

WESTWOOD HOLDINGS GROUP INC  
Form DEF 14A  
March 20, 2015  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant                       Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Westwood Holdings Group, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders of Westwood Holdings Group, Inc., which will be held on Wednesday, April 29, 2015, 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 or vote by Internet by following the instructions in the Notice of Annual Meeting to assure your representation at the meeting. You can revoke your proxy at any time before it is voted by delivering written notice to our Corporate Secretary at Westwood's principal executive office, by signing and mailing to us a proxy card bearing a later date, by changing your vote by Internet (if you voted by Internet) or by attending the meeting and voting in person.

Sincerely,

March 20, 2015

Brian O. Casey  
President and Chief Executive Officer

WESTWOOD MANAGEMENT WESTWOOD TRUST WESTWOOD INTERNATIONAL ADVISORS

200 CRESCENT COURT, SUITE 1200 DALLAS, TEXAS 75201 T.214.756.6900 F.214.756.6979 [www.westwoodgroup.com](http://www.westwoodgroup.com)

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>NOTICE OF ANNUAL MEETING OF STOCKHOLDERS</u>	i
<u>NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS</u>	ii
<u>GENERAL QUESTIONS AND ANSWERS</u>	1
<u>The Annual Meeting</u>	1
<u>Procedures for Voting</u>	3
<u>Our Current Stock Ownership</u>	4
<u>Other Information</u>	4
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	6
<u>Nominees</u>	6
<u>Corporate Governance Information</u>	9
<u>Director Compensation</u>	14
<u>EXECUTIVE OFFICERS</u>	16
<u>EXECUTIVE COMPENSATION</u>	18
<u>Compensation Discussion and Analysis</u>	18
<u>Compensation Committee Report</u>	32
<u>Summary Compensation Table</u>	32
<u>Grants of Plan-Based Awards</u>	35
<u>Outstanding Equity Awards at Fiscal Year-End</u>	38
<u>Stock Vested</u>	39
<u>Potential Payments Upon Termination or Change in Control</u>	39
<u>PROPOSAL 2: RATIFICATION OF APPOINTMENT OF GRANT THORNTON LLP AS INDEPENDENT AUDITORS</u>	50
<u>Fees Billed by Grant Thornton LLP</u>	50
<u>Vote Sought and Recommendation</u>	50
<u>PROPOSAL 3: APPROVAL OF THE THIRD AMENDMENT TO THE THIRD AMENDED AND RESTATED WESTWOOD HOLDINGS GROUP, INC. STOCK INCENTIVE PLAN</u>	51
<u>Vote Sought and Recommendation</u>	55
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	56
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	56
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	57
<u>REPORT OF THE AUDIT COMMITTEE</u>	58
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	59
<u>STOCKHOLDER PROPOSALS</u>	59
<u>ANNUAL REPORT</u>	59
<u>HOUSEHOLDING INFORMATION</u>	60
<u>OTHER MATTERS</u>	60
<u>APPENDIX A THE THIRD AMENDED AND RESTATED WESTWOOD HOLDINGS GROUP, INC. STOCK INCENTIVE PLAN</u>	

**Table of Contents**

**WESTWOOD HOLDINGS GROUP, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON APRIL 29, 2015**

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, 200 Crescent Court, Suite 1700, Dallas, Texas 75201 on Wednesday, April 29, 2015, 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, 2015; and
- Proposal 3. The approval of the Third Amendment to the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan.

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 13, 2015 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 may also vote by Internet at [www.voteproxy.com](http://www.voteproxy.com) using the control number shown on your proxy card or voting instruction card. You can revoke your proxy at any time before it is voted by delivering written notice to our Corporate Secretary 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, by changing your vote by Internet (if you voted by Internet) 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 ( NYSE ) rules, if you hold your shares in street name, nominees will not have discretion to vote these shares on the election of directors or the approval of the Third Amendment to the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan. 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 or Proposal 3 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 25, 2015.

**Table of Contents**

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS**

**Important Notice Regarding Internet Availability of Proxy Materials for the Stockholder Meeting to be Held on April 29, 2015**

The proxy materials for the Company's Annual Meeting of Stockholders, including the 2014 Annual Report to Stockholders, the Proxy Statement and any other additional soliciting materials, are available over the Internet by accessing our website at <http://ir.westwoodgroup.com/annuals.cfm>. Other information on our 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  
President and Chief Executive Officer

**Table of Contents**

**WESTWOOD HOLDINGS GROUP, INC.**  
**PROXY STATEMENT FOR**  
**2015 Annual Meeting OF STOCKHOLDERS**  
**TO BE HELD ON APRIL 29, 2015**  
**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 25, 2015.

**The Annual Meeting**

**Q: When and where is the annual meeting?**

**A:** The annual meeting will be held on Wednesday, April 29, 2015, at 10:00 a.m., Central time, at The Crescent Club, 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, 2015; and

To approve the Third Amendment to the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan.

**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, (ii) FOR the ratification of the appointment of Grant Thornton LLP as Westwood's independent auditors for the year ending December 31, 2015, and (iii) FOR the approval of the Third Amendment to the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan.

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 13, 2015 (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 13, 2015, there were 8,432,815 shares of common stock outstanding and entitled to vote on each of the proposals.

## **Table of Contents**

### **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.

### **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 Owner: 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 your shares 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 (i) the beneficial owner has not instructed the bank, broker or other nominee how to vote, and (ii) 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, Proposals 1 and 3 are considered non-routine matters, 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, 2015 (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, 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, 2015 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.



## **Table of Contents**

Proposal No. 3: The approval of the Third Amendment to the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan requires the affirmative FOR vote of a majority of the votes cast at the annual meeting (provided that the total votes cast upon this proposal represent over fifty percent (50%) of all shares entitled to vote on this proposal). As the approval of the Third Amendment to the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan is a non-routine matter under applicable rules, your bank, broker or other nominee cannot vote without instructions from you. An abstention is a vote cast under current NYSE rules, and, as a result, abstentions will have the effect of a vote AGAINST this proposal. A broker non-vote, however, is not a vote cast under current NYSE rules, and, as a result 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 13, 2015, 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.

### **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. You can also vote by Internet at [www.voteproxy.com](http://www.voteproxy.com) using the control number shown on your proxy card or voting instruction card.

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 Julie K. Geron, our Corporate Secretary, at 200 Crescent Court, Suite 1200, Dallas, Texas 75201;

Signing and mailing to us a proxy bearing a later date; or

Changing your vote by Internet (if you voted by Internet); or

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.

## **Table of Contents**

### **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 921,231 shares, or approximately 10.7 percent, of our outstanding common stock as of March 13, 2015.

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, Form 13F and Form 4 filings, as of March 13, 2015, the ten institutional stockholders with the largest percentage ownership of our outstanding common stock were Royce & Associates, LLC (9.1%), GAMCO Investors, Inc. (7.5%), Conestoga Capital Advisors LLC (7.1%), BlackRock, Inc. (6.3%), Wellington Management Co LLP (4.9%), Vanguard Group Inc. (3.2%), Wells Fargo & Company (2.9%), Dimensional Fund Advisors LP (2.2%), Zuckerman Investment Group, LLC (2.1%), and Renaissance Technologies LLC (1.7%).

Susan M. Byrne, our Chairman, owned 4.1%, and Brian O. Casey, our President and Chief Executive Officer, owned 2.7% of our outstanding common stock as of March 13, 2015. Our employees and directors, including Ms. Byrne and Mr. Casey, collectively owned approximately 27% of our outstanding common stock as of March 13, 2015.

### **Other Information**

**Q: What is the deadline to propose actions for consideration at the 2016 annual meeting of stockholders?**

**A:** To be included in the proxy statement for the 2016 annual meeting, stockholder proposals must be in writing and must be received by Westwood at our principal executive office at the following address: 200 Crescent Court, Suite 1200, Dallas, Texas 75201, Attn: Corporate Secretary, no later than November 20, 2015. In addition, all proposals must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act), which lists the requirements for the inclusion of stockholder proposals in company-sponsored proxy materials.

If a stockholder intends to present a proposal at the 2016 annual meeting, but does not seek to include the proposal in the proxy statement, notice of the proposal must be received by Westwood at our principal executive offices at least 45 days before the date of this proxy statement, or your proxy will confer discretionary authority on the person(s) named in the form of proxy for the 2016 annual meeting to vote on the proposal if it is properly presented for consideration at the meeting.

**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

## Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

we begin to print and mail our proxy materials.

For the 2016 annual meeting, the deadline for proposing or nominating individuals to serve as director is November 20, 2015. 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.

**Table of Contents**

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

**A:** The Company is 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:  
Tiffany B. Kice, Chief Financial Officer & Treasurer

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 carefully read this proxy statement 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 in its entirety. You are also strongly urged to read our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 26, 2015 (the 2014 Form 10-K ), which is being sent to you with this proxy statement.**



**Table of Contents****PROPOSAL 1:****Election of Directors**

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 has previously set the number of directors at eight. The terms of the eight incumbent directors expire at the 2015 Annual Meeting. Each director elected at the 2015 Annual Meeting will serve until the 2016 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 13, 2015. 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 that 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:

<b>Name</b>	<b>Age</b>	<b>Position(s) With Westwood</b>
Brian O. Casey	51	President, Chief Executive Officer and Director
Susan M. Byrne	68	Chairman of the Board of Directors
Richard M. Frank	67	Director
Ellen H. Masterson	64	Director
Robert D. McTeer	72	Director
Geoffrey R. Norman	71	Director
Martin J. Weiland	66	Director
Raymond E. Wooldridge	76	Director

---

**Table of Contents**

**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 Westwood as Chief Executive Officer of Westwood since January 2006, as President and director since its inception in December 2001, as Secretary from December 2001 to March 2014, and as Chief Operating Officer from 2001 to 2005. Mr. Casey has served as Chief Executive Officer of Westwood Management since January 2006, 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 director of Westwood Trust since 1996 and also served as President of Westwood Trust from 1996 to 2013. 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. In 2011, he was appointed to the Board of the Cooper Institute, an organization dedicated to scientific research in the field of preventative medicine and public health.

As the Chief Executive Officer of the Company and with over 20 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 skills. 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 several 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. Ms. Byrne has served as Director, Global Initiatives for Westwood since February 2012. She served as Co-Chief Investment Officer from January 2011 to February 2012, as Chief Investment Officer of Westwood from January 2006 to February 2012, and as Chief Executive Officer from December 2001 to December 2005. Ms. Byrne is the founder of Westwood Management Corp., and has served as its Chairman of the Board since 1983, as Chief Investment Officer from 1983 to February 2012, as Chief Executive Officer from 1983 to 2005, and as President from 1983 to 2002. She served as a director of Westwood Trust from 1996 to 1999. She has previously served as a member of the Board of Presbyterian Communities & Services Foundation, a member of the Board of the University of Texas Investment Management Company, and as a member of the Board of Trustees for the City of Dallas Employees Retirement Fund.

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 30 years, Ms. Byrne brings 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 several private organizations, Ms. Byrne also brings valuable experience in governance matters.

On March 17, 2015, the Company entered into a consulting agreement (the Consulting Agreement) with Ms. Byrne, with an effective term of five years beginning on July 1, 2015. Under the Consulting Agreement, Ms. Byrne will be paid an annual consulting fee of \$250,000 and annual fees and restricted stock awards to serve as a member of the Board of Directors and the board of directors of our Ireland-domiciled UCITS fund, as well as certain benefits. Ms. Byrne will serve as Vice Chairman of the Board of Directors during the term of the Consulting Agreement, and will resign as Chairman effective May 1, 2015 and as Director, Global Initiatives effective July 1, 2015.

---

**Table of Contents**

*Richard M. Frank* has served as a director of Westwood and Westwood Trust since February 2006. Mr. Frank was previously employed by CEC Entertainment, Inc. ( CEC ), a Dallas-based company that operates a chain of pizza and children s entertainment restaurants, until his retirement in March 2014. CEC was a New York Stock Exchange listed company until February 2014. From December 2008 until February 2014, he served as Executive Chairman of the Board of CEC. Mr. Frank served CEC as a director from June 1985 to February 2014, as Chairman of the Board and Chief Executive Officer from March 1986 to December 2008, and as President and Chief Operating Officer from June 1985 to October 1988. Prior to CEC, Mr. Frank served for 12 years as Chief Operating Officer of S&A Restaurant Co., a subsidiary of the Pillsbury Company.

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.

*Ellen H. Masterson* has served as a director of Westwood and Westwood Trust since 2014. She retired as a partner with PricewaterhouseCoopers ( PwC ) in 2008, having served in such capacity since 1999 and from 1985 to 1997. Ms. Masterson specialized in the audits of companies involved in several sectors of the financial services industry, including investment management firms and public companies with a focus on mergers and acquisitions. She held senior positions within the leadership of PwC from 2001 to 2008, including international responsibilities across the global network of PwC firms. From 1997 to 1999, Ms. Masterson served as Senior Vice President and Chief Financial Officer of American General Corporation, prior to its acquisition by American International Group, Inc. Since 1982, she has served on numerous nonprofit boards, and is currently a Trustee of Presbyterian Communities & Services, a provider of senior care and hospice services.

Ms. Masterson brings extensive knowledge of financial reporting and accounting issues faced by companies in the financial services industry, as well as experience with international business, strategic planning and corporate governance from 40 years of dealing with clients, as a public company Chief Financial Officer and a trustee of nonprofit organizations.

*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 ( 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 nearly 14 years as President of the Federal Reserve Bank of Dallas and as a member of the Federal Open Market Committee ( FOMC ). Mr. McTeer currently serves as a Director of Beal Bank (Plano) and Beal Bank USA (nonpublic). He is a former Director of Refocus Group (nonpublic), Aquinas Companies (nonpublic), Guaranty Bank (public), the University of Georgia s College of Business (nonprofit), and the National Council on Economic Education (nonprofit). He is a former Director and President of the Association of Private Enterprise Education (nonprofit).

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 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. Mr. Norman serves on a global advisory board for buildOn, a not-for-profit entity that builds schools in underdeveloped countries and organizes after-school clubs in US high schools. Mr. Norman also serves as a member of the Distribution Committee and as an advisor to 5AM Ventures, an early-stage venture capital biotech firm based in Menlo Park, California.

## **Table of Contents**

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. As a former executive with GE Asset Management, where he led the creation of GE's external money management business and served on the Boards of Trustees of the GE Pension Fund and also GE Canada's Pension Plan, 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 in 1997 to CEO, Mr. Weiland served as Chief Fiduciary Officer of Northern Trust Bank of Texas N.A. He has more than 35 years 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 (Bank of America) to manage Corporate and Institutional Trust. He is a past Chairman of the Trust Financial Services 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 Bank of Texas N.A., First Republic Bank, Texas Commerce Bank and Continental Illinois National 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 it became a public company in December 2001. He has served as a director of Westwood Trust since 2000. Mr. Wooldridge is Chairman of the Board of Reeves Bancshares, Inc., a one bank holding company whose principal subsidiary is Stockmans Bank, which serves southwestern Oklahoma and the Dallas area. Mr. Wooldridge is also Chairman of the Board of Archaea Solutions, Inc., a private wastewater treatment company. He also serves as director and Investment Committee member of the Catholic Diocese Educational Endowment Trust Fund. Mr. Wooldridge was a director of CEC Entertainment, Inc. (CEC), a Dallas-based company that operates a chain of pizza and children's entertainment restaurants, until February 2014. CEC was a New York Stock Exchange listed company until February 2014. He was also a director for Davidson Companies, Inc., a large 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, which was 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 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.

## **Corporate Governance Information**

The Board of Directors held five meetings during 2014. All of the incumbent director nominees attended all of the meetings held in 2014, with the exception of Ms. Masterson, who attended one meeting as a guest prior to her election to the Board of Directors in 2014 and attended the two meetings that took place subsequent to her election to the Board of Directors. The standing committees of the Board of Directors currently consist of the

**Table of Contents**

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>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Governance/Nominating Committee</b>
Richard M. Frank	M	C	M
Ellen H. Masterson (2)	M		M
Robert D. McTeer			M
Geoffrey R. Norman (2)	M		M
Martin J. Weiland		M	C
Raymond E. Wooldridge (3)	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 Geoffrey R. Norman and Ellen H. Masterson are qualified as Audit Committee financial experts within the meaning of the regulations of the Securities and Exchange Commission ( SEC ) and have accounting and related financial management expertise within the meaning of the NYSE Corporate Governance Listing Standards.
- (3) 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](http://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 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 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 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 the 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 on Form 10-K. Finally, the Audit Committee evaluates the adequacy and effectiveness of our risk assessment, risk management policies, and overall enterprise risk management. The Audit Committee met five times during 2014. All members of the Audit Committee attended all of the meetings held in 2014, with the exception of Ms. Masterson, who attended one meeting as a guest prior to her election to the Board of Directors in 2014 and attended the two meetings that took place subsequent to her election to the Board of Directors.

*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](http://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 granted in such plans, determines any incentive awards to be made to our officers, administers our stock incentive plans and other equity ownership, compensation, retirement and benefit plans, approves the performance-based compensation of individuals



## **Table of Contents**

pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended, and administers other matters relating to compensation and benefits. The Compensation Committee met five times during 2014. All members of the Compensation Committee attended all of the meetings held in 2014.

*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](http://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, recommend director nominees to the Board 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 five times during 2014. All members of the Governance/Nominating Committee attended all of the meetings held in 2014, with the exception of Ms. Masterson, who attended one meeting as a guest prior to her election to the Board of Directors in 2014 and attended the two meetings that took place subsequent to her election to the Board of Directors.

### **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](http://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 Exchange Act. Our Board of Directors annually reviews director independence. In the 2014 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 addition, our Board of Directors was aware that certain of our directors and individuals or entities affiliated with such directors have asset management accounts 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 SEC and NYSE rules.

As a result, the Board affirmatively determined that Messrs. Frank, McTeer, Norman, Weiland and Wooldridge and Ms. Masterson are independent as defined under SEC and NYSE rules. Ms. Byrne, who last served as an executive officer of the Company during 2012 and Mr. Casey who served as an executive officer of the Company during 2014, 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, our Chairman of the Board, is an employee 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

## **Table of Contents**

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.

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 Board of Directors believes that its current leadership structure provides an appropriate balance that best serves the Company and its stockholders.

### **Board's Role in Risk Oversight**

The Board's role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory and strategic risks. The Audit Committee is responsible for oversight of risks relating to the Company's accounting matters, financial reporting and legal and regulatory compliance. To satisfy these oversight responsibilities, the Audit Committee meets regularly with management, the Company's internal auditor and Grant Thornton LLP, the Company's independent auditor. The Compensation Committee is responsible for overseeing risks relating to employment policies and the Company's compensation and benefits programs. To satisfy these oversight responsibilities, the Compensation Committee meets regularly with management to better understand the implications of compensation decisions, particularly the risks the Company's compensation policies pose to the Company's financial condition, human resources and stockholders. The Governance/Nominating Committee is responsible for overseeing risks relating to overall corporate governance and succession planning. To satisfy these oversight responsibilities, the Governance/Nominating Committee annually reviews Board composition, as well as Board and committee performance, and periodically reports to the Board on corporate governance matters.

