the Board director nominees to be voted on at the annual meeting of stockholders, and communicate with members of the Board regarding Board and committee meeting format and procedures. The Governance/Nominating Committee met four times during 2011. All of the members of the Governance/Nominating Committee attended at least seventy-five percent of the meetings held in 2011.

Director Independence

Our Board of Directors has adopted Corporate Governance Guidelines, which concern director independence, among other matters. The full text of our Corporate Governance Guidelines is available on our website at www.westwoodgroup.com. In addition, a copy of our Corporate Governance Guidelines is available upon written request to our Corporate Secretary at our principal executive office.

Pursuant to our Corporate Governance Guidelines, a majority of the members of our Board of Directors, as well as all members of each committee of the Board, must be non-management directors who meet the independence requirements of the NYSE Corporate Governance Listing Standards and other governing laws and regulations. In addition, all members of the Audit Committee must meet additional independence standards required under the 1934 Act. Our Board of Directors annually reviews director independence. In the 2011 review, the Board of Directors reviewed directors' responses to a questionnaire asking about their relationships, and the relationships of their family members, with us, and other potential conflicts of interest. In connection with this review, our Board of Directors specifically considered that Mr. Wooldridge has a former relationship with SWS Group, Inc., the company from which we were spun-off in 2002. In addition, our Board of Directors was aware that certain of our directors and individuals or entities affiliated with such directors have asset management accounts that are held by one of our subsidiaries and managed by us. After noting such items, and based upon its review, the Board of Directors unanimously decided that none of these relationships constituted a material relationship with us that would affect the independence of any such director under the NYSE rules.

As a result, the Board affirmatively determined that Messrs. Davis, Frank, McTeer, Norman, Weiland and Wooldridge are all independent as defined under SEC and NYSE rules. Ms. Byrne and Mr. Casey (each of whom is an executive officer of the Company) are not independent directors.

Board Leadership Structure

Our Board of Directors currently separates the roles of Chief Executive Officer and Chairman of the Board, however the Board does not have a policy in place that requires these two roles to remain separate. Brian O. Casey serves as our President, Chief Executive Officer and director, and Susan M. Byrne serves as our Chairman of the Board. As President and Chief Executive Officer, Mr. Casey has primary responsibility for the day-to-day operations of the Company and provides leadership on the Company's key strategic objectives. As Chairman of the Board, Ms. Byrne provides leadership to the Board and chairs its meetings.

Pursuant to our Corporate Governance Guidelines, if the Chairman of the Board is an employee of the Company, the Board will designate a non-management director as Lead Director. Since Ms. Byrne, the Chairman of the Board, is an executive officer of the Company, the Board has appointed Mr. Wooldridge to serve as Lead Director. As such, he (i) chairs executive sessions of the non-management directors, (ii) serves as the principal liaison between the Chairman of the Board and the independent directors, and (iii) advises the Chairman of the Board with respect to agenda items. In accordance with our Corporate Governance Guidelines, our non-management directors meet in executive session without the presence of management on a regular basis.

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With a supermajority of independent directors, an Audit Committee, a Compensation Committee and a Governance/Nominating Committee each comprised entirely of independent directors, a Lead Director to chair all executive sessions of the non-management directors, and a Chairman of the Board with extensive experience as a leader in the asset management industry and intimate knowledge of the Company's strategy and daily operations, the Boa