Additionally, the Board's risk oversight function is supported by the directorships of Mr. Casey and Ms. Byrne, whose industry knowledge and experience provide the Board with a deep understanding of the risks facing the Company. Accordingly, the Board of Directors believes that having Mr. Casey and Ms. Byrne serve on the Board, together with a supermajority of independent directors, three independent Board committees and a Lead Director, provides the appropriate leadership structure to assist in effective risk oversight by the Board.

### **Risks Related to Compensation Policies and Practices**

As part of its oversight of the Company's executive and non-executive compensation programs, the Compensation Committee considers the impact of our compensation programs, and the incentives created by the compensation awards that it administers, on our risk profile. In addition, the Company reviews all of its compensation policies and procedures, including the incentives that they create and factors that may affect the likelihood of excessive risk-taking, to determine whether they present a material risk to the Company. The Compensation Committee also considers the following risk mitigating factors:

Overall compensation levels that are competitive with the market;

Limits on annual cash incentive awards;

The Compensation Committee's discretionary authority to reduce annual cash incentive awards;

Use of long-term equity incentive awards to reward executives and other key employees for driving sustainable, profitable growth for stockholders and clients;

Vesting periods for long-term equity incentive awards that encourage executives and other key employees to focus on sustained stock price appreciation; and



Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

The Company's internal control over financial reporting and other financial, operational and compliance policies and practices currently in place that are intended to prevent manipulation of performance.

## **Table of Contents**

Based on this review, the Company has concluded that its compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

### **Director Nominees**

The Board of Directors has delegated to the Governance/Nominating Committee specific responsibilities relating to selection of directors to serve on the Board. The Governance/Nominating Committee of the Board is responsible for identifying potential candidates for Board membership and for recommending to the Board a slate of director candidates to stand for election at the annual meeting of our stockholders. The Governance/Nominating Committee seeks to identify, and the Board then selects, director candidates who (i) have significant business experience that is relevant and beneficial to the Board and Westwood, (ii) are willing and able to make a sufficient time commitment to the affairs of Westwood to effectively perform the duties of a director, including regular attendance at Board and committee meetings, (iii) are committed to the long-term growth and profitability of Westwood, (iv) are individuals of character and integrity, (v) are individuals with inquiring minds willing to challenge and stimulate management and (vi) represent the interests of Westwood as a whole and not just the interests of a particular stockholder or group. The Governance/Nominating Committee does not have a specific policy considering diversity in identifying director candidates, but uses the criteria listed above. The Governance/Nominating Committee believes these criteria are the key factors in identifying qualified director candidates.

The Governance/Nominating Committee has a policy for considering new director candidates recommended by our stockholders if such recommendations are made in compliance with the following procedures. A stockholder wishing to recommend a candidate for inclusion as a director nominee in the proxy statement for our annual meeting must submit a written notice of the recommendation to our Corporate Secretary at our principal executive office. The submission must be received at our principal executive office 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 meeting, then the deadline will be a reasonable time before we begin to print and mail our proxy materials. For the 2016 annual meeting, the deadline is November 20, 2015. Director candidates recommended by stockholders are evaluated by the Governance/Nominating Committee using the same criteria applied by the Governance/Nominating Committee to director candidates identified by that committee, as described in the previous paragraph.

To be valid, a stockholder's notice to the Corporate Secretary must set forth (i) the name and address of the stockholder recommending such candidate, as such information appears on our books (if the stockholder is a record holder), (ii) the class and number of shares of Westwood stock beneficially owned by the stockholder, (iii) the name, age, business address and residence address of each candidate proposed in the notice, (iv) each candidate's biographical data and qualifications, (v) the class and number of shares of Westwood stock beneficially owned by the candidate, if any, (vi) a description of all arrangements or understandings between the stockholder (or between any person(s) at whose request the stockholder is making the recommendation) and each candidate, and (vii) any other information required to be disclosed in solicitations of proxies for election of directors or otherwise required pursuant to Regulation 14A under the Exchange Act. The foregoing information must be provided with respect to any person that the stockholder proposes to recommend for election or re-election as a director. The candidate's signed written consent to being named in the proxy statement as a nominee and to serving as a director if elected must also be provided.

For the 2015 Annual Meeting, our Governance/Nominating Committee has not received a candidate recommendation from any stockholder (or group of stockholders), including any stockholder (or group of stockholders) that beneficially owns more than five percent of our common stock.

## **Table of Contents**

### **Communications with the Board**

Stockholders or other interested parties may communicate with the Board of Directors or particular Board members (including our Lead Director or non-management directors as a group) by mailing a written communication to our Corporate Compliance Officer at 200 Crescent Court, Suite 1200, Dallas, Texas 75201, by email to [compliance@westwoodgroup.com](mailto:compliance@westwoodgroup.com) or by telephone to 214-756-6900. All communications are received and processed by the Corporate Compliance Officer before being referred to the appropriate Board member(s). Complaints relating to our accounting, internal controls or auditing matters, and concerns regarding questionable accounting or auditing matters, are referred to the Chairman of the Audit Committee. Other communications intended for the Board of Directors at large are referred to our Lead Director, while communications intended for specific Board members are referred to those Board members. Advertisements, solicitations for periodicals or other subscriptions, and similar communications are not forwarded to Board members. In the event that a complaint or concern appears to involve the Corporate Compliance Officer, then the stockholder or other interested party is encouraged to contact directly the Chairman of the Audit Committee, Raymond E. Wooldridge, at [rwooldridge@westwoodgroup.com](mailto:rwooldridge@westwoodgroup.com).

Stockholders may also communicate directly with Board members at the annual meetings of stockholders, as it is our policy that Board members should attend such meetings and make themselves available to address any matters properly brought before the meetings. All of our Board members attended the 2014 annual meeting of stockholders.

### **Code of Business Conduct**

All of our employees, including our principal executive officer, principal financial officer and principal accounting officer, and all of our directors are required by our Code of Business Conduct to conduct business in the highest legal and ethical manner. The full text of the Code of Business Conduct is available on our website at [www.westwoodgroup.com](http://www.westwoodgroup.com). In addition, a copy of the Code of Business Conduct is available upon written request to our Corporate Secretary at our principal executive office address. We intend to post amendments to or waivers from the Code of Business Conduct as required by applicable rules on our website.

Our employees are required to report any conduct that they believe could in any way be construed as a fraudulent or illegal act or otherwise in violation of the Code of Business Conduct. The Audit Committee has established procedures to receive, retain and address complaints regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of related concerns.

### **Director Compensation**

In February 2014, the Board decided to change its director compensation arrangements. Effective in February 2014, we pay each non-employee member of our Board of Directors a \$50,000 annual retainer. The Lead Director and all committee chairmen receive an additional \$5,000 annual retainer. There are no fees for attendance at Board or committee meetings. Additionally, upon election or re-election as a member of our Board of Directors, each non-employee director is awarded restricted shares of our common stock, which generally vest 12 months from the date of grant. Each restricted share award is to be made in a number of shares equal in value to \$90,000 on the date of the award. In February 2014, the Board established a policy that directors should own a minimum of shares of our common stock equal to four times the dollar amount of their annual retainer within three years of their initial election or the establishment of this policy, whichever is later. In addition, the director stock retention policy was amended where, in the event a significant decline in the price of the Company's common stock causes a director's holdings to fall below the applicable threshold, that director will not be required to purchase additional shares to meet the threshold, but such director shall not sell or transfer any shares until holdings above the threshold has again been achieved. Compliance with these stock ownership guidelines will be evaluated periodically as determined by our Board of Directors.

**Table of Contents**

The Compensation Committee reviews our compensation arrangements for directors from time to time. Brian O. Casey, our President and Chief Executive Officer is not included in this table as he is a Company employee and receives no compensation for his service as director. The Company's executive officers do not make recommendations regarding the non-employee directors' compensation.

**2014 Director Summary Compensation Table**

Name	Fees Earned or Paid in Cash (\$)	All Other Compensation (\$) (1)	Stock Awards (\$) (2)	Total (\$)
Susan M. Byrne		500,000		500,000
Richard M. Frank	55,000	4,000	90,000	149,000
Ellen H. Masterson	37,500	4,000	90,000	131,500
Robert D. McTeer	50,000	5,000	90,000	145,000
Geoffrey R. Norman	50,000	5,000	90,000	145,000
Martin J. Weiland	55,000	5,000	90,000	150,000
Raymond E. Wooldridge	60,000	4,000	90,000	154,000

Notes:

- (1) Susan M. Byrne earned \$500,000 as a salaried employee of the Company. Each non-employee director also earns a \$1,000 annual retainer and \$1,000 for each regularly scheduled quarterly meeting for serving on the separate Board of Directors for Westwood Trust.
- (2) The amounts contained in column (2) reflect the grant date fair value of the time-based restricted stock granted to directors in 2014 in accordance with Accounting Standards Codification Topic 718 (ASC 718), Stock Compensation (except no assumptions for forfeitures were included). The assumptions used in the valuation of the restricted stock awards are discussed in Note 10 Employee Benefits of our audited financial statements, which are included in our 2014 Form 10-K.

All restricted stock grants were made under the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan and are subject to a one-year vesting period as described above.

As of December 31, 2014, our directors, other than Brian O. Casey, held the following unvested restricted stock:

Name	Unvested Restricted Stock (1)
Susan M. Byrne	
Richard M. Frank	1,531
Ellen H. Masterson	1,531
Robert D. McTeer	1,531
Geoffrey R. Norman	1,531
Martin J. Weiland	1,531
Raymond E. Wooldridge	1,531

Notes:

- (1) The unvested restricted shares were issued on April 17, 2014 and have a vesting date of April 16, 2015, subject to such director's continued service as a director through the vesting date.



---

**Table of Contents**

**EXECUTIVE OFFICERS**

Biographical information regarding Westwood's current executive officers and other key employees is as follows:

*Brian O. Casey.* See biographical information in the Proposal 1 Election of Directors section.

*Tiffany B. Kice,* age 47, joined Westwood in 2014 and serves as Senior Vice President, Chief Financial Officer and Treasurer. Prior to joining Westwood, Ms. Kice served as Chief Financial Officer and Treasurer of CEC Entertainment, Inc. (CEC), a Dallas-based company that operates a chain of pizza and children's entertainment restaurants. CEC was a New York Stock Exchange listed company until February 2014. From 1995 to 2010, she was with KPMG LLP where she became an Audit Partner in 2006. Ms. Kice is a Certified Public Accountant and is a member of the Accounting Institute of Certified Public Accountants.

*Mark R. Freeman* has served as Executive Vice President and Chief Investment Officer of Westwood since February 2012. Mr. Freeman served as Executive Vice President and Co-Chief Investment Officer from January 2011 to February 2012. He served as Senior Vice President and Portfolio Manager for Westwood from July 2006 to December 2010. He joined Westwood in 1999 as Assistant Vice President and served as Vice President and Portfolio Manager from July 2000 to July 2006. Mr. Freeman is a member of the American Economics Association, the CFA Institute, and the CFA Society of Dallas/Fort Worth. Additionally, he is a member of the Board of Trustees of Millsaps College, and serves as a board member for the Wilson Fund.

*Julie K. Gerron,* age 47, has served as Senior Vice President, General Counsel of Westwood since March of 2013 and Corporate Secretary since March 2014. Prior to that, she served as Vice President, General Counsel from July 2007 to March 2013, and as Vice President, Assistant General Counsel from July 2005 to July 2007. Ms. Gerron previously served as Vice President, Research Analyst from January 2004 to July 2005. From 1998 to 2004, Ms. Gerron worked at Smith & Summers LLC where she served as portfolio manager for various funds. From 1992 to 1998, she worked for various branches of the State of Oklahoma government, including as Assistant Attorney General, Deputy General Counsel of the Insurance Department, and as Special Counsel to the Executive Director of the House of Representatives. Ms. Gerron is a member of the State Bar of Texas and the CFA Institute.

*Randall L. Root,* age 54, has served as President of Westwood Trust, Dallas since March 2013. Prior to that, he served as Senior Vice President Trust Investment Officer from June 1999 to March 2013. He joined Westwood in 1993 as Assistant Vice President, Research Analyst. He has extensive experience in asset allocation and separate account management of client portfolios, as well as new business development and ongoing client service. Mr. Root is a member of the Westwood Trust Board of Directors and chairs the Westwood Trust Investment and Asset Allocation Committees. He serves on the Advisory Council of the Dallas Foundation and on the Investment Committee of Equestrian Therapeutic Horsemanship. He is a member of the CFA Institute and the CFA Society of Dallas-Fort Worth.

*William R. Hardcastle, Jr.,* age 47, served as interim Chief Financial Officer and principal financial officer of Westwood from April 2014 until August 2014. Mr. Hardcastle joined the Company in December 2001. He has served as Vice President of Business Development and Strategic Initiatives of the Company since November 2012. Mr. Hardcastle formerly served as Chief Financial Officer from July 2005 until November 2012, Treasurer from July 2002 until July 2005 and as Assistant to the President from December 2001 until July 2002. Mr. Hardcastle is a member of the CFA Institute.

*Mark A. Wallace,* age 57, served as Vice President, Chief Financial Officer and Treasurer of Westwood from November 2012 until April 2014, and as Treasurer from July 2013 until April 2014. Mr. Wallace has extensive experience in senior financial officer roles at several companies, including NYSE listed corporations. His experience includes financial reporting for SEC registrants, capital markets, corporate governance, global tax and treasury matters, mergers and acquisitions, and technology solutions. Prior to joining the Company,

**Table of Contents**

Mr. Wallace served as Chief Financial Officer of HCP, Inc., an S&P 500 real estate investment trust ( REIT ), from March 2004 until March 2009. After working at HCP, Inc., Mr. Wallace served as Chief Financial Officer of Westcore Properties, a privately held international real estate firm, from August to December 2010, focusing on capital markets initiatives, as a financial consultant to a private telecommunication services company from May 2011 to August 2012. Mr. Wallace holds Bachelor s and Master s degrees in business administration and is a certified public accountant.

There are no family relationships among the directors, executive officers and other key employees of Westwood, except as described under Certain Relationships and Related Party Transactions Review and Approval of Related Party Transactions.

**Table of Contents**

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

This compensation discussion and analysis provides information regarding our executive compensation program in 2014 for the following executive officers of the Company (collectively, the named executive officers):

Brian O. Casey, President and Chief Executive Officer;

Tiffany B. Kice, Senior Vice President, Chief Financial Officer & Treasurer;

Mark R. Freeman, Executive Vice President and Chief Investment Officer;

Julie K. Geron, Senior Vice President, General Counsel and Corporate Secretary;

Randall L. Root, President, Westwood Trust Dallas;

William R. Hardcastle, Jr., former Vice President, interim Chief Financial Officer; and

Mark A. Wallace, Vice President, former Chief Financial Officer & Treasurer  
During 2014, we had seven executive officers, all of whom are set forth above.

Effective April 30, 2014 William R. Hardcastle, Jr. was appointed interim Chief Financial Officer, replacing Mark A. Wallace, who resigned as our Chief Financial Officer and Treasurer effective April 28, 2014 to pursue other opportunities.

Effective August 18, 2014 Tiffany B. Kice was appointed Chief Financial Officer and Treasurer, replacing William R. Hardcastle, Jr. Mr. Hardcastle resumed his activities regarding business development and strategic initiatives for the Company, the position he held immediately prior to serving as the Company's interim Chief Financial Officer.

**Overview of our Executive Compensation Program**

The intellectual capital of our employees is one of the most important assets of our firm. As an asset manager, our financial results are primarily based upon the amount of assets we manage, which is dependent on our ability to generate competitive long-term investment performance, build strong relationships with clients, investment consulting firms and other financial intermediaries, provide attentive client service and develop new client relationships, all of which depend, in part, on the intellectual capital of our employees, including the named executive officers.

Highlights of our 2014 performance include the following:

Assets under management as of December 31, 2014 were a record \$20.3 billion, a 7% increase compared to December 31, 2013; average assets under management for 2014 were \$19.8 billion, 21% higher than 2013.



## Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

Our Westwood Funds® family of mutual funds ended the year with \$3.7 billion in assets under management, a 34% increase compared to December 31, 2013.

Our Income Opportunity strategy, focused on current income and lower volatility, had net asset inflows of over \$650 million and closed the year with \$4.1 billion in assets under management.

Westwood International Advisors Inc., which manages our global equity and emerging markets equity strategies, grew assets under management to \$3.3 billion as of December 31, 2014, up from \$2.5 billion at the prior year end. This included over \$200 million of inflows to our Ireland-domiciled UCITS Fund.

Total revenue was a record \$113.2 million, a 23% increase versus 2013.

We added a Global Convertible Securities team to our investment platform, with approximately \$500 million of assets under advisement, where we provide consulting advice but do not have direct discretionary investment authority, as of December 31, 2014.

**Table of Contents**

In October 2014, the Board approved a 14% increase in our quarterly dividend to \$0.50 per share, or an annual rate of \$2.00, resulting in a 3.2% dividend yield using the year-end stock price of \$61.82.

Our financial position remains strong with liquid cash and investments totaling \$97.8 million as of December 31, 2014. We believe that the quality, expertise and commitment of our named executive officers are critical to achieving our business objectives and strategies. Accordingly, a principal objective of our executive compensation program is to deliver competitive total direct compensation (i.e., base salary, annual cash incentive awards, long-term equity awards, and mutual fund awards) that attract, motivate and retain talented executives who can contribute to the success of our business.

*Significant Aspects of our 2014 Executive Compensation Program*

Maintained base salaries at 2013 levels for Chief Executive Officer and Chief Investment Officer

Our Chief Executive and Chief Investment Officers did not receive base salary increases in 2014. Ms. Gerron received an approximate base salary increase of 11% and Mr. Root received an approximate base salary increase of 5%.

Each of the named executive officers other than Mr. Wallace earned an annual cash incentive award(s), in part due to strong Company performance

Messrs. Casey and Freeman received annual cash incentive awards of \$1,994,401 and \$997,201, respectively, based upon our adjusted pre-tax income for 2014 (as defined below under 2014 Executive Compensation Components-Annual Cash Incentive Awards ).

Mr. Freeman earned a discretionary cash bonus award of \$250,000 for the performance period ended December 31, 2014.

Mr. Freeman earned an award of \$1,000,000 based on the Westwood Income Opportunity Fund s receiving a 4-star overall rating from Morningstar for the fiscal 2014 period. This mutual fund award is scheduled to vest on December 31, 2015 provided Mr. Freeman remains continuously employed by the Company through the vesting date, subject to certain accelerated vesting conditions in the event of termination.

Mr. Hardcastle, Ms. Gerron and Mr. Root earned annual cash incentive awards from our cash bonus pool of \$235,000, \$190,000 and \$200,000, respectively, representing increases of 34%, 19%, and a decrease of 11%, respectively, from their 2013 annual cash incentive awards.

Ms. Kice earned a cash incentive award of \$110,000 from the Company s cash bonus pool.

Maintained the number of long-term equity awards at 2013 levels for the Chief Executive Officer and Chief Investment Officer and increased long-term equity awards for General Counsel and President, Westwood Trust Dallas

In connection with their performance-based restricted stock awards, Messrs. Casey and Freeman vested in 35,000 shares and 20,000 shares, respectively, as a result of our achieving 2014 adjusted pre-tax income (as defined below) of at least \$34 million.

Ms. Gerron received a time-based restricted stock award of \$251,621 and

Mr. Root received a time-based restricted stock award of \$269,729.

Mr. Hardcastle received a time-based restricted stock award of \$299,594.

Mr. Wallace's time-based restricted stock award of \$359,560 was forfeited upon his resignation in 2014.

Perquisites were insignificant

The Company did not provide significant perquisites to the named executive officers in 2014.

**Table of Contents**

A significant portion of the named executive officers' total direct compensation was at-risk compensation.

As shown in the graph below, a significant portion of the named executive officers' 2014 total direct compensation ranging from approximately 63% to 87% represented at-risk compensation, delivered in the form of annual cash incentive awards and long-term equity awards. This range excludes Ms. Kice, who was entitled to a minimum Annual Cash Incentive Award, prorated for her time of service, pursuant to the terms of her offer letter.

(1) Mr. Wallace did not receive a Annual Cash Incentive Award during 2014 and forfeited his Long-Term Equity Awards upon his resignation.

(2) Ms. Kice received a cash signing bonus of \$50,000 in 2014 pursuant to the terms of our offer. This amount is included in All Other Compensation.

**Stockholders Advisory Vote on Executive Compensation**

Our last advisory vote on executive compensation took place at our 2014 Annual Meeting of Stockholders. While this vote was not binding on the Compensation Committee, the Board of Directors or the Company, the Compensation Committee values the opinions of the Company's stockholders on executive compensation matters. Based upon the Inspector of Election's report, the advisory vote on executive compensation received favorable support from 76.3% of the votes cast therein, reflecting majority stockholder support for our 2013 executive compensation program.

At our 2011 Annual Meeting of Stockholders, a majority of the votes cast favored conducting an advisory vote on executive compensation once every three years. Partly in response, we have adopted a policy of conducting the advisory vote on executive compensation once every three years. We will revisit this policy following the next advisory vote on the frequency of advisory votes on executive compensation and we may revise this policy in the interim, as we deem appropriate.

The Compensation Committee made the following changes in the first quarter of 2015 to our executive compensation program:

In March 2015, the Compensation Committee established the performance goal applicable to the 2015 adjusted pre-tax income performance-based restricted stock awards as defined below under 2014

## **Table of Contents**

Executive Compensation Components Annual Cash Incentive Awards , of at least \$46 million. This represents a five-year compound annual growth rate of 10% over adjusted pre-tax income in 2010.

### **Compensation Philosophy and Objectives**

In designing and implementing our executive compensation program, the Compensation Committee is guided by the following philosophy and objectives:

Deliver competitive total direct compensation at levels to attract, motivate and retain talented executives who can contribute to the success of our business

Award compensation that motivates and rewards short and long-term individual and company performance

Align named executive officers' interests with those of our stockholders

As further discussed below, during 2014 the Compensation Committee reviewed and considered market compensation data derived from the McLagan Survey and the Custom Peer Group (as defined below) to ensure, in its subjective judgment, that the named executive officers' total direct compensation (i.e., base salary, annual cash incentive awards, long-term equity awards, and mutual fund awards in the case of Mr. Freeman) was competitive in our marketplace for executive talent. Furthermore, a significant portion of the named executive officers' 2014 total direct compensation ranging from 63% to 87% represented at risk compensation in the form of annual cash incentive and long-term equity awards. The Compensation Committee designed the annual cash incentive and long-term equity awards to focus our named executive officers on achieving our business objectives and strategies and to align their interests with our stockholders.

### **Role of Executive Officers in Compensation Decisions**

In 2014, Mr. Casey worked closely with the Compensation Committee to formulate specific plans and awards designed to align our executive compensation program with our business objectives and strategies.

Mr. Casey provided the Compensation Committee with his recommendations on the level and form of compensation for Messrs. Wallace, Freeman, Hardcastle and Root and Mses. Gerron and Kice, based upon his annual review of these executive officers' individual performance, and, as applicable, their employment arrangements. The Compensation Committee has complete discretion to accept, reject or modify Mr. Casey's recommendations. In 2014, the Compensation Committee accepted Mr. Casey's recommendations without modification regarding the base salary adjustments, if any, annual cash incentive awards and long-term equity awards for Messrs. Wallace, Freeman, Hardcastle and Root and Mses. Gerron and Kice.

Mr. Casey did not make recommendations to the Compensation Committee with respect to his own compensation.

### **Setting Executive Compensation**

Based on the foregoing philosophy and objectives, the Compensation Committee aims to structure the executive compensation program to motivate our named executive officers to achieve the Company's business objectives and strategies and to reward them for achieving such strategies and objectives. In establishing the total direct compensation (i.e., base salary, annual cash incentive awards and long-term equity awards) for each of the named executive officers and mutual fund awards for Mr. Freeman, the Compensation Committee performed one or more of the following reviews:

*Assessment of Company Performance.* Our financial performance has an impact on the compensation of all of our employees, including the named executive officers. In general, in establishing one or more of the compensation components of Messrs. Casey, Wallace, Freeman, Hardcastle and Root and Mses. Gerron and Kice, the Compensation Committee considered each of the following measures of Company performance: adjusted pre-tax income (as defined below), growth in assets under management, and investment performance of the portfolios managed by us, as further described below.



---

**Table of Contents**

In approving the (i) adjustment to Mr. Root's and Ms. Geron's base salaries, (ii) annual cash incentive awards of Messrs. Casey, Wallace, Freeman, Hardcastle and Root and Ms. Geron and Kice and (iii) equity awards of Messrs. Casey, Wallace, Freeman, Hardcastle and Root and Ms. Geron and Kice, the Compensation Committee did not assess the above performance measures based upon predetermined goals, formulas or weighted factors; however it considered all of these measures subjectively and collectively. As discussed below, the Compensation Committee used our annual adjusted pre-tax income (as defined below) as the starting point for determining (a) the Company's 2014 cash bonus pool, in which Messrs. Wallace, Freeman, Hardcastle and Root and Ms. Geron and Kice participated, (b) the annual cash incentive awards of Messrs. Casey and Freeman and the 2014 tranche of performance-based restricted stock shares for Messrs. Casey and Freeman.

The Compensation Committee chose the above performance measures because it believes that they are meaningful indicators of our profitability and performance and align our executive's compensation with the interests of our stockholders. As further described below, our performance was only one of several factors considered by the Compensation Committee in approving executive compensation.

*Assessment of Individual Performance.* Individual performance has an impact on the compensation of all of our employees, including our named executive officers. The assessment of individual performance for each of the named executive officers is a subjective evaluation of his or her accomplishments and contributions to the Company and is not simply based on the achievement of specific quantitative goals. Annually, the Compensation Committee reviews the performance of Mr. Casey for the prior year. As discussed above, Mr. Casey reviews the annual performance of Messrs. Wallace, Freeman, Hardcastle and Root and Ms. Geron and Kice and reports the results of his reviews to the Compensation Committee for their consideration.

In approving the compensation of Messrs. Casey, Wallace, Freeman, Hardcastle and Root and Ms. Geron and Kice in 2014, the Compensation Committee considered the following subjective individual accomplishments and contributions:

Brian O. Casey In assessing Mr. Casey's base salary and annual cash incentive award, the Compensation Committee considered his:

Comprehensive oversight and management responsibilities across the entire organization;

Contribution to the significant growth the Company has achieved, with a 13% compound annual growth rate in the trading price of the Company's common stock from June 28, 2002 (inception) to December 31, 2014;

Overseeing the growth of Westwood International's AUM to \$3.3 billion at December 31, 2014, a 32% increase over December 31, 2013; and

Success in attracting and retaining a talented team of management and investment professionals.

Tiffany B. Kice In assessing Ms. Kice's base salary, annual cash incentive award and equity award, the Compensation Committee considered her:

Contribution to the Company's strategic initiatives, including corporate development, financial and tax planning;

Membership on the Company's Information Technology Steering Committee and Risk Management and Disclosure Committee; and

Firm-wide oversight and enhancements of our financial reporting process and internal control over financial reporting.

Mark R. Freeman In assessing Mr. Freeman's base salary and annual cash incentive award, the Compensation Committee considered his:

Leadership with respect to the management and marketing of the Income Opportunity strategy, which completed a 10-year track record of outstanding performance and generated more than \$650 million in net inflows in 2014;



**Table of Contents**

Substantial involvement in the development of the Company's investment management and research capabilities;

Effective representation of our investment department to clients, investment consulting firms and other financial intermediaries; and

Overall leadership with respect to our competitive investment performance, including our Master Limited Partnership (MLP) and SmallCap Value strategies, both of which have performed well for consecutive years.

Julie K. Gerron In assessing Ms. Gerron's base salary, annual cash incentive award and equity award, the Compensation Committee considered her:

Management and oversight of the Company's compliance with legal and regulatory requirements;

Management and oversight of risk management issues, including review and negotiation of legal agreements and participation in various internal risk management committees;

Oversight of external counsel with a goal toward timely resolution of legal issues (e.g. litigation, trademark issues, corporate governance, etc.); and

Contributions towards the acquisition of Woodway Financial Advisors; and

Effective representation of our legal and compliance program and processes to clients, investment consulting firms and other financial intermediaries.

Randall L. Root In assessing Mr. Root's base salary, annual cash incentive award and equity award, the Compensation Committee considered his:

Oversight responsibilities for the home office of Westwood Trust and leadership of the Westwood Trust Investment Committee and Asset Allocation Committee;

Oversight of growth in AUM at Westwood Trust. Westwood Trust's AUM of \$3.3 billion at December 31, 2014 was 3% higher than December 31, 2013 and 25% higher than December 31, 2012; and

Contribution to increasing Westwood Trust revenues by 12% in 2014 to a record level of \$20.5 million.

William R. Hardcastle, Jr. In assessing Mr. Hardcastle's base salary, annual cash incentive award and equity award, the Compensation Committee considered his:

Contribution to the Company's strategic initiatives, including corporate development;

## Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

Substantial involvement in the successful launch of two new mutual funds in 2014 including Westwood MLP and Strategic Energy and Westwood Opportunistic High Yield;

Contribution to and significant involvement in a range of activities related to our international expansion; and

Firm-wide oversight of our financial reporting process and internal control over financial reporting.

Mark A. Wallace In assessing Mr. Wallace's base salary, annual cash incentive award and equity award, the Compensation Committee considered his:

Contribution to the Company's strategic and corporate development, financial and tax planning;

Leadership of the Information Technology Steering Committee and Risk Management and Disclosure Committee;

**Table of Contents**

Contribution to a range of activities for Westwood International Advisors; and

Firm-wide oversight and enhancements of our financial reporting process and internal control over financial reporting. The Compensation Committee did not assign individual weights to any of the above considerations, but assessed them collectively in making its compensation determinations. As further described below, individual performance was only one of several factors considered by the Compensation Committee in approving executive compensation.

*Market Compensation Data.* The Compensation Committee reviewed market compensation data from the McLagan 2014 Investment Management Survey U.S., a widely used source for compensation information within public and private investment firms (the McLagan Survey ) and a custom peer group of publicly-traded asset management companies (collectively, the Custom Peer Group ).

The McLagan Survey provides detailed analyses of compensation in greater depth for investment management employees than those available from our public peers and specifically focuses on the asset management industry. The McLagan Survey provides market compensation data for approximately 219 public and private investment management firms. Compensation analysis for particular officer positions in the McLagan Survey do not identify individual investment management and advisory firms. Instead, market compensation data is presented in different groupings headquarter location, range of assets under management and job function. Confidentiality obligations to McLagan Partners and its survey participants prevent the disclosure of the firms included in the survey.

For 2014, the companies comprising the Custom Peer Group were:

AllianceBernstein Holding LP	Janus Capital Group Inc.
Artisan Partners Asset Management	Legg Mason
Calamos Asset Management, Inc.	Manning & Napier
Cohen & Steers, Inc.	OM Asset Management Plc
Diamond Hill Investment Group, Inc.	Pzena Investment Management, Inc.
Eaton Vance Corp.	Silvercrest Asset Management Group, Inc. Class A
Federated Investors, Inc.	Virtus Investment Partners, Inc.
GAMCO Investors, Inc.	Waddell & Reed Financial Inc.

In 2014 we added OM Asset Management Plc and Silvercrest Asset Management Group, Inc. Class A to our Custom Peer Group.

The peer companies were selected primarily based upon their (i) industry, (ii) equity market capitalization at the time of selection and (iii) assets under management, all based on publicly available information during 2014.

Most of the peer companies that comprise the Custom Peer Group are much larger than we are in terms of revenues and assets under management. The Compensation Committee takes this size disparity into account when looking at market compensation data derived from the Custom Peer Group in the context of evaluating and approving compensation for the named executive officers.

The Compensation Committee considers the market compensation data derived from the McLagan Survey and the Custom Peer Group similarly relevant, with neither source of information being a determinative factor in setting executive compensation levels. The Compensation Committee uses both sources of information as a market check to ensure, in its subjective judgment, that individual pay components remain competitive. The Compensation Committee does not target any individual pay component of the named executive officers to fall within a specific range or percentile of the market compensation data derived from the McLagan Survey or the Custom Peer Group.

**Table of Contents****2014 Executive Compensation Components**

For 2014, the principal components of compensation for the named executive officers were:

Base salary;

Annual cash incentive awards;

Long-term equity awards;

Mutual fund awards for Mr. Freeman; and

Employee and post-retirement benefits.

There is no pre-established target for the allocation between (i) cash and equity-based compensation and (ii) short-term and long-term incentive compensation. Rather, the Compensation Committee considers, among other things, Company performance, individual performance, and market compensation data derived from the McLagan Survey and Custom Peer Group, as well as its own subjective judgment to determine the appropriate level and mix of each component of the executive compensation program.

*Base Salary*

Base salary is the fixed component of the named executive officers' annual cash compensation. The Company provides the named executive officers with a base salary to compensate them for services rendered during the fiscal year and in recognition of their expertise, skills, knowledge and experience.

Salary levels are typically considered annually as part of our performance review process, as well as upon promotions, changes in job responsibilities, or in connection with the negotiation of terms of employment.

The base salaries of the named executive officers as of the beginning and end of 2014, including any adjustments made during the year, were as follows:

<b>Named Executive Officers</b>	<b>Base Salary as of 1/1/14</b>	<b>Base Salary as of 12/31/14</b>	<b>Percentage Change</b>
Brian O. Casey, President and Chief Executive Officer	\$ 600,000	\$ 600,000	
Tiffany B. Kice, (1) Senior Vice President, Chief Financial Officer & Treasurer	\$	\$ 225,000	
Mark R. Freeman, Executive Vice President and Chief Investment Officer	\$ 500,000	\$ 500,000	
Julie K. Gerron, Senior Vice President, General Counsel and Corporate Secretary	\$ 180,000	\$ 200,000	11%

Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

Randall L. Root,	\$ 237,500	\$ 250,000	5%
President, Westwood Trust Dallas			
William R. Hardcastle Jr.,	\$ 190,000	\$ 190,000	
Vice President and interim Chief Financial Officer			
Mark A. Wallace, (1)	\$ 200,000	\$	
Vice President, Chief Financial Officer & Treasurer			

(1) In April 2014 Mr. Wallace resigned as Chief Financial Officer and Treasurer. In August 2014 Ms. Kice was appointed Chief Financial Officer and Treasurer.

While the Compensation Committee reviewed the market compensation data derived from the McLagan Survey and the Custom Peer Group when setting Mr. Casey's base salary, the Compensation Committee did not target his respective base salary to fall within a specific range or percentile of the market compensation data.

## Table of Contents

### *Annual Cash Incentive Awards*

In general, the Compensation Committee awards annual cash incentive awards to each of the named executive officers. These awards are intended to focus named executive officers on achieving short-term business objectives and strategies and to enable them to participate in our growth and profitability.

### Annual Cash Incentive Awards of Messrs. Casey and Freeman

Pursuant to the terms of their respective employment agreements, Mr. Casey was eligible to earn a maximum annual cash incentive award in 2014 equal to 3% and Mr. Freeman was eligible to earn a minimum annual cash incentive award in 2014 equal to 1.5%, of the Company's 2014 adjusted pre-tax income (as defined below). These cash incentive awards were subject to the Compensation Committee's oversight. In 2014, the Compensation Committee did not reduce or increase the annual cash incentive awards recommended for Messrs. Casey and Freeman.

The Compensation Committee selected adjusted pre-tax income as the basis for the performance formula for Messrs. Casey and Freeman because it believes that this measure is a meaningful indicator of our performance and profitability and also believes that structuring the annual cash incentive award in this way closely aligns their interests with our stockholders. The Compensation Committee chose the 3% and 1.5% levels based on its review of the market compensation data as well as its subjective judgment of the proper allocation of the annual cash incentive award to total direct compensation of these executives.

Our adjusted pre-tax income was determined based on our audited financial statements and in 2014 was equal to our income before income taxes increased by the expenses incurred for the year (a) for the annual cash incentive awards earned by Messrs. Casey and Freeman and one other employee, (b) for incentive compensation for all other Company employees, (c) for performance-based restricted stock awards to Company employees (including Messrs. Casey and Freeman) and (d) mutual fund awards. Adjusted pre-tax income excludes start up, non-recurring, and similar expense items. The Company's adjusted pre-tax income for 2014 was in excess of \$65 million. Messrs. Casey's and Freeman's annual cash incentive awards earned in 2014, and paid in February 2015 are listed in column (f) in the 2014 Summary Compensation Table below.

In 2014, the Compensation Committee granted Mr. Freeman an annual discretionary cash incentive award of \$250,000 from the Company bonus pool (as discussed below). In determining his cash incentive award, the Compensation Committee subjectively considered the Company's and his individual performance factors discussed above along with market compensation data compiled from the McLagan Survey and the Custom Peer Group.

### Mutual Fund Award of Mr. Freeman

Mr. Freeman is eligible throughout the term of his employment agreement to receive mutual fund share bonus awards that may be granted from time to time by our Board or the Compensation Committee. These mutual fund share bonus awards are annual performance bonus awards the amounts and payment of which are conditioned on one or more of our mutual funds achieving one or more performance goals established by the Compensation Committee. Mr. Freeman's employment agreement provides that any mutual fund bonus award granted to him must be pursuant to an agreement similar to the 2014 MFSI Agreement (as described below) and (i) provide a target bonus amount no less than the amount of his then-current base salary and (ii) be subject to performance criteria tied to bonus award amounts that provide Mr. Freeman an equal or better opportunity for success than he had under the terms of the Mutual Fund Share Incentive Award dated February 7, 2012.

For 2014, Mr. Freeman and the Company entered into a Mutual Fund Share Incentive Agreement, dated March 7, 2014 (the 2014 MFSI Agreement). The 2014 MFSI Agreement provided that Mr. Freeman was eligible to earn (i) \$500,000 (i.e., the target bonus amount) if the Westwood Income Opportunity Fund (the Fund) received a 4-star overall rating from Morningstar for the Fund performance period that commenced on January 1, 2014 and ended on December 31, 2014 (the performance period) and (ii) \$1 million (i.e., the

**Table of Contents**

maximum bonus amount) if the Fund received a 5-star overall rating from Morningstar for the performance period, which bonus amount is subject to vesting as further described below. The 2014 MFSI Agreement alternatively provided that Mr. Freeman was eligible to earn (i) \$500,000 (i.e. the target bonus amount) if the Fund received a 3-star overall rating, and (ii) \$1 million if the Fund received a 4-star or 5-star overall rating in the event the Fund was classified by Morningstar in the Moderate Allocation Category, as reported by Morningstar at the end of the performance period, and the Fund's Morningstar Risk Rating for the performance period was Below Average or Low. If the Compensation Committee determined that the fund had received a 3-, 4- or 5-star overall rating from Morningstar, then the amounts of \$500,000 or \$1 million, as applicable, would be notionally credited to a bookkeeping account (the account) maintained by the Company and converted, on a notional basis, to a number of fund shares equal to the bonus amount divided by the net closing value of a Fund share on the date the bonus amount is credited to the account. The value of Mr. Freeman's account adjusts (up or down) to reflect changes in the net value of the Fund shares credited to the account. If and when distributions are paid by the Fund with respect to its shares, the Company would credit Mr. Freeman's account with additional Fund shares having a value equal to the amount of the distributions that would have been payable if the Fund shares credited to the account were issued and outstanding. Mr. Freeman's right to receive payment of the amount credited to his account vests on the earliest of (i) December 31, 2015, provided that he remains continuously employed by the Company through that date, (ii) the date of his death, (iii) the date of his disability (assuming the Compensation Committee exercises its discretion to accelerate such vesting), (iv) upon a change in control of the Company where the successor does not honor the terms of the 2014 MFSI Agreement, or (v) upon Mr. Freeman's involuntary termination without cause or voluntary termination for good reason following a change in control. Payment of the amount credited to Mr. Freeman's account may, in the Compensation Committee's discretion, be in Fund shares, cash or other property, and subject to any applicable tax withholding. Payment is due within 30 days of the applicable date of vesting.

For 2014, Mr. Freeman received a mutual fund bonus award of \$1 million under the 2014 MFSI Agreement since the Fund received a 4-star rating for the performance period and was classified by Morningstar in the Moderate Allocation Category with a Low Risk Rating. This amount is listed in in column (f) in the 2014 Summary Compensation Table .

The Compensation Committee created the mutual fund bonus award in an effort to provide significant motivation for Mr. Freeman to maximize the performance of the Fund, which the Compensation Committee believes will benefit the Company and its stockholders by attracting investments into the Fund.

**Annual Cash Incentive Award for Messrs. Freeman, Hardcastle and Root and Ms. Gerron and Kice**

We maintained a Company bonus pool in which nearly every U.S. employee of the Company was eligible to participate, including Messrs. Freeman, Root and Hardcastle and Ms. Kice and Gerron, but excluding Mr. Casey in 2014. In 2014 the Company bonus pool totaled \$12.2 million, representing approximately 18% of the Company's 2014 adjusted pre-tax income (as defined above). The Compensation Committee annually reviews the level of the bonus pool to ensure that, in its subjective judgment, such levels reflect industry practices, it will adequately fund potential bonuses, and provide sufficient capacity to reward extraordinary performance, when and if earned. The amount and calculation of the bonus pool are subject to change at any time at the discretion of the Compensation Committee.

For 2014, the Compensation Committee granted Ms. Kice an annual cash incentive award of \$110,000 from the Company bonus pool. In determining Ms. Kice's 2014 cash incentive award, the Compensation Committee subjectively considered the terms of her at-will employment offer letter ( Offer Letter ), the Company performance factors discussed above, her individual performance factors discussed above, and the market compensation data compiled from the McLagan Survey and the Custom Peer Group. Pursuant to the terms of Ms. Kice's Offer Letter, she was entitled to a minimum cash bonus target of \$225,000 in February 2015, prorated for her partial service in the 2014 performance year as determined by her start date, subject to Compensation Committee approval.

## **Table of Contents**

For 2014, the Compensation Committee granted Mr. Freeman an annual cash incentive award of \$250,000 from the Company bonus pool, which was the same as his 2013 award. In determining Mr. Freeman's 2014 cash incentive award, the Compensation Committee subjectively considered the Company performance factors discussed above, his individual performance factors discussed above, and the market compensation data compiled from the McLagan Survey and the Custom Peer Group.

For 2014, the Compensation Committee granted Ms. Gerron an annual cash incentive award of \$190,000 from the Company bonus pool, a 19% increase from her 2013 award. In determining Ms. Gerron's 2014 cash incentive award, the Compensation Committee subjectively considered the Company performance factors discussed above, her individual performance factors discussed above, and the market compensation data compiled from the McLagan Survey and the Custom Peer Group.

For 2014, the Compensation Committee granted Mr. Root an annual cash incentive award of \$200,000 from the Company bonus pool, an 11% decrease from his 2013 award. In determining Mr. Root's 2014 cash incentive award, the Compensation Committee subjectively considered the Company performance factors discussed above, his individual performance factors discussed above, and the market compensation data compiled from the McLagan Survey and the Custom Peer Group.

For 2014, the Compensation Committee granted Mr. Hardcastle an annual cash incentive award of \$235,000 from the Company bonus pool, a 34% increase from his 2013 award. In determining Mr. Hardcastle's 2014 cash incentive award, the Compensation Committee subjectively considered the Company performance factors discussed above, his individual performance factors discussed above, and the market compensation data compiled from the McLagan Survey and the Custom Peer Group.

While the Compensation Committee reviewed the market compensation data derived from the McLagan Survey and the Custom Peer Group when approving Messrs. Freeman's, Root's and Hardcastle's and Mses. Kice's and Gerron's 2014 cash incentive awards, the Compensation Committee did not target their respective cash incentive awards to fall within a specific range or percentile of the market compensation data.

Cash incentive awards earned in 2014 and paid in 2015 to Messrs. Freeman, Root and Hardcastle and Mses. Kice and Gerron are listed in column (d) in the 2014 Summary Compensation Table below.

### *Long-Term Equity Awards*

Each year, the Compensation Committee grants long-term equity awards to our named executive officers under the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan (the "Stock Incentive Plan"). These equity awards are intended to attract, retain and motivate our named executive officers as well as focus them on our long-term performance.

While the Stock Incentive Plan authorizes the grant of several types of equity awards, the Compensation Committee currently expects that the named executive officers' long-term equity awards will be limited to time-based restricted stock awards and performance-based restricted stock awards.

Unless the Compensation Committee determines otherwise, recipients of restricted stock awards will generally have the right to vote the underlying restricted shares. Historically, we have paid dividends on underlying restricted shares as and when dividends were paid to our stockholders. Beginning in 2011, dividends on restricted stock awards are accrued and payable to the recipient only when the underlying restricted shares vest. No restricted shares may be sold, transferred, or pledged during the restricted period.

The Compensation Committee believes that restricted stock awards align the interests of our named executive officers with those of our stockholders because the value of the awards is tied to the market value of our common stock.



## Table of Contents

### Time-Based Restricted Stock Awards

In 2014, pursuant to the terms of Ms. Kice's Offer Letter, she received a time-based restricted stock award of \$74,888 subject to a four-year vesting requirement: 50% at the end of year two; 75% at the end of year three; and 100% at the end of year four, in each case, generally subject to the executive's continuing employment through the applicable vesting date. In approving the grant of this award the Compensation Committee considered the market compensation data derived at the time of negotiating Ms. Kice's Offer Letter.

In 2014, Ms. Gerron received a time-based restricted stock award of \$251,621 subject to a four-year vesting requirement: 50% at the end of year two; 75% at the end of year three; and 100% at the end of year four, in each case, generally subject to the executive's continuing employment through the applicable vesting date. In approving Ms. Gerron's time-based restricted stock award, the Compensation Committee considered the market compensation data derived from the McLagan Survey and the Custom Peer Group, her individual performance factors, and the Company performance factors discussed above.

In 2014, Mr. Root received a time-based restricted stock award of \$269,729 subject to a four-year vesting requirement: 50% at the end of year two; 75% at the end of year three; and 100% at the end of year four, in each case, generally subject to the executive's continuing employment through the applicable vesting date. In approving Mr. Root's time-based restricted stock award, the Compensation Committee considered the market compensation data derived from the McLagan Survey and the Custom Peer Group, his individual performance factors, and the Company performance factors discussed above.

In 2014, Mr. Hardcastle received a time-based restricted stock award of \$299,594 subject to a four-year vesting requirement: 50% at the end of year two; 75% at the end of year three; and 100% at the end of year four, in each case, generally subject to the executive's continuing employment through the applicable vesting date. In approving Mr. Hardcastle's time-based restricted stock award, the Compensation Committee considered the market compensation data derived from the McLagan Survey and the Custom Peer Group, his individual performance factors, and the Company performance factors discussed above.

In 2014, Mr. Wallace received a time-based restricted stock award of \$359,560 subject to a four-year vesting requirement: 50% at the end of year two; 75% at the end of year three; and 100% at the end of year four, in each case, generally subject to the executive's continuing employment through the applicable vesting date. Pursuant to the terms of Mr. Wallace's Offer Letter, he was entitled to receive a time-based restricted stock award of a minimum of 5,000 shares in February 2014, subject to a four-year vesting term. In approving the grant of these awards the Compensation Committee considered the market compensation data derived at the time of negotiating Mr. Wallace's Offer Letter. Mr. Wallace forfeited these restricted shares upon his resignation in 2014.

### Performance-Based Restricted Stock Awards

The Compensation Committee believes that granting performance-based restricted stock awards to Messrs. Casey and Freeman strengthens the alignment of their interests with those of our stockholders and clients.

In 2010, the Compensation Committee granted Mr. Casey a performance-based restricted stock award for 175,000 shares, of which 35,000 shares vest annually over a period of five years, provided that the performance goal for each fiscal year has been met. For 2014, the performance goal was adjusted pre-tax income (as defined below) of not less than \$34 million, representing a five-year compound annual growth rate of 10% over 2009 adjusted pre-tax income of \$19.9 million.

In 2012, the Compensation Committee granted a restricted stock award to Mr. Freeman for 100,000 shares, of which 20,000 shares vest annually over a period of five years, provided that the performance goal for each fiscal year has been met. For 2014 the performance goal was adjusted pre-tax income (as defined below) of not less than \$34 million, representing a five-year compound annual growth rate in excess of 10% over 2009 adjusted pre-tax income of \$19.9 million. In each subsequent vesting year, the performance goal for further vesting of

## Table of Contents

restricted stock will be determined by the Compensation Committee and established in writing no later than 90 days after the commencement of such fiscal year. If the performance goal is not met in any year, the Compensation Committee may establish a goal for a subsequent year, which, if achieved or exceeded, may result in full or partial vesting of the shares that did become vested in a prior year. Performance goals will in all events be based upon criteria set forth in the Stock Incentive Plan.

Adjusted pre-tax income is determined based on our audited financial statements and in 2014 was equal to our income before income taxes increased by expenses incurred for the year for (a) annual cash incentive awards earned by Messrs. Casey and Freeman and one other employee, (b) incentive compensation for all other Company employees (c) performance-based restricted stock awards to Company employees (including Messrs. Casey and Freeman) and (d) mutual fund awards. Adjusted pre-tax income excludes start up, non-recurring, and similar expense items at the Compensation Committee's discretion. The Compensation Committee chose adjusted pre-tax income as the basis for the performance-based vesting formula because it believes that such financial measure is a meaningful indicator of our performance and profitability and also believes that structuring performance-based restricted stock awards in this way closely aligns the interests of these executives with our stockholders.

On February 19, 2015, the Compensation Committee certified that the performance goal for 2014 was achieved and Mr. Casey vested in 35,000 shares and Mr. Freeman vested in 20,000 shares. As allowed under the Stock Incentive Plan and approved by the Compensation Committee, Mr. Casey surrendered 14,683 and Mr. Freeman surrendered 10,839 of these shares in order to partially satisfy tax withholding requirements due to the vesting of these shares.

The Company does not have a formal policy on timing equity compensation grants in connection with the release of material non-public information that may affect the value of compensation. In the event that material non-public information becomes known to the Compensation Committee prior to granting equity awards, the Committee will take the existence of such information under advisement and make an assessment in whether or not to delay the grant of the equity award in order to avoid any impropriety or appearance of impropriety.

### *Employee and Post-Retirement Benefits*

We offer employee and post-retirement benefits to all full-time employees, including the named executive officers, in order to provide them with a reasonable level of financial support in the event of injury, illness or disability and to help them accumulate retirement savings on a tax-favored basis. All employees are generally eligible to participate in benefit programs including medical, dental and vision insurance coverage, disability insurance and life insurance. In addition, such employees are generally eligible to participate in applicable savings plans. The cost of health insurance and savings plans is partially borne by the Company, including the named executive officers. We bear the cost of disability insurance and a set amount of term life insurance for all employees.

### Savings Plan and Matching Contributions

Under the Company's U.S. Westwood Holdings Group, Inc. Savings Plan (the "Savings Plan"), all U.S. based employees, including the named executive officers, are eligible to make so-called 401(k) contributions to their plan accounts subject to annual IRS limits. We fully match employee contributions up to 6% of their eligible compensation (subject to IRS limits). Employees are vested immediately in their 401(k) contributions as well as in the Company match.

### Profit Sharing Contributions

The Company's U.S. Savings Plan also authorizes us to make discretionary annual contributions to U.S. employees' Savings Plan accounts based on our profitability and performance. The profit sharing component of the Savings Plan is meant to be broad-based and all U.S. employees, including the named executive officers, are

## **Table of Contents**

eligible for discretionary profit sharing contributions. Profit sharing contributions are subject to a six-year graded vesting schedule based on an employee's years of service. For 2014, we made a discretionary contribution for all eligible employees equal to 5% of their eligible compensation (subject to IRS limits).

For 2014, the Company made 401(k) Company matching contributions and Company profit sharing contributions totaling \$28,600 for each of Messrs. Casey, Freeman, Root and Hardcastle and Ms. Gerron. Mr. Wallace received contributions of \$14,733 and Ms. Kice received contributions of \$14,219.

### *Perquisites*

In 2014 we did not provide significant perquisites to our named executive officers.

## **Tax and Accounting Implications**

### *Compliance with Section 162(m) of the Internal Revenue Code*

Section 162(m) of the Internal Revenue Code (the "Code") generally disallows public companies a tax deduction for federal income tax purposes of remuneration in excess of \$1 million paid to our Chief Executive Officer and each of our three other most highly compensated executive officers (other than our Chief Financial Officer) in any taxable year. Generally, remuneration in excess of \$1 million may only be deducted if it is performance-based compensation within the meaning of the Code.

The Compensation Committee believes that, in establishing the cash and equity incentive compensation plans and arrangements for our executive officers, the potential deductibility of the compensation payable under those plans and arrangements should be only one of the relevant factors taken into consideration. For that reason, the Compensation Committee may deem it appropriate to provide one or more executive officers with the opportunity to earn incentive compensation, whether through cash incentive awards or equity incentive awards, which may not be deductible by reason of Section 162(m) or other provisions of the Code.

The Compensation Committee believes it is important to maintain cash and equity incentive compensation at the requisite level to attract and retain the individuals essential to our financial success, even if all or part of that compensation may not be deductible by reason of the Section 162(m) limitation.

**Table of Contents****COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

**COMPENSATION COMMITTEE**

Richard M. Frank, Chairman

Martin J. Weiland

Raymond E. Wooldridge

**2014 Summary Compensation Table**

The following table summarizes all compensation earned by our named executive officers in the years indicated.

Name and Principal Position	Year	Salary (\$) (c) (1)	Bonus (\$) (d) (2)	Stock Awards (\$) (e) (3)	Non-Equity Incentive Plan Compen- sation (\$) (f) (4)	All Other Compen- sation (\$) (g) (5)	Total (\$) (h)
Brian O. Casey, President and Chief Executive Officer	2014	600,000		2,057,650	1,994,401	28,600	4,680,651
	2013	587,500		1,532,650	1,503,328	28,050	3,651,528
	2012	500,000		1,375,850	1,275,700	27,500	3,179,050
Tiffany B. Kice, Senior Vice President, Chief Financial Officer & Treasurer	2014	84,375	110,000	74,888		64,219	333,482
Mark R. Freeman, Executive Vice President and Chief Investment Officer	2014	500,000	250,000	1,175,800	1,997,201	28,600	3,951,601
	2013	500,000	250,000	875,800	751,664	28,050	2,405,514
	2012	479,109		1,161,818	1,637,850	27,500	3,306,278
Julie K. Gerron, Senior Vice President, General Counsel and Corporate Secretary	2014	196,667	190,000	251,621		28,600	666,888
	2013	178,333	160,000	227,708		28,050	594,091
Randall L. Root, President, Westwood Trust Dallas	2014	247,917	200,000	269,729		28,600	746,246
	2013	235,417	225,000	249,603		28,050	738,070
William R. Hardcastle, Jr., Vice President and interim Chief Financial Officer	2014	190,000	235,000	299,594		28,600	753,194
	2013	190,000	175,000	306,530		27,800 27,250	699,330

Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

	2012	189,167	164,777	216,370		597,564
Mark A. Wallace,	2014	69,246		359,560		443,539
					14,733	
Vice President, Chief Financial Officer & Treasurer	2013	200,000	175,000	218,950		622,000
					28,050	
	2012	31,923	50,000	195,750	51,915	329,588

Notes:

- (1) This column represents the base compensation earned during each of the fiscal years presented.
- (2) Messrs. Freeman, Root and Hardcastle and Ms. Kice and Geron were granted non-plan cash incentive awards from a Company bonus pool, which was not based upon any pre-established performance goals. Pursuant to the terms of Ms. Kice's Offer Letter, she was entitled to a minimum cash bonus target of \$225,000, prorated for her partial service in the 2014 performance year as determined by her start date. In accordance with his Offer Letter, Mr. Wallace's 2012 and 2013 minimum cash incentive awards were \$50,000 and \$100,000, respectively.

**Table of Contents**

(3) For 2014, the amounts contained in column (e) reflect (i) for Mr. Casey, the grant date fair value of the tranche of his 2010 performance-based restricted stock award that was subject to vesting in 2014 (35,000 shares), (ii) for Ms. Kice, the grant date fair value of her time-vested restricted stock award granted in 2014 (1,276 shares), (iii) for Mr. Freeman, the grant date fair value of the tranche of his 2012 performance-based restricted stock award that was subject to vesting in 2014 (20,000 shares), (iv) for Ms. Gerron, the grant date fair value of her time-vested restricted stock award granted in 2014 (4,280 shares), (v) for Mr. Root, the grant date fair value of his time-vested restricted stock award granted in 2014 (4,588 shares), (vi) for Mr. Hardcastle, the grant date fair value of his time-vested restricted stock award granted in 2014 (5,096 shares), and (vii) for Mr. Wallace, the grant date fair value of his time-vested restricted stock award granted in 2014 (6,116 shares), which were forfeited upon his resignation.

For 2013, the amounts contained in column (e) reflect (i) for Mr. Casey, the grant date fair value of the tranche of his 2010 performance-based restricted stock award that was subject to vesting in 2013 (35,000 shares), (ii) for Mr. Freeman, the grant date fair value of the tranche of his 2012 performance-based restricted stock award that was subject to vesting in 2013 (20,000 shares), (iii) for Ms. Gerron, the grant date fair value of her time-vested restricted stock award granted in 2013 (5,200 shares), (iv) for Mr. Root, the grant date fair value of his time-vested restricted stock award granted in 2013 (5,700 shares), (v) for Mr. Hardcastle, the grant date fair value of his time-vested restricted stock award granted in 2013 (7,000 shares), and (vi) for Mr. Wallace, the grant date fair value of his time-vested restricted stock award granted in 2013 (5,000 shares), which were forfeited upon his resignation.

For 2012, the amounts contained in column (e) reflect (i) for Mr. Casey, the grant date fair value of the tranche of his 2010 performance-based restricted stock award that was subject to vesting in 2012 (35,000 shares), (ii) for Mr. Freeman, the grant date fair value of the tranche of his 2012 performance-based restricted stock award that was subject to vesting in 2012 (20,000 shares) and the grant date fair value of his time-vested restricted stock award granted in 2012 (9,548 shares), (iii) for Mr. Hardcastle, the grant date fair value of his time-vested restricted stock award granted in 2012 (5,500 shares), and (iv) for Mr. Wallace, the grant date fair value of his time-vested restricted stock award granted in 2012 (5,000 shares), which were forfeited upon his resignation.

As a result of the correction of an immaterial error related to stock based compensation during the third quarter of 2014, the amounts in column (e) for Mr. Casey and Mr. Freeman have been adjusted to reflect the correct grant date fair value as required by Accounting Standards Codification Topic 718 ( ASC 718 ), Stock Compensation, for 2013 and 2012. Amounts previously reported were \$1,396,500 for both 2013 and 2012 for Mr. Casey, and \$786,200 for 2013 for Mr. Freeman.

The above grant date fair values reported in column (e) were calculated in accordance with Accounting Standards Codification Topic 718 ( ASC 718 ), Stock Compensation, except no assumptions for forfeitures were included. The assumptions used in the valuation of the performance-based and time-vested restricted stock awards are discussed in Note 10 Employee Benefits of our audited financial statements, which are included in our 2014 Form 10-K. See the Compensation Discussion and Analysis section above for a further description of these restricted stock awards.

(4) The amounts in column (f) reflect the cash payment of 3% of our adjusted pre-tax income, as defined, for the respective year to Mr. Casey, in accordance with his annual cash incentive award. The amount for Mr. Freeman includes: 1.5% of our adjusted pre-tax income, as defined, for the respective year; and for 2014 \$1.0 million in mutual fund shares earned under the terms of the Mutual Fund Share Incentive Agreement dated March 7, 2014 (the 2014 MFSI Agreement ) as a result of the Westwood Income Opportunity Fund receiving a 4-star overall rating by Morningstar. Per the terms of the 2014 MFSI Agreement, this \$1 million award was credited to a notional account maintained by the Company on February 9, 2015 and deemed invested in 68,074 shares of the Westwood Income Opportunity Fund. Mr. Freeman's right to receive payment of the amount credited to this account vests on the earliest of (i) December 31, 2015 provided that he remains continuously employed by the Company through that date, (ii) the date of his death, (iii) the date of his disability (assuming the Compensation Committee exercises its discretion to accelerate such vesting), (iv) upon a change in control of the Company where the successor does not honor the terms of the 2014 MFSI Agreement, or (v) upon Mr. Freeman's involuntary termination

**Table of Contents**

without cause or voluntary termination for good reason following a change in control. Payment of the amount credited to Mr. Freeman's account may, in the Compensation Committee's discretion, be in Fund shares, cash or other property, and subject to any applicable tax withholding. Payment is due within 30 days of the applicable date of vesting. For 2012, the amount in column (f) for Mr. Freeman reflects \$1.0 million in mutual fund shares earned under the terms of the Mutual Fund Share Incentive Agreement dated February 7, 2012, as amended (the 2012 MFSI Agreement) as a result of the Westwood Income Opportunity Fund receiving a 5-star overall rating by Morningstar. Per the terms of the 2012 MFSI Agreement, this \$1 million award was credited to a notional account maintained by the Company on January 14, 2013 and deemed invested in 79,491 shares of the Westwood Income Opportunity Fund. Mr. Freeman's right to receive payment of the amount credited to this account vested on December 31, 2013. The Company's adjusted pre-tax income, as defined, for 2014, 2013 and 2012 aggregated approximately \$66.5 million, \$50.1 million and \$42.5 million, respectively. See the Compensation Discussion & Analysis section above for a further description of these cash incentive awards.

- (5) The amounts in column (g) reflect each named executive officer's 401(k) Company matching contribution and Company profit sharing contribution under the Savings Plan. See the Compensation Discussion and Analysis section above for a further description of the plan contributions in 2014. For Ms. Kice, the amount in 2014 includes a \$50,000 cash signing bonus pursuant to the terms of her Offer Letter. For Mr. Wallace, the amount in 2012 also includes \$50,000 in relocation benefits in the form of reimbursement of his moving and house hunting expenses.

We currently have employment agreements with Mr. Casey and Mr. Freeman. Under these agreements these officers receive a minimum base salary, are eligible to receive performance-based and discretionary bonuses, receive restricted shares (subject to performance conditions), could become fully vested in their unvested equity compensation (depending on the cause of termination of employment), and could receive salary and benefits for one year after the termination of their employment (depending on the cause of termination of employment). In accordance with the terms of his employment agreement, Mr. Casey was paid an annual salary of \$600,000 in 2014 and was eligible to receive a maximum annual incentive award of 3% of our adjusted pre-tax income, as defined above. In accordance with the terms of his employment agreement, Mr. Freeman is paid a minimum annual salary of \$500,000. Mr. Freeman is currently eligible to receive a minimum annual incentive award of 1.5% of our adjusted pre-tax income, as defined. The agreements expire on April 30, 2015 for Mr. Casey and January 1, 2017 for Mr. Freeman. See the Employment and Related Agreements section set forth below for further discussion of these employment agreements.

We entered into an Offer Letter with Mr. Wallace in connection with his hire as Chief Financial Officer which provided him with an annual base salary of \$200,000, an award of 5,000 shares of time-vested restricted stock in 2012, an award of 5,000 shares of time-vested restricted stock in February 2013, an award of at least 5,000 shares of time-vested restricted stock in February 2014, a 2012 annual cash performance bonus of at least \$50,000 (payable in February 2013), and a 2013 annual cash performance bonus of at least \$100,000 (payable in February 2014). We also reimbursed Mr. Wallace for up to \$50,000 of moving and house hunting expenses incurred in connection with his move to Dallas, Texas. All of Mr. Wallace's stock awards were forfeited upon his resignation in 2014.

We entered into an Offer Letter with Ms. Kice in connection with her hire as our Chief Financial officer. The Company will pay Ms. Kice an annual base salary of \$225,000 and she received a \$50,000 cash signing bonus on October 1, 2014. On October 23, 2014 Ms. Kice received a time-vested restricted stock award grant of the Company's common stock valued at \$75,000, which was subject to the approval of the Compensation Committee of the Company's Board of Directors. Pursuant to the Stock Incentive Plan, 50% of the shares of restricted stock will vest on February 23, 2017, and 25% of the shares of restricted stock will vest on each of the first and second anniversaries of such date.

As Chief Financial Officer, Ms. Kice is eligible to participate in all compensation and incentive plans available to Company employees generally, including (i) annual cash incentive awards approved by the Compensation Committee, (ii) long-term equity incentive awards granted pursuant to the Stock Incentive Plan,

**Table of Contents**

and (iii) employee and post-retirement benefits, including those under the Savings Plan. Ms. Kice will receive a minimum cash bonus target of \$225,000 for each of 2014, 2015, 2016, 2017 and 2018. The cash bonus for 2014 was prorated based upon partial service in the performance year as determined by her start date. Ms. Kice will receive an annual restricted stock award grant of the Company's common stock valued at an amount not less than \$225,000 in February 2015, 2016, 2017 and 2018. The future cash bonus awards and future restricted stock awards are subject to the approval of the Compensation Committee.

**Grants of Plan-Based Awards in 2014**

The following table summarizes all grants of plan-based awards made to our named executive officers in 2014. The equity plan-based awards set forth below consisted solely of restricted shares of our common stock granted under the Stock Incentive Plan.

Name	Grant Date	Threshold (\$)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		Estimated Future Payouts Under Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock (#)	Grant Date Fair Value of Stock (\$)	
			Target (\$)	Maximum (\$)	Target (#)	Maximum (#)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
			(1)		(2)	(3)		(4)	
Brian O. Casey	2/21/14	N/A	1,994,401	N/A	N/A	35,000	N/A		2,057,650
Tiffany B. Kice	10/23/14							1,276	74,888
Mark R. Freeman	2/21/14	N/A	997,201	N/A	N/A	20,000	N/A		1,175,800
	3/7/14		500,000	1,000,000					
Julie K. Gerron	2/21/14							4,280	251,621
Randall L. Root	2/21/14							4,588	269,729
William R. Hardcastle, Jr.	2/21/14							5,096	299,594
Mark A. Wallace	2/21/14							6,116	359,560

Notes:

(1) The amounts in column (d) reflect the payment of 3% and 1.5% of our 2014 adjusted pre-tax income to Mr. Casey and Mr. Freeman, respectively, in accordance with their annual cash incentive awards.

There were no threshold or maximum award levels (or equivalent items) for these annual cash incentive awards. The Company's adjusted pre-tax income for 2014 was in excess of \$65 million.

On December 31, 2014 Mr. Freeman earned \$1,000,000 under the terms of the 2014 MFSI Agreement, by achieving a 4-star overall rating from Morningstar for the performance period ended December 31, 2014.

See the Compensation Discussion and Analysis section above for a further description of these cash incentive awards.

(2) The amounts in column (g) reflect the tranche of Mr. Casey's and Mr. Freeman's performance-based restricted stock awards subject to vesting in 2014 upon our adjusted pre-tax income for 2014 being at least \$34 million. There were no threshold or maximum award levels (or equivalent items) for these performance-based annual restricted stock awards. See the Compensation Discussion and Analysis section above for a further description of performance-based restricted stock incentive awards.



Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

- (3) The amount in column (i) reflects time-vested restricted stock award granted to Messrs. Root, Hardcastle and Wallace and Mses. Kice and Geron in 2014. The shares vest as follows: 50% after two years; 75% after three years; and 100% after four years.

---

**Table of Contents**

- (4) The amounts in column (j) reflect the grant date fair value of (i) the tranche of Mr. Casey's and Mr. Freeman's performance-based restricted stock award subject to vesting in 2014, and (ii) Messrs. Root's, Hardcastle's and Wallace's and Ms. Kice's and Gerron's time-vested restricted stock award granted in 2014, computed in accordance with ASC 718 (except no assumptions for forfeitures were included). The assumptions used in the valuation of the restricted stock awards are discussed in Note 10 Employee Benefits of our audited financial statements, included in our 2014 Form 10-K. The grant date fair value for Messrs. Root's, Hardcastle's and Wallace's and Ms. Gerron's time-vested awards was based on \$58.79 per share, which was the closing price of our common stock on the grant date of February 21, 2014, adjusted for the accrual of dividends on unvested shares. The grant date fair value for Ms. Kice's time-vested awards was based on \$58.69 per share, which was the closing price of our common stock on the grant date of October 23, 2014, adjusted for the accrual of dividends on unvested shares. The grant date fair value for Mr. Casey and Mr. Freeman's awards was \$58.79, which was based on the closing price of our common stock on the grant date of February 21, 2014, adjusted for the accrual of dividends.

**Stock Incentive Plan**

All equity-based incentive awards, except those granted under the Share Award Plan of Westwood Holdings Group, Inc. for Service Provided in Canada to its Subsidiaries, are governed by the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan (the "Stock Incentive Plan").

In 2014, equity awards under the Stock Incentive Plan consisted of our authorized restricted common stock. Awards under the Stock Incentive Plan may be made to employees, including officers and directors who may be employees, non-employee directors, and consultants. Any shares issued under the Stock Incentive Plan may consist of authorized but unissued shares or reacquired shares or a combination thereof.

The Stock Incentive Plan authorizes the grant of several types of equity-based awards, including incentive stock options ("ISOs"), nonstatutory stock options ("NSOs"), restricted stock, stock purchase rights and performance shares (in the form of deferred stock awards). The Stock Incentive Plan also authorizes cash awards in the form of annual incentive awards, performance-based awards, and discretionary bonus awards. The various types of awards authorized under the Stock Incentive Plan may be utilized in the future if determined to be appropriate by the Compensation Committee. To date, the Compensation Committee has limited its equity-based awards under the Stock Incentive Plan to NSOs and restricted stock and the Compensation Committee currently expects that future equity-based awards will likely be limited to restricted stock. The Compensation Committee believes that restricted stock is the most effective vehicle to align the interests of employees with stockholders and clients. Unless the Compensation Committee determines otherwise, the recipient of restricted shares will generally have the right to vote the restricted shares. The Compensation Committee may also determine whether dividends will be payable with respect to restricted shares (generally at the same rate that is paid to all our stockholders) and, if so, may impose vesting and repayment conditions with respect to such dividends. Historically we have paid dividends on shares of restricted stock as and when dividends were paid to our stockholders. Beginning with the 2011 restricted stock grant, dividends payable on unvested restricted stock are accrued, subject to forfeiture conditions and payable to the recipient only when the underlying shares of restricted stock vest. The Compensation Committee believes that these terms and conditions for restricted stock awards offer the best balance of providing value to the employee if we succeed as a company as well as providing a mechanism to retain key employees over the long-term as they build a meaningful portion of their wealth in the form of Company equity.

The Board or the Compensation Committee administers the Stock Incentive Plan with respect to all eligible individuals. Cash incentive awards earned in a given year are typically communicated to employees and paid in the first quarter of the following year to coincide with year-end performance reviews. Annual time-vested restricted stock awards have generally been awarded in the first quarter of the year in order to better synchronize the payment of cash incentive bonus awards with the withholding tax liability resulting from restricted stock vesting.

## **Table of Contents**

Time-vested restricted stock awards are subject to the following four-year vesting schedule: 50% after two years, 75% after three years and 100% after four years. The Compensation Committee believes that this long-term vesting schedule is effective in acting as a retention tool for Messrs. Hardcastle and Root and Meses. Gerron and Kice and other non-executive employees. All employees are eligible to receive time-vested restricted stock awards.

The Compensation Committee makes all determinations involving awards to covered employees within the meaning of Section 162(m) of the Code. Determinations of the Compensation Committee are final, conclusive, and binding upon all persons having an interest in the Stock Incentive Plan. However, any action or determination by the Compensation Committee specifically affecting or relating to an award to a non-employee director will be approved and ratified by the Board of Directors.

## **Employment and Related Agreements**

The Compensation Committee believes that retention of our named executive officers and other key employees is critical to future success. In order to formalize a long-term commitment with two of our top executive officers, we formalized employment agreements with our Chief Executive Officer, Brian O. Casey, in April 2010 and our Chief Investment Officer, Mark R. Freeman, in February 2012. The agreements broadly address the terms of their employment with the Company, including, among other things, their duties, compensation and benefits, termination, and the effect of termination. In addition, the employment agreements include non-solicitation covenants and non-competition covenants that apply in specified circumstances for a period of one year following the date of termination.

The Compensation Committee determined that Mr. Casey is critical to our future success, due to his significant responsibilities and contributions to the ongoing day-to-day operation of the business, his involvement in marketing our products, his development and direction of strategic initiatives and corporate development, as well as his participation in the development of new products. As a result, the Compensation Committee determined that it was in our best interests to enter into an employment agreement with Mr. Casey effective through April 30, 2015. The Compensation Committee is currently working with Mr. Casey to arrive at terms for a new employment agreement.

The Compensation Committee determined that Mr. Freeman is critical to our future success, due to his significant responsibilities and contributions to the development and oversight of our investment policy, the development of the Company's macroeconomic and investment outlook, his day-to-day operation and oversight of our investment department, his monitoring of absolute risk and consistency of quality across all investment strategies, his integral importance to the ongoing success of our investment performance as well as his involvement in product development, strategic initiatives and marketing our products. As a result, the Compensation Committee determined that it was in our best interests to enter into an employment agreement with Mr. Freeman effective through January 1, 2017.

We entered into an Offer Letter with Ms. Kice in connection with her hire as our Chief Financial officer. The Company agreed to pay Ms. Kice an annual base salary of \$225,000 and Ms. Kice received a \$50,000 cash signing bonus on October 1, 2014. Also, on October 23, 2014 Ms. Kice received a time-vested restricted stock award grant of our common stock valued at \$75,000, which was subject to the approval of the Compensation Committee. Pursuant to the Stock Incentive Plan, 50% of the shares of restricted stock will vest on February 23, 2017, and 25% of the shares of restricted stock will vest on each of the first and second anniversaries of such date.

We entered into an Offer Letter with Mr. Wallace in connection with his hire as Chief Financial Officer which provided him with an annual base salary of \$200,000, an award of 5,000 shares of time-vested restricted stock in 2012, an award of 5,000 shares of time-vested restricted stock in February 2013, an award of at least 5,000 shares of time-vested restricted stock in February 2014, a 2012 annual cash performance bonus of at least \$50,000 (payable in February 2013), and a 2013 annual cash performance bonus of at least \$100,000 (payable in February 2014). We also reimbursed Mr. Wallace for up to \$50,000 of moving and house hunting expenses incurred in connection with his move to Dallas, Texas. All of Mr. Wallace's stock awards were forfeited upon his resignation in 2014.

**Table of Contents****Outstanding Equity Awards at December 31, 2014**

The following table summarizes all outstanding equity awards held by our named executive officers as of December 31, 2014.

Name	Option Awards			Stock Awards			
	Number of Securities Underlying Unexercised Options (#) (b)	Exercise Price (\$) (e)	Option Expiration Date (f)	Number of Shares of Stock That Have Not Vested (g) (1)	Market Value of Shares of Stock That Have Not Vested (\$) (h) (3)	Equity Incentive Plan Awards: Number of Shares That Have Not Vested (i) (2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested (\$) (j) (3)
Brian O. Casey						35,000	2,163,700
Tiffany B. Kice				1,276	78,882		
Mark R. Freeman				7,149	441,951	60,000	3,709,200
Julie K. Gerron				13,330	824,061		
Randall L. Root				14,513	897,194		
William R. Hardcastle, Jr.				16,221	1,002,782		

Notes:

- (1) The shares in column (g) will vest in late February of each year according to the following schedule provided that the individual is, in most cases, still employed by us on the vesting date.

Name	Shares scheduled to vest			
	2015	2016	2017	2018
Tiffany B. Kice		638	319	319
Mark R. Freeman	4,762	2,387		
Julie K. Gerron	5,150	4,740	2,370	1,070
Randall L. Root	5,650	5,144	2,572	1,147
William R. Hardcastle, Jr.	6,250	5,673	3,024	1,274

- (2) The shares in column (i) represent an unearned, performance-based restricted stock incentive award granted to Mr. Casey in 2010 and Mr. Freeman in 2012 under the Stock Incentive Plan, which will vest according to the following schedule, provided that Mr. Casey and Mr. Freeman are, in most cases, still employed by us on the vesting date and the applicable performance goal is achieved for the respective year. Each year during the applicable vesting period, the Compensation Committee will establish a specific goal for that year's vesting of the restricted shares. The performance goal will be based upon criteria set forth in the Stock Incentive Plan. The specific performance goal for each year will be established no later than March 31 of the vesting year. If in any year during the vesting period the performance goal is not met, the Compensation Committee may establish a goal for a subsequent vesting period, which if achieved or exceeded may result in full or partial vesting of the shares that did not otherwise become vested in a prior year. See the Compensation Discussion and Analysis section above for a further description of this performance-based restricted stock incentive award.

Shares scheduled to vest

Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

Name	2015	2016	2017	2018
Brian O. Casey	35,000			
Mark Freeman	20,000	20,000	20,000	

**Table of Contents**

- (3) The amounts in columns (h) and (j) reflect the value of the shares shown in columns (g) and (i), respectively, multiplied by \$61.82, the closing market price of our common stock as of December 31, 2014, the last business day in 2014.

**Stock Vested in 2014**

The following table summarizes all shares vested by our named executive officers for the year ended December 31, 2014.

Name	Stock Awards	
	Number of Shares Acquired on Vesting	Value Realized on Vesting (\$)
(a)	(#)	(b)
(a)	(a)	(1)
Brian O. Casey	35,000	2,060,800
Mark R. Freeman	29,399	1,731,013
Julie K. Gerron	5,100	300,288
Randall L. Root	5,725	337,088
William R. Hardcastle, Jr.	5,625	331,200

Notes:

- (1) Values in column (b) reflect 35,000 shares of performance-based restricted stock for Mr. Casey that vested as of February 21, 2014 at a market value of \$58.88 per share; 9,399 shares of time-vested restricted stock for Mr. Freeman that vested as of February 21, 2014 at a market value of \$58.88 per share and 20,000 shares of performance-based restricted stock for Mr. Freeman that vested as of February 21, 2014 at a market value of \$58.88 per share; 5,100 shares of time-vested restricted stock for Ms. Gerron that vested as of February 21, 2014 at a market value of \$58.88 per share; 5,725 shares of time-vested restricted stock for Mr. Root that vested as of February 21, 2014 at a market value of \$58.88 per share; and 5,625 shares of time-vested restricted stock for Mr. Hardcastle that vested as of February 21, 2014 at a market value of \$58.88 per share.

**Potential Payments Upon Termination or Change in Control**

Set forth below is a summary of the compensation and benefits payable to Mr. Casey, Ms. Kice, Mr. Freeman, Ms. Gerron, Mr. Root and Mr. Hardcastle in the event their employment is terminated. For purposes of this disclosure, we have calculated benefits assuming a December 31, 2014 termination date. As of December 31, 2014, executive employment agreements were in effect with Mr. Casey and Mr. Freeman. For further information on the employment agreements, see [Employment Related Agreements](#) above.

Under the terms of our Stock Incentive Plan, in the event of their death or a change in control of the Company, Messrs. Freeman's, Root's and Hardcastle's and Ms. Kice's and Gerron's unvested time-vested restricted stock awards would vest. These shares had a value of, \$441,951 for Mr. Freeman, \$897,194 for Mr. Root, \$1,002,782 for Mr. Hardcastle, \$78,882 for Ms. Kice and \$824,061 for Ms. Gerron as of December 31, 2014. Other than the acceleration of Messrs. Root's and Hardcastle's and Ms. Kice's and Gerron's restricted stock awards upon death or a change in control, Messrs. Root and Hardcastle and Ms. Kice and Gerron are not contractually entitled to any other severance payments upon their termination or a change in control of the Company.

Under the employment agreement in place, payments to Mr. Casey could vary depending on the cause of termination and whether or not the Board of Directors elects to enforce a non-compete agreement. Under the employment agreement in place for Mr. Freeman, the payments to Mr. Freeman could vary depending upon the cause of termination and whether or not the Board of Directors elects to enforce a Mandatory Inactivity Period. For the purposes hereof, a Mandatory Inactivity Period shall mean the three-month period of time immediately following Mr. Freeman's termination during which he may not (a) in any capacity provide investment advisory

## **Table of Contents**

services or investment management services in competition with the Company or (b) establish, join, participate in, acquire or maintain ownership in, or provide investment advisory services to, any U.S.-based entity that offers services and/or products that compete with the Company. Additionally, these agreements contain a single trigger change in control provision pursuant to which Mr. Casey and Mr. Freeman are entitled to certain payments and benefits in the event they voluntarily terminate their employment with the Company within the ninety-day period, or in the case of Mr. Freeman, the thirty-day period, immediately following the date that is three months following change in control of the Company. The Compensation Committee believes that a single trigger change in control provision (i) provides a powerful retention device during change in control discussions, and (ii) ensures Mr. Casey and Mr. Freeman are not deprived of the benefits that they earned or reasonably should expect to receive if there was no change in control. The various payment scenarios for Mr. Casey are described immediately below, and the various payment scenarios for Mr. Freeman are described thereafter.

### **The various payment scenarios for Mr. Casey are:**

#### **Payments upon termination without cause where the non-compete agreement is enforced**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

one year's worth of salary paid in monthly installments, less the amount of medical insurance premiums the executive would pay had he remained employed,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive,

medical benefits for the executive and his eligible dependents for twelve months following termination, and

all unvested stock options and all unvested restricted shares shall be fully vested for the executive; provided, however, that to the extent that any such awards are subject to performance-based vesting conditions that are intended to qualify for the performance-based compensation exemption from Section 162(m) of the Internal Revenue Code, then those awards will only become vested if and to the extent that such awards would have become vested in accordance with their terms if Mr. Casey's employment had continued.

#### **Payments upon termination without cause where the non-compete agreement is not enforced**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive,

medical benefits for the executive and his eligible dependents for twelve months following termination, and

all unvested stock options and all unvested restricted shares shall be fully vested; provided, however, that to the extent that any such awards are subject to performance-based vesting conditions that are intended to qualify for the performance-based compensation exemption from Section 162(m) of the Internal Revenue Code, then those awards will only become vested if and to the extent that such awards would have become vested in accordance with their terms if Mr. Casey's employment had continued.



**Table of Contents**

**Payments upon termination with cause or by the executive without good reason where the non-compete agreement is enforced**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

one year's worth of salary paid in monthly installments for twelve months, less the amount of medical insurance premiums the executive would pay had he remained employed,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive, and

medical benefits for the executive and his eligible dependents for twelve months following termination.

All unvested stock options and all unvested restricted shares shall be forfeited under this scenario.

**Payments upon termination with cause or by the executive without good reason where the non-compete agreement is not enforced**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive, and

medical benefits for the executive and his eligible dependents for twelve months following termination.

All unvested stock options and all unvested restricted shares shall be forfeited under this scenario.

**Payments upon termination by the executive with good reason (the non-compete agreement is automatically enforced)**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

one year's worth of salary paid in monthly installments, less the amount of medical insurance premiums the executive would have paid had he remained employed,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive,

medical benefits for the executive and his eligible dependents for twelve months following termination, and

all unvested stock options and all unvested restricted shares shall be fully vested for the executive; provided, however, that to the extent that any such awards are subject to performance-based vesting conditions that are intended to qualify for the performance-based compensation exemption from Section 162(m) of the Internal Revenue Code, then those awards will only become vested if and to the extent that such awards would have become vested in accordance with their terms if Mr. Casey's employment had continued.

**Table of Contents**

**Payments upon termination due to a change in control (the non-compete agreement is automatically enforced)**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

one year's worth of salary paid in monthly installments, less the amount of medical insurance premiums the executive would pay had he remained employed,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive,

medical benefits for the executive and his eligible dependents for twelve months following termination, and

all unvested stock options and all unvested restricted shares shall be fully vested; provided, however, that to the extent that any such awards are subject to performance-based vesting conditions that are intended to qualify for the performance-based compensation exemption from Section 162(m) of the Internal Revenue Code, then those awards will only become vested if and to the extent that such awards would have become vested in accordance with their terms if Mr. Casey's employment had continued.

**Payments upon termination due to death**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive,

medical benefits for the executive's eligible dependents for twelve months following termination, and

all unvested stock options and all unvested restricted shares shall be fully vested.

**Payments upon termination due to disability**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive,

disability benefits, if any, at least equal to those then provided by the Company to disabled executives and their families,

medical benefits for the executive and his eligible dependents for twelve months following termination, and

all unvested stock options and all unvested restricted shares shall be fully vested for Mr. Casey.

**Table of Contents**

**The various payment scenarios for Mr. Freeman are:**

**Payments upon termination without cause or by the executive for good reason where the Mandatory Inactivity Period is enforced**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

three months' worth of salary paid in monthly installments, less the amount of medical insurance premiums the executive would pay had he remained employed,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive,

medical benefits for the executive and his eligible dependents for three months following termination, and

all unvested stock options, all unvested restricted shares and all unvested mutual fund share bonus awards shall become vested and exercisable; provided however, that if any such unvested equity or equity-based award is subject to performance-based vesting conditions that are intended to qualify for the performance-based compensation exemption under Section 162(m) of the Code, then such award will become vested only if, when and to the extent such award would have become vested in accordance with its terms if Mr. Freeman's employment had continued; and provided further that, if such award is subject to periodic vesting based upon performance conditions established for each vesting period, then the annual performance conditions applicable to any such award following the termination of Mr. Freeman's employment shall be the same as the last periodic performance goal established with respect to such award prior to the termination of Mr. Freeman's employment or, if more favorable to Mr. Freeman, the periodic performance conditions established for performance-based vesting of equity or equity-based awards granted to other senior executives who are then still employed by the Company.

**Payments upon termination without cause or by the executive for good reason where the Mandatory Inactivity Period is not enforced**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive,

all unvested stock options, all unvested restricted shares and all unvested mutual fund share bonus awards shall become vested and exercisable; provided however, that if any such unvested equity or equity-based award is subject to performance-based vesting conditions that are intended to qualify for the performance-based compensation exemption under Section 162(m) of the Code, then such award will become vested only if, when and to the extent such award would have become vested in accordance with its terms if

## Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

Mr. Freeman's employment had continued; and provided further that, if such award is subject to periodic vesting based upon performance conditions established for each vesting period, then the annual performance conditions applicable to any such award following the termination of Mr. Freeman's employment shall be the same as the last periodic performance goal established with respect to such award prior to the termination of Mr. Freeman's employment or, if more favorable to Mr. Freeman, the periodic performance conditions established for performance-based vesting of equity or equity-based awards granted to other senior executives who are then still employed by the Company.

**Table of Contents**

**Payments upon termination with cause where the Mandatory Inactivity Period is enforced**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

three months' worth of salary paid in monthly installments, less the amount of medical insurance premiums the executive would pay had he remained employed,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive, and

medical benefits for the executive and his eligible dependents for three months following termination.

All unvested stock options, all unvested restricted shares, and all unvested mutual fund share bonus awards shall be forfeited under this scenario.

**Payments upon termination with cause where the Mandatory Inactivity Period is not enforced**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

bonus and incentive compensation earned by the executive as of the termination date, and

not less than four weeks of vacation time that was earned and unused by the executive.

All unvested stock options, all unvested restricted shares, and all unvested mutual fund share bonus awards shall be forfeited under this scenario.

**Payments upon termination by the executive without good reason where the Mandatory Inactivity Period is enforced**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

three months' worth of salary paid in monthly installments, less the amount of medical insurance premiums the executive would pay had he remained employed,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive, and

medical benefits for the executive and his eligible dependents for three months following termination.

All unvested stock options and all unvested restricted shares shall be forfeited under this scenario. Additionally, all unvested mutual fund share bonus awards shall vest 60 days after the first anniversary of the termination date unless a final determination is made in binding arbitration that the executive either directly or indirectly sold or provided products that are the same or similar to any product that the Company is providing as of, and about which the executive had confidential information during the year prior to, the termination date; provided, however, that if any such unvested equity or equity-based award is subject to performance-based vesting conditions that are intended to qualify for the performance-based compensation exemption under Section 162(m) of the Code, then such award will become vested only if, when and to the extent such award would have become vested in accordance with its terms if Mr. Freeman's employment had continued; and provided further that, if such award is subject to periodic vesting based upon performance conditions established for each vesting period, then the annual performance conditions applicable to any such award following the termination of Mr. Freeman's employment shall be the same as the last periodic performance goal established



**Table of Contents**

with respect to such award prior to the termination of Mr. Freeman's employment or, if more favorable to Mr. Freeman, the periodic performance conditions established for performance-based vesting of equity or equity-based awards granted to other senior executives who are then still employed by the Company.

**Payments upon termination by the executive without good reason where the Mandatory Inactivity Period is not enforced**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

bonus and incentive compensation earned by the executive as of the termination date, and

not less than four weeks of vacation time that was earned and unused by the executive.

All unvested stock options and all unvested restricted shares shall be forfeited under this scenario. Additionally, all unvested mutual fund share bonus awards shall vest 60 days after the first anniversary of the termination date unless a final determination is made in binding arbitration that the executive either directly or indirectly sold or provided products that are the same or similar to any product that the Company is providing as of, and about which the executive had confidential information during the year prior to, the termination date; provided, however, that if any such unvested equity or equity-based award is subject to performance-based vesting conditions that are intended to qualify for the performance-based compensation exemption under Section 162(m) of the Code, then such award will become vested only if, when and to the extent such award would have become vested in accordance with its terms if Mr. Freeman's employment had continued; and provided further that, if such award is subject to periodic vesting based upon performance conditions established for each vesting period, then the annual performance conditions applicable to any such award following the termination of Mr. Freeman's employment shall be the same as the last periodic performance goal established with respect to such award prior to the termination of Mr. Freeman's employment or, if more favorable to Mr. Freeman, the periodic performance conditions established for performance-based vesting of equity or equity-based awards granted to other senior executives who are then still employed by the Company.

**Payments upon termination due to a change in control (assuming that Mr. Freeman terminates his employment after the 90<sup>th</sup> day, but before the 121<sup>st</sup> day, immediately following a change in control)**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

three months' worth of salary paid in monthly installments, less the amount of medical insurance premiums the executive would pay had he remained employed,

bonus and incentive compensation earned by the executive as of the termination date,

not less than four weeks of vacation time that was earned and unused by the executive,

medical benefits for the executive and his eligible dependents for three months following termination, and

## Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

all unexercised stock options, all unvested restricted shares, all unvested mutual fund share bonus awards and all other unvested equity-incentive compensation awards shall become vested and exercisable.

### **Payments upon termination due to death**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

bonus and incentive compensation earned by the executive as of the termination date,

**Table of Contents**

accelerated vesting of his unvested mutual fund bonus awards,

not less than four weeks of vacation time that was earned and unused by the executive,

medical benefits for the executive's eligible dependents for twelve months following termination, and

all unexercised stock options, all unvested restricted shares, all unvested mutual fund share bonus awards and all other equity-incentive compensation awards theretofore granted shall become vested and exercisable.

**Payments upon termination due to disability**

Amounts under this scenario include the following to the extent they have not been already paid:

amounts earned by the executive during his employment,

bonus and incentive compensation earned by the executive as of the termination date,

accelerated vesting of his unvested mutual fund bonus awards,

not less than four weeks of vacation time that was earned and unused by the executive,

disability benefits, if any, at least equal to those then provided by the Company to disabled executives and their families,

medical benefits for the executive and his eligible dependents for twelve months following termination, and

all unexercised stock options, all unvested restricted shares, all unvested mutual fund share bonus awards and all other equity-incentive compensation awards shall become vested and exercisable.

The following tables show the amounts each officer would receive under different scenarios.

Severance and change in control arrangements for Mr. Casey:

Benefits/payments upon termination	For cause or voluntary Termination without good reason		Without cause		Resign with good reason or terminated due to change in control	Death	Disability
	Y	N	Y	N	Y	N/A	N/A
Non-compete enforced?							
Base salary for an additional year (1)	\$ 596,316	\$	\$ 596,316	\$	\$ 596,316	\$	\$
Performance shares (2)			2,163,700	2,163,700	2,163,700	2,163,700	2,163,700
Medical benefits (3)	15,262	15,262	15,262	15,262	15,262	15,262	15,262

Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

Total	\$ 611,578	\$ 15,262	\$ 2,775,278	\$ 2,178,962	\$ 2,775,278	\$ 2,178,962	\$ 2,178,962
-------	------------	-----------	--------------	--------------	--------------	--------------	--------------

Notes:

- (1) Amounts reflect one year's base salary, less the amount of medical insurance premiums the executive would pay had he remained employed with the Company.
- (2) Amounts reflect the estimated value of the acceleration of the executive's outstanding performance-based restricted stock awards (35,000 shares, which share amounts are equal to the number of outstanding performance-based restricted stock shares that are reported in the Outstanding Equity Awards at December 31, 2014 table), using our stock price of \$61.82 per share as of the last day of business in 2014.
- (3) The amount reflects the Company's estimated premiums to continue medical benefits for the executive and his dependents, as applicable, for twelve months after termination.

**Table of Contents**

Severance and change in control arrangements for Mr. Freeman:

Benefits/payments upon termination Mandatory inactivity period enforced?	For cause or voluntary termination without good reason		Without cause/resign with good reason		Resign with good reason or terminated due to change in control	Death	Disability
	Y	N	Y	N	Y	N/A	N/A
Base salary for an additional three months (1)	\$ 123,764	\$	\$ 123,764	\$	\$ 123,764	\$	\$
Restricted shares (2)			4,151,151	4,151,151	4,151,151	4,151,151	4,151,151
Medical benefits (3)	3,785		3,785		3,785	15,139	15,139
Acceleration of Payment of Mutual Fund Bonus Award (4)					1,000,000	1,000,000	1,000,000
<b>Total</b>	<b>\$ 127,549</b>	<b>\$</b>	<b>\$ 4,278,700</b>	<b>\$ 4,151,151</b>	<b>\$ 5,278,700</b>	<b>\$ 5,166,290</b>	<b>\$ 5,166,290</b>

Notes:

- (1) Amounts reflect three months base salary, less the amount of medical insurance premiums Mr. Freeman would pay had he remained employed with the Company.
- (2) Amounts reflect the estimated value of acceleration of Mr. Freeman's outstanding time-vested and performance-based restricted stock awards (7,149 shares, which share amount is equal to the number of outstanding time-vested restricted stock shares that are reported in the Outstanding Equity Awards at December 31, 2014 table, and 60,000 shares, which share amount is equal to the number of outstanding performance-based restricted stock shares that are reported in the Outstanding Equity Awards at December 31, 2014 table), using our stock price of \$61.82 per share as of the last day of business in 2014.
- (3) The amount reflects the Company's estimated premiums to continue medical benefits for Mr. Freeman and his dependents, as applicable, for three months after termination, except in the case of termination due to Mr. Freeman's death or disability, in which case medical benefits for Mr. Freeman and his dependents, as applicable, continue for twelve months after termination.
- (4) In the event of Mr. Freeman's termination due to death or disability, or his involuntary termination without cause or voluntary termination for good reason following a change in control, he would vest immediately in his outstanding unvested mutual fund awards. As of December 31, 2014, Mr. Freeman had \$1,000,000 unvested mutual fund awards.

The amounts shown in the preceding tables do not include payments and benefits to the extent they are paid to all employees upon termination of employment, including:

accrued salary and vacation pay,

distribution of the balance held by the individual under our Savings Plan, and

amounts paid under other benefit plans, including our family and medical leave of absence and long-term disability programs.

**Definitions under the terms of the Stock Incentive Plan**

*Change in Control* shall mean:

a merger or consolidation of the Company with or into another corporation in which the Company shall not be the surviving corporation (other than a merger undertaken solely in order to reincorporate in another state) (for purposes hereof, the Company shall not be deemed the surviving corporation in any such transaction if, as the result thereof, it becomes a wholly-owned subsidiary of another corporation);

## **Table of Contents**

a dissolution of the Company;

a transfer of all or substantially all of the assets of the Company in one transaction or a series of related transactions to one or more other persons or entities;

a transaction or series of transactions that results in any entity, person, or group, becoming the beneficial owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities; or during any period of two consecutive years commencing on or after January 1, 2005, individuals who at the beginning of the period constituted the Company's Board of Directors cease for any reason to constitute at least a majority, unless the election of each director who was not a director at the beginning of the period has been approved in advance by directors representing at least two-thirds of the directors then in office who were directors at the beginning of the period; provided, however, that a Change in Control shall not be deemed to have occurred if the ownership of 50% or more of the combined voting power of the surviving corporation, asset transferee or Company (as the case may be), after giving effect to the transaction or series of transactions, is directly or indirectly held by (A) a trustee or other fiduciary under an employee benefit plan maintained by the Company, or (B) one or more of the executive officers of the Company that held such positions prior to the transaction or series of transactions, or any entity, person or group under their control.

### **Definitions under the terms of the Executive Employment Agreements**

*Termination for cause* could occur due to any of the following events:

executive's conviction of any felony or other serious crimes;

executive's material breach of any of the terms of the employment agreement or any other written agreement or material company policy to which the executive and the Company are parties or are bound (or, in the case of Mr. Freeman, personal misconduct that is materially detrimental to the best interests of the Company), if such breach (or, in the case of Mr. Freeman, personal misconduct) shall be willful and shall continue beyond a period of 20 days immediately after written notice thereof by the Company to the executive;

wrongful misappropriation by the executive of any money, assets, or other property of the Company or a client of the Company;

willful actions or failures to act by the executive which subject the executive or the Company to censure by the Securities and Exchange Commission as described in and pursuant to Section 203(e) or 203(f) of the Investment Advisers Act of 1940 or Section 9(b) of the Investment Company Act of 1940 or to censure by a state securities administrator pursuant to applicable state securities laws or regulations;

executive's commission of fraud or gross moral turpitude; or

executive's continued willful failure to substantially perform executive's duties under the applicable agreement after receipt of written notice thereof and an opportunity to so perform.

*Termination for good reason* could occur due to the occurrence of any of the following events without the written consent of the executive:

any material breach by the Company of the employment agreement (including any reduction in the executive's base salary);

## Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

any material adverse change in the status, position or responsibilities of the executive, including in the case of Mr. Casey a change in the executive's reporting relationship so that he no longer reports to the Board of Directors, the removal from or failure to re-elect the executive as a member of the Board or if the Company becomes a wholly-owned subsidiary of another company, and the executive serves only as an officer of the subsidiary company;



**Table of Contents**

assignment of duties to the executive that are materially inconsistent with the executive's position and responsibilities described in his employment agreement;

the failure of the Company to assign the employment agreement to a successor to the Company or failure of a successor to the Company to explicitly assume and agree to be bound by the employment agreement; or

requiring the executive to be principally based at any office or location more than 25 miles from the current offices of the Company in Dallas, Texas.

The executive may terminate his or her employment *without good reason* at any time by giving at least 30 days notice.

The Company may terminate the executive's employment *without cause* at any time.

*Change in Control* shall mean:

a merger or consolidation of the Company with or into another corporation (other than a merger undertaken solely in order to reincorporate in another state) immediately following which the beneficial holders of the voting stock of the Company immediately prior to such transaction or series of transactions do not continue to hold 50% or more of the voting stock (based upon voting power) of the Company or (A) any entity that owns, directly or indirectly, the stock of the Company, (B) any entity with which the Company has merged, or (C) any entity that owns an entity with which the Company has merged;

a dissolution of the Company;

a transfer of all or substantially all of the assets of the Company in one or more related transactions to one or more other persons or entities;

a transaction or series of transactions that results in any entity, Person or Group, becoming the beneficial owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities; or

during any period of two consecutive years commencing on or after January 1, 2010 (in the case of Mr. Casey) or January 1, 2012 (in the case of Mr. Freeman), individuals who at the beginning of the period constituted the Company's Board of Directors cease for any reason to constitute at least a majority, unless the election of each director who was not a director at the beginning of the period has been approved in advance by directors representing at least two-thirds (2/3) of the directors then in office who were directors at the beginning of the period; provided, however, that a Change in Control shall not be deemed to have occurred if the ownership of 50% or more of the combined voting power of the surviving corporation, asset transferee or Company (as the case may be), after giving effect to the transaction or series of transactions, is directly or indirectly held by (A) a trustee or other fiduciary under an employee benefit plan maintained by the Company, or (B) one or more of the executive officers of the Company that held such positions prior to the transaction or series of transactions, or any entity, Person or Group under their control.

*Disability* shall mean any medically determinable physical or mental impairment that has lasted for a period of not less than six months in any 12 month period and that renders the executive unable to perform the duties or essential functions required under the employment agreement.

**Table of Contents**

**PROPOSAL 2:**

**Ratification of Appointment of Grant Thornton LLP as Independent Auditors**

Our Audit Committee has appointed Grant Thornton LLP as our independent auditors for 2015. Representatives of Grant Thornton LLP will attend the annual meeting to answer appropriate questions and may make a statement if they so desire.

**Fees Billed by Grant Thornton LLP**

*Audit Fees.* The aggregate fees billed for professional services rendered by Grant Thornton LLP for the audit of our annual financial statements, the review of the financial statements included in our Quarterly Reports on Form 10-Q and testing as required by Sarbanes-Oxley Section 404, or for services that are normally provided in connection with statutory or regulatory filings or engagements, for the years ended December 31, 2014 and 2013 were \$240,729 and \$232,455, respectively.

*Audit-Related Fees.* The aggregate fees billed for audit-related services were \$29,727 for the year ending December 31, 2014. There were no fees billed by Grant Thornton LLP for audit-related services for the year ended December 31, 2013.

*Tax Fees.* There were no fees billed by Grant Thornton, LLP for tax services for the years ended December 31, 2014 and 2013.

*All Other Fees.* The aggregate fees billed for services provided by Grant Thornton LLP and not otherwise included in Audit Fees, Audit-Related Fees or Tax Fees were \$382,024 and \$449,320 for the years ended December 31, 2014 and 2013. These amounts include fees not paid by Westwood, but by common trust funds sponsored by Westwood Trust for financial audits and tax services provided to the common trust funds by Grant Thornton LLP. Westwood engaged Grant Thornton LLP to provide these services to the common trust funds. The tax portion of the fees paid by the CTFs was inadvertently omitted from the prior year proxy statement.

*Pre-approval policies and procedures for audit and non-audit services.* The Audit Committee has established a policy regarding pre-approval of all audit and non-audit services provided by our independent auditors. Each year the Audit Committee considers for approval the independent auditor's engagement to render audit services, as well as a list prepared by management of anticipated non-audit services and related budget estimates. During the course of the year, management and the independent auditor are responsible for tracking all services and fees to ensure that they are within the scope pre-approved by the Audit Committee. To ensure prompt handling of unexpected matters, the Audit Committee has delegated to its chairman the authority to amend or modify the list of approved audit and non-audit services and fees, provided the chairman reports any action taken to the Audit Committee at its next meeting.

The Audit Committee pre-approved all services provided by Grant Thornton LLP for the years ended December 31, 2014 and 2013.

**Vote Sought and Recommendation**

Although stockholder action on this matter is not required, the appointment of Grant Thornton LLP is being recommended to the stockholders for ratification. The affirmative FOR vote of a majority of the votes cast at the annual meeting is needed to ratify the appointment of Grant Thornton LLP as independent auditors for 2015. Abstentions will not affect the outcome of a vote on this proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF GRANT THORNTON LLP AS OUR INDEPENDENT AUDITORS FOR 2015.**

**Table of Contents**

**PROPOSAL 3:**

**Approval of the Third Amendment to the Third Amended and Restated**

**Westwood Holdings Group, Inc. Stock Incentive Plan**

On March 4, 2015, the Compensation Committee of our Board of Directors adopted the Third Amendment to the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan (the Plan), subject to approval by our stockholders at the annual meeting. If approved by our stockholders, the Third Amendment will increase the maximum number of shares of our common stock that may be issued under the Plan by 500,000 shares (from 3,898,100 to 4,398,100 shares).

The Plan allows us to grant equity-based compensation opportunities to eligible participants. As of March 13, 2015, the total number of shares of our common stock that had been issued under the Plan and that were covered by outstanding awards granted under the Plan was 3,649,582 shares. If all of the shares covered by outstanding awards are issued or become vested, then, in the absence of the proposed amendments, we would only be able to issue an additional 248,518 shares under the Plan.

The Plan is the only compensation plan under which we are authorized to issue shares of our common stock to eligible participants. Our Board of Directors believes that the Plan is a material element of our overall compensation program and that its continuing viability is important to our future financial and operational success. If the proposed amendments are not approved, our ability to provide equity-based compensation incentives in order to attract, motivate and retain key personnel will be severely limited. On the other hand, if the proposed amendments are approved, it is currently anticipated that the number of shares available for issuance under the Plan will be sufficient to cover future awards for the next one to two years.

A summary of the Plan, as it would be amended, is provided below and is qualified in its entirety by reference to the full text of the Plan document. A copy of the Plan, as it would be amended, is attached to this proxy statement as Appendix A.

As of March 13, 2015, the closing price of our common stock was \$60.85 per share.

**Material Features of the Plan**

The Plan provides for the grant of, among other awards, stock options, shares of restricted stock, annual incentive awards, performance-based awards (in the form of cash or stock) and discretionary bonus awards. Awards under the Plan may be made to key employees, including officers and directors who may be employees, and non-employee directors, consultants or advisors. As of December 31, 2014 there were 116 employees of Westwood eligible to receive awards under the Plan, and 6 non-employee directors eligible to receive awards under the Plan.

*Term of the Plan.* Unless sooner terminated, the Plan will expire on February 22, 2018. Any awards outstanding at the expiration of the term of the Plan will continue in accordance with their terms.

*Types of Awards.* The Plan authorizes the grant of several types of stock-based awards, including, without limitation, incentive stock options (ISOs), nonstatutory stock options (NSOs), restricted stock and performance-based share awards. The Plan also authorizes cash awards, including annual incentive awards, performance-based cash awards, and discretionary bonus awards. The Compensation Committee has broad discretion with respect to the types of awards it may grant under the Plan. However, to date the Compensation Committee has limited stock-based awards under the Plan to NSOs and restricted stock.

*No Discount Stock Options.* The Plan prohibits the grant of stock options with an exercise price less than the fair market value of Westwood's stock on the date of grant.

## **Table of Contents**

*Share and Award Limitations.* Currently, we may issue up to 3,898,100 shares of our common stock under the Plan, subject to adjustment for changes in our capital structure or a reorganization of the company. If the proposed amendments are approved, the number of shares that may be issued under the Plan will be increased to 4,398,100. Shares issued under the Plan may be authorized, but unissued or reacquired shares or any combination thereof. If an outstanding award for any reason expires or is terminated or canceled or if shares of stock are acquired upon the exercise of an award or otherwise subject to a Company repurchase option and are repurchased by the Company at the participant's exercise price, or if shares of restricted stock are forfeited unvested, the shares of stock shall again be available for issuance under the Plan. Subject to adjustment, no more than 316,033 shares of common stock may be covered by stock-based awards granted to any participant under the Plan in a calendar year. In order to qualify a performance based compensation under Section 162(m) of the Internal Revenue Code, the maximum amount of cash performance based incentive awards that may be earned under the Plan by any participant in any calendar year is \$5 million.

*Administration.* Unless our Board of Directors determines otherwise, the Plan will be administered by the Compensation Committee. Determinations of the Compensation Committee will be final and binding on any interested person. Such determinations include selecting participants, determining the awards that will be made under the Plan, interpreting plan provisions, and deciding the terms and conditions of any award.

*Amendment.* The Plan may be amended by the Board of Directors or by the Compensation Committee. Amendments will be subject to stockholder approval if and to the extent required by applicable law, regulations or rules. Any amendment that would increase the aggregate number of shares of stock that may be issued under the Plan must be approved by our stockholders.

*Antidilution.* In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the Company, appropriate adjustments will be made in the number and class of shares subject to the Plan and to any outstanding awards (if applicable) and in the exercise price per share of any outstanding awards (if applicable), as the Compensation Committee or the Board of Directors determines fair and equitable.

*Persons Eligible for Grants.* Any employee, consultant, advisor or non-employee director will be eligible to be selected as a participant under the Plan by the compensation committee, acting in its discretion. However, ISOs will be granted only to participants who are employees of Westwood or a subsidiary thereof.

### *Types of Awards.*

*Options.* ISOs and NSOs are both stock options allowing the recipient to purchase a fixed number of shares of common stock at a fixed price (which may not be less than the fair market value on the option grant date as determined under the Plan). Options will be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Compensation Committee and set forth in the option agreement evidencing such option; provided, however, that (i) no option shall be exercisable after the expiration of 10 years after the effective date of grant of such option, (ii) no ISO granted to a stockholder who owns more than ten percent of our common stock will be exercisable after the expiration of five years after the effective date of grant of such option, and (iii) no option granted to a prospective employee, prospective consultant or prospective director may become exercisable prior to the date on which such person commences service with the Company. Subject to the foregoing, unless otherwise specified by the Compensation Committee in the grant of an option, any option granted hereunder shall terminate ten years after the effective date of grant of the option, unless earlier terminated in accordance with its provisions.

Subject to the limitations of the Plan, payment of the exercise price of an option shall be made (i) in cash, by check or cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of shares of our common stock owned by the participant having a fair market value not less than the exercise price, (iii) through the cashless exercise procedures set forth in the Plan, (iv) with such other consideration as may be approved by the Compensation Committee from time to time to the extent permitted by applicable law, or (v) by any combination thereof.

## **Table of Contents**

**Restricted Stock Awards.** The Compensation Committee may also make awards of restricted shares of our common stock. The vesting of the restricted stock may be conditioned upon the lapse of time and/or the satisfaction of other factors determined by the Compensation Committee. Unless the Compensation Committee determines otherwise, the recipient of restricted shares will generally have the right to vote the restricted shares. The Compensation Committee may also determine whether dividends will be payable with respect to restricted shares (at the same rate that is paid to our stockholders generally), and, if so, may impose vesting and repayment conditions with respect to such dividends.

None of the restricted shares may be sold, transferred, assigned or pledged during the restricted period, and all restricted shares shall be forfeited, and, except for termination due to death or as otherwise determined by the Compensation Committee, all rights to the shares will terminate, if the recipient ceases to be an employee, consultant or director of us or any of our subsidiaries before the expiration or termination of the restricted period and satisfaction of any other conditions prescribed by us with respect to the shares.

**Annual Incentive Awards.** The Compensation Committee may also grant annual incentive awards of stock, cash or any combination of stock and cash to our employees and other eligible persons, in such amounts and subject to such terms and conditions as the Compensation Committee may determine. The Compensation Committee shall establish the maximum level of annual incentive awards that may be granted for each year. The Compensation Committee may, in its sole discretion, reduce but not increase the annual incentive award payable to any participating employee during a year.

**Performance-Based Awards.** The Plan contains provisions intended to allow the Compensation Committee to grant incentive awards that qualify for the performance-based compensation exception from the annual \$1 million executive compensation deduction limitation imposed by Section 162(m) of the Internal Revenue Code. Absent that exemption, our ability to deduct incentive compensation payable to certain of our highest-paid executive officers could be limited. In order to qualify for the exemption, incentive compensation awards must be based or conditioned upon the satisfaction of pre-established performance goals established by the Compensation Committee. The Plan contains an expansive list of performance measures approved by our stockholders in 2009 pursuant to the stockholder approval requirements of Section 162(m) of the Code, thus giving the Compensation Committee significant flexibility in structuring performance goals for incentive compensation awards intended to meet the 162(m) performance-based compensation exemption.

The list of performance measures upon which performance goals may be based currently includes: (i) net earnings or net income (before or after taxes, depreciation and amortization); (ii) cash earnings; (iii) earnings per share; (iv) net sales or revenue growth; (v) net operating income; (vi) return measures (including, but not limited to, return on assets, capital, invested capital, equity, sales, or revenue); (vii) cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, and cash flow return on investment); (viii) operating income before interest, taxes, depreciation and amortization; (ix) return on stockholders' equity; (x) operating margins or operating expenses; (xi) value of the Company's stock or total return to stockholders; (xii) value of an investment in the Company's stock assuming the reinvestment of dividends; (xiii) assets under management; (xiv) performance of one or more of our investment products on an absolute basis or relative to a benchmark or peer group; and/or (xv) a combination of any or all of the foregoing criteria. Under the Plan, performance measures used for establishing the performance goals for an award may reflect such adjustments (including, as applicable, adjustments for taxes, depreciation, amortization, compensation and/or other items of income or expense) as the Compensation Committee deems appropriate under the circumstances.

**Discretionary Bonus Awards.** The Compensation Committee may also grant discretionary bonus awards of stock, cash or any combination of stock and cash to our officers and key employees in such amounts and subject to such terms and conditions as the Compensation Committee may determine.

---

**Table of Contents****Material Federal Income Tax Consequences of the Plan**

The following is a summary of the material United States federal income tax consequences associated with awards granted under the Plan. This summary is based upon present federal income tax laws and regulations and does not purport to be a complete description of the federal income tax consequences applicable to a participant or Westwood. This summary does not cover any federal employment tax consequences or any foreign, state, local, estate and gift, or other tax consequences.

*Incentive Stock Options.* A participant will generally not recognize any taxable income upon either the grant or exercise of an ISO. However, for purposes of the alternative minimum tax, upon the exercise of an ISO, a participant is required to include the difference between the option exercise price and the fair market value of the common stock received in alternative minimum taxable income for purposes of calculating the alternative minimum tax. If a participant sells or otherwise disposes of the common stock acquired pursuant to the exercise of an ISO within either two years from the date of grant or one year from the date of exercise of the option (an *Early Disposition*), the participant will recognize ordinary income at the time of the Early Disposition in an amount equal to the lesser of (i) the excess of the amount realized by the participant on the Early Disposition over the exercise price of the option, or (ii) the excess of the fair market value of the common stock on the date of exercise over the exercise price of the option. The excess, if any, of the amount realized by the participant on the Early Disposition over the fair market value of the common stock on the date of exercise will be capital gain, and will either be short term (taxable at ordinary income tax rates) or long term gain, depending on the participant's holding period. If a participant sells shares acquired by the exercise of an ISO after meeting the two-year and one-year holding period conditions described above, then all of the gain or loss realized on the sale will be long-term capital gain or loss.

*Nonqualified Stock Options.* A participant will not recognize any taxable income upon the grant of an NSO. In general, a participant will recognize ordinary income upon the exercise of an NSO in an amount equal to the difference between the fair market value of the common stock received on the date of exercise and the exercise price paid for the stock.

*Annual Incentive Awards, Performance-Based Awards and Discretionary Bonus Awards.* In general, a participant who receives cash pursuant to an award made under the Plan will recognize ordinary income at the time of receipt equal to the amount of cash that is so received. Except as discussed below in the section entitled *Common Stock Subject to a Substantial Risk of Forfeiture*, a participant who receives shares of common stock pursuant to an award made under the Plan will generally recognize ordinary income at the time the shares are received in an amount equal to the then fair market value of the shares.

*Common Stock Subject to a Substantial Risk of Forfeiture.* In general, if a participant receives common stock pursuant to an award made under the Plan that is subject to a substantial risk of forfeiture, then, unless the participant files an early income recognition election under Section 83(b) of the Internal Revenue Code (discussed below), the participant will not recognize any income at the time of receipt of the stock, but will recognize ordinary income when the shares become vested (i.e., when they are no longer subject to a substantial risk of forfeiture) in an amount equal to the then difference between the fair market value of the stock at the time the restrictions lapse and the amount paid, if any, for the stock. However, a participant who receives common stock that is subject to a substantial risk of forfeiture may elect under Section 83(b) of the Internal Revenue Code to recognize ordinary income at the time the stock is received in an amount equal to the fair market value of the stock at that time, reduced by the amount, if any, paid for the stock. An 83(b) election may be made, if at all, within 30 days after the date on which the non-vested restricted stock is received.

*Availability of Tax Deduction for Westwood.* When ordinary income is recognized by a participant in connection with the receipt or exercise of an award under the Plan (including the filing of an election under section 83(b) of the Internal Revenue Code), Westwood will generally be entitled to a deduction for federal income tax purposes at the same time and in the same amount, assuming the requisite withholding requirements

**Table of Contents**

are met. However, compensation paid by Westwood to certain of its highest-paid executive officers is generally subject to the \$1 million annual deduction limitation of Section 162(m) of the Internal Revenue Code. This limitation does not apply to performance-based compensation that meets certain requirements, including a stockholder approval requirement.

*Tax Withholding.* Our obligation to make payments or issue shares in connection with any award will be subject to and conditioned upon the satisfaction of applicable tax withholding obligations. The Committee may allow a participant to satisfy a withholding tax obligation in whole or in part by having us withhold shares that would otherwise be issued to the participant, or by having the participant deliver shares to us, in either case with a value equal to the minimum amount of the withholding obligation.

**New Plan Benefits**

The future awards that may be made to eligible participants under the Plan are subject to the discretion of the Compensation Committee, and, therefore, cannot be determined with certainty at this time. Awards made under the Plan in 2014 to our Named Executive Officers are set forth under the 2014 Grants of Plan Based Awards table.

**Equity Compensation Plan Information**

The Equity Compensation Plan table provides information as of December 31, 2014 with respect to shares of our common stock that may be issued under our existing equity compensation plan, the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted- average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			484,259
Equity compensation plans not approved by security holders			
<b>Total</b>			<b>484,259</b>

**Vote Sought and Recommendation**

The approval of the Plan requires the affirmative **FOR** vote of a majority of the votes cast at the annual meeting (provided that the total votes cast upon this proposal represent over 50% of all shares entitled to vote on this proposal). All proxies submitted will be voted **FOR** this proposal unless stockholders specify in their proxies a contrary vote. An abstention is a vote cast under current NYSE rules, and, as a result, abstentions will have the effect of a vote **AGAINST** this proposal. A broker non-vote, however, is not a vote cast under current NYSE rules, and as a result will have no effect on the outcome of this proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE PROPOSED THIRD AMENDMENT TO THE THIRD AMENDED AND RESTATED**

**WESTWOOD HOLDINGS GROUP, INC. STOCK INCENTIVE PLAN**

**Table of Contents**

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

No member of our Compensation Committee is a current or former officer or employee of Westwood or its subsidiaries or has had a relationship requiring disclosure by Westwood under applicable federal securities regulations. No executive officer of Westwood served as a director or member of the Compensation Committee of any entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee. For 2014 the members of our Compensation Committee were Messrs. Frank (Chairman), Weiland and Wooldridge.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**Other Relationships and Related Transactions**

John Porter Montgomery, the stepson of our Chairman Ms. Byrne was employed as Senior Vice President-Trust & Investments by Westwood Trust, a wholly-owned subsidiary of Westwood Holdings Group, Inc., throughout 2014 and received total compensation of \$537,397. Mr. Montgomery is compensated in a manner consistent with our policies that apply to all employees.

**Review and Approval of Related Party Transactions**

All future material transactions involving affiliated parties will be subject to approval by a majority of our disinterested directors. We have a written policy, entitled the Conflict of Interest Policy that addresses the review and approval of related party transactions. The Conflict of Interest Policy provides that, except with the Board of Directors' prior knowledge and consent, no director, officer or employee of Westwood or its subsidiaries may be involved in a transaction or relationship that gives rise to a conflict of interest with Westwood. The policy defines conflict of interest as an occurrence where a director, officer or employee's private interests interfere, or appear to interfere, in any way with our interests as a whole, and specifically includes all related party transactions and relationships that we are required to disclose in our proxy statement.

In the event the Board of Directors' consent to a conflict of interest is sought, the request must be addressed to our compliance officer (or, where the matter involves the compliance officer, to the Audit Committee) and referred to the Audit Committee for its consideration. If the matter involves any member of the Audit Committee, the matter is required to be addressed by the disinterested members of the Board of Directors. A majority of the members of the Audit Committee (or a majority of the disinterested members of the Board of Directors, where applicable) must approve any request. The terms of any such transaction must be as favorable to us as the terms would be if the transaction were entered into with an unrelated third party.

**Management Accounts**

Certain of our directors, executive officers and their affiliates invest their personal funds directly in accounts held and managed by us. All such funds are managed along with, and on the same terms as, funds deposited by our other clients. These individuals are charged management fees for our services at a preferred fee rate, consistent with fees charged to our other select clients who are not members of our Board of Directors or executive officers.



**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

As of March 13, 2015, there were 8,432,815 shares of common stock issued and entitled to vote at the annual meeting. Except where otherwise indicated, the following table sets forth certain information, as of March 13, 2015, regarding beneficial ownership of the common stock and the percentage of total voting power held by:

each stockholder known by us to own more than five percent (5%) of outstanding common stock;

each director and director nominee;

each named executive officer; and

all directors and executive officers as a group.

Unless otherwise noted, the persons named below have sole voting and investment power with respect to such shares.

Beneficial Owners	Number of Shares Beneficially Owned	Percent of Class
<b>5% Beneficial Owners</b>		
Royce & Associates, LLC (2)(3)	766,562	9.1%
GAMCO Investors, Inc. (2)(4)	632,418	7.5%
Conestoga Capital Advisors, LLC (2)(5)	599,802	7.1%
BlackRock Inc. (2)(6)	532,685	6.3%
<b>Directors and Named Executive Officers (1)</b>		
Brian O. Casey	231,108	2.7%
Susan M. Byrne	347,106	4.1%
Mark R. Freeman	101,460	1.2%
Tiffany B. Kice	4,916	*
Julie K. Gerron	26,150	*
Randall L. Root	33,510	*
William R. Hardcastle, Jr.	50,675	*
Mark A. Wallace		*
Richard M. Frank	24,551	*
Robert D. McTeer	13,031	*
Geoffrey R. Norman	4,781	*
Martin J. Weiland	6,031	*
Raymond E. Wooldridge	53,446	*
Ellen H. Masterson	1,531	*
All directors and named executive officers as a group (14 Persons)	898,296	10.7%

\* Less than 1%

(1) The address of each director and named executive officer is 200 Crescent Court, Suite 1200, Dallas, Texas, 75201.

## Edgar Filing: WESTWOOD HOLDINGS GROUP INC - Form DEF 14A

- (2) The beneficial ownership information reported for this stockholder is based upon the most recent Form 4, Form 13F, Schedule 13G or Schedule 13D filed with the SEC by such stockholder.
- (3) The address of Royce & Associates, LLC is 745 Fifth Avenue, New York, NY 10151. On January 30, 2015, Royce & Associates reported its beneficial ownership, indicating that it held sole dispositive power and sole voting power over 766,562 shares.
- (4) The address of GAMCO Investors, Inc., or GAMCO is One Corporate Center, Rye, NY 10580. On February 5, 2015, GAMCO reported its beneficial ownership, indicating that it held sole voting power over 632,418 shares.
- (5) The address of Conestoga Capital Advisors, LLC is 550 E. Swedesford Road, Suite 120, Wayne, PA 19087. On January 14, 2015, Conestoga Capital Advisors, LLC reported its beneficial ownership, indicating that it held sole dispositive power over 599,802 shares and sole voting power over 530,117 shares.
- (6) The address of BlackRock, Inc. is 40 East 52<sup>nd</sup> Street, New York, New York 10022. On January 30, 2015, BlackRock, Inc. reported its beneficial ownership, indicating that it held sole dispositive power over 532,685 shares and sole voting power over 517,495 shares.

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

In accordance with its written charter adopted by the Board of Directors, the Audit Committee assists the Board in fulfilling its oversight responsibilities by, among other things, reviewing the financial reports and other financial information provided by us to any governmental body or the public.

In discharging its oversight responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements of Westwood Holdings Group, Inc. ( Westwood ) as of and for the fiscal year ended December 31, 2014 with management and the independent auditors. Management is responsible for Westwood s financial reporting process, including its system of internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934), and for the preparation of Westwood s consolidated financial statements in accordance with generally accepted accounting principles. The independent auditor is responsible for auditing those financial statements, and expressing an opinion on the effectiveness of internal control over financial reporting. The Audit Committee s responsibility is to monitor and review these processes. The members of the Audit Committee are independent as defined by SEC and NYSE rules, and, although the Board of Directors has determined that Mr. Norman and Ms. Masterson are audit committee financial experts as defined by SEC rules, neither Mr. Norman, Ms. Masterson, nor any other member of the Audit Committee, represent themselves to be, or to serve as, accountants or auditors by profession or experts in the field of accounting or auditing.

The Audit Committee received from Grant Thornton LLP, Westwood s independent auditors, a formal written statement describing all relationships between the firm and Westwood that might bear on the auditors independence consistent with Independent Standards Board Standard No. 1, discussed with Grant Thornton LLP any relationships that might impact their objectivity and independence, and, based on such information, satisfied itself as to Grant Thornton LLP s independence. The Audit Committee also discussed with management, Westwood s internal auditors and the independent auditors the quality and adequacy of Westwood s internal controls and the audit scope and plans for audits performed by the internal auditors and the independent auditors.

The Audit Committee also discussed with Grant Thornton LLP all communications required by generally accepted auditing standards used in the United States, including those described in Statement on Auditing Standards No. 16, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and, with and without management present, discussed and reviewed the results of Grant Thornton LLP s examination of the consolidated financial statements of Westwood.

For the fiscal year 2014, management completed the documentation, testing and evaluation of Westwood s system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002, and related regulations. In making its assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ( COSO ) in Internal Control Integrated Framework (2013 framework). The Audit Committee monitored the progress of the evaluation and provided oversight and guidance to management during the process. In connection with this oversight, the Audit Committee received periodic updates provided by management and the independent auditors. At the conclusion of the process, management provided the Audit Committee with a report on management s assessment of the effectiveness of Westwood s internal control over financial reporting as of December 31, 2014.

Based upon the above-mentioned review and discussions with management and Grant Thornton LLP, the Audit Committee recommended to the Board of Directors that Westwood s audited consolidated financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2014, for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Raymond E. Wooldridge, Chairman

Richard M. Frank

Geoffrey R. Norman

Ellen H. Masterson

**Table of Contents**

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than ten percent of our common stock to file with the SEC initial statements of beneficial ownership of securities and subsequent changes in beneficial ownership. Our officers, directors and greater-than-ten-percent stockholders are required by the SEC's regulations to furnish us with copies of all Section 16(a) forms they file.

To Westwood's knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, we believe that our officers, directors and greater-than-ten-percent beneficial owners complied in a timely fashion with all Section 16(a) filing requirements applicable to them, with the exception of one late Form 4 filing made for Susan M. Byrne, a director of the Company, resulting in a failure to timely report one transaction.

**STOCKHOLDER PROPOSALS**

**Proposals Included in the Proxy Statement**

To be considered for inclusion in next year's proxy statement, stockholder proposals submitted in accordance with Rule 14a-8 under the Exchange Act must be received at our principal executive offices no later than the close of business on November 20, 2015. Proposals should be submitted in writing to 200 Crescent Court, Suite 1200, Dallas, Texas 75201, Attn: Corporate Secretary. In order to be included in next year's proxy statement, stockholder proposals must comply with all applicable legal requirements. Timely submission of a proposal does not guarantee that such proposal will be included.

**Proposals Not Included in Proxy Statement**

If Westwood does not have notice of a stockholder proposal at least 45 days before the mailing date of the proxy statement for the prior year's annual meeting, then your proxy will confer discretionary authority on the person(s) named in the form of proxy for the annual meeting to vote on the proposal if it is properly presented for consideration at a meeting.

**ANNUAL REPORT**

Our 2014 Annual Report to Stockholders, which includes our consolidated financial statements as of and for the year ended December 31, 2014, is being mailed to you along with this proxy statement. Upon written request, we will provide without charge to any stockholder a copy of our 2014 Form 10-K, including the financial statements and financial statement schedules to such report. Such request should be directed to Corporate Secretary, 200 Crescent Court, Suite 1200, Dallas, Texas 75201.

**Table of Contents**

**HOUSEHOLDING OF PROXY MATERIALS**

Unless we have received contrary instructions, we may send a single copy of this proxy statement and notice of annual meeting to any household at which two or more stockholders reside if we believe the stockholders are members of the same family. Each stockholder in the household will continue to receive a separate proxy card. This process, known as householding, reduces the volume of duplicate information received at any one household and helps to reduce our expenses. However, if stockholders prefer to receive multiple sets of our disclosure documents at the same address this year or in future years, they should follow the instructions described below. Similarly, if an address is shared with another stockholder and together both of the stockholders would like to receive only a single set of our disclosure documents, they should follow these instructions:

If the shares are registered in the name of the stockholder, stockholders should contact us at our offices at 200 Crescent Court, Suite 1200, Dallas Texas 75201, Attention: Corporate Secretary, or by telephone at 214-756-6900, to inform Westwood of their request.

If a bank, broker or other nominee holds the shares, stockholders should contact the bank, broker or other nominee directly.

**OTHER MATTERS**

Our Board of Directors knows of no other matters that will be presented for consideration at the annual meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named as proxy holder in the accompanying proxy to vote on such matters in their discretion.

By Order of the Board of Directors,

Brian O. Casey  
President and Chief Executive Officer

March 20, 2015

**Table of Contents**

**APPENDIX A**

**THIRD AMENDMENT  
TO THE  
THIRD AMENDED AND RESTATED  
WESTWOOD HOLDINGS GROUP, INC.  
STOCK INCENTIVE PLAN**

The Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan (the "Plan") is hereby amended in the following respects, effective March 4, 2015, subject to approval by the stockholders of Westwood Holdings Group, Inc. no later than March 4, 2016, in accordance with Section 17 of the Plan. If this Amendment is not so approved, it will be considered void.

The first sentence of Section 4.1 of the Plan is deleted in its entirety and replaced with the following sentence:

Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be 4,398,100.

**Table of Contents**

**WESTWOOD HOLDINGS GROUP, INC.**

**PROXY**

**PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR**

**THE ANNUAL MEETING TO BE HELD ON APRIL 29, 2015**

The undersigned hereby appoints Brian O. Casey and Tiffany B. Kice, jointly and severally, as the undersigned's proxy or proxies, each with full power of substitution and to act without the other, to vote in the manner directed herein all shares of common stock of Westwood Holdings Group, Inc. which the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held at The Crescent Club, 200 Crescent Court, Suite 1700, Dallas, Texas 75201, on Wednesday, April 29, 2015, at 10:00 a.m., Central time, and any postponements or adjournments thereof, as fully as the undersigned could if personally present, revoking any proxy or proxies heretofore given.

**(Continued and to be signed on the reverse side)**

n 1.1

14475 n

**Table of Contents**

**The Board of Directors recommends a vote FOR all director nominees in Proposal 1 and FOR Proposals 2 and 3.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE** x

FOR AGAINST ABSTAIN

1. 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.

2. Ratification of the appointment of Grant Thornton LLP as Westwood's independent auditors for the year ending December 31, 2015.

- NOMINEES:**
- FOR ALL NOMINEES** Susan M. Byrne
  - Brian O. Casey
  - WITHHOLD AUTHORITY** Richard M. Frank
  - FOR ALL NOMINEES** Ellen H. Masterson
  - Robert D. McTeer
  - Geoffrey R. Norman
  - FOR ALL EXCEPT** Martin J. Weiland
  - (See instructions below)  Raymond E. Wooldridge

3. Approval of the Third Amendment to the Third Amended and Restated Westwood Holdings Group, Inc. Stock Incentive Plan.

4. IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENTS OR ADJOURNMENTS THEREOF.

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: 1

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE BELOW, BUT IF NO CHOICE IS INDICATED, THIS PROXY WILL BE VOTED FOR ALL DIRECTOR NOMINEES IN PROPOSAL 1 AND FOR**



**PROPOSALS 2 AND 3, AND IN THE DISCRETION OF THE PROXIES WITH RESPECT TO ANY OTHER MATTER AS MAY PROPERLY COME BEFORE THE MEETING OR ANY POSTPONEMENTS OR ADJOURNMENTS THEREOF.**

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder

Date:

Signature of  
Stockholder

Date:

n

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

n