



WESTWOOD
HOLDINGS GROUP, INC.*
October 28, 2004

Westwood Holdings Group, Inc. Reports Third Quarter 2004 Results and Declares Quarterly Dividend

DALLAS, Oct. 28 /PRNewswire-FirstCall/ -- Westwood Holdings Group, Inc. (NYSE: WHG) today reported 2004 third quarter revenues of \$4.9 million, net income of \$685,000, and earnings per diluted share of \$0.13. This compares to revenues of \$5.3 million, net income of \$1.3 million and earnings per diluted share of \$0.24 in the third quarter of 2003. For the nine months ended September 30, 2004, Westwood reported revenues of \$14.9 million and net income of \$2.8 million, or \$0.51 per diluted share, compared to revenues of \$15.4 million and net income of \$3.8 million, or \$0.70 per diluted share, for the same 2003 period. The Company realized non-recurring interest income in the third quarter of 2003 of approximately \$377,000 related to the final repayment of officer loans.

Total expenses for the 2004 third quarter were \$3.8 million compared to \$3.1 million for the 2003 third quarter, an increase of approximately \$622,000. Employee compensation and benefits costs increased by approximately \$481,000 compared to the 2003 third quarter, primarily as a result of higher restricted stock expense due to additional grants made in July 2004, a non-recurring expense in the 2004 third quarter related to the termination of the Company's deferred compensation plan as well as an expense related to the Company's initial contribution to its broad-based profit sharing plan. The Company expects to recognize a similar profit sharing expense in the fourth quarter of this year. Professional services expenses increased by approximately \$119,000 due primarily to higher audit costs related to Sarbanes-Oxley compliance.

Assets under management were \$3.8 billion as of September 30, 2004, an increase of 3.8% compared to \$3.6 billion on September 30, 2003. Average assets under management for the third quarter of 2004 were \$3.8 billion, a decrease of 4.5% compared with the third quarter of 2003. The increase in period ending assets under management was principally attributable to market appreciation of assets under management, partially offset by the withdrawal of assets by certain clients.

Susan M. Byrne, Westwood's founder and Chief Executive Officer commented, "In the third quarter we continued to see the results of the solid investment team we have built as we again generated superior investment performance for our clients across our equity product lines. We also earned continued acceptance of the Westwood Trust Enhanced Balanced product as asset inflows from new and existing clients contributed to an approximate 25% year-over-year increase in fee income at Westwood Trust for the first nine months of 2004."

Westwood also announced today that its Board of Directors has approved the payment of a quarterly cash dividend of \$0.08 per common share, payable on January 1, 2005 to stockholders of record on December 15, 2004.

About Westwood

Westwood Holdings Group, Inc. manages investment assets and provides services for its clients through two subsidiaries, Westwood Management Corp. and Westwood Trust. Westwood Management Corp. is a registered investment advisor and provides investment advisory services to corporate pension funds, public retirement plans, endowments and foundations, mutual funds and clients of Westwood Trust. Westwood Trust provides, to institutions and high net worth individuals, trust and custodial services and participation in common trust funds that it sponsors. Westwood Holdings Group, Inc. trades on the New York Stock Exchange under the symbol "WHG". For more information, please visit the Company's website at <http://www.westwoodgroup.com>.

Note on Forward-looking Statements

Statements that are not purely historical facts, including statements about anticipated or expected future revenue and earnings growth and profitability, as well as other statements including words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," "should," "could," "goal," "target," "designed," "on track," "continue," "comfortable with," "optimistic," "look forward to" and other similar expressions, constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results to be materially different from those contemplated by the forward-looking statements. Such factors include the risks and uncertainties referenced in our documents filed with, or furnished to, the Securities and Exchange Commission, including without limitation those identified under the caption "Forward-Looking Statements and Risk Factors" in the Company's Annual Report on Form

10-K filed with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on forward- looking statements.

WESTWOOD HOLDINGS GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
REVENUES:				
Advisory fees	\$3,171	\$3,491	\$9,840	\$10,804
Trust fees	1,430	1,260	4,324	3,470
Other revenues	333	539	753	1,098
Total revenues	4,934	5,290	14,917	15,372
EXPENSES:				
Employee compensation and benefits	2,657	2,176	7,341	6,497
Sales and marketing	113	130	361	451
Information technology	172	214	504	597
Professional services	376	258	847	676
General and administrative	450	368	1,270	1,080
Total expenses	3,768	3,146	10,323	9,301
Income before income taxes	1,166	2,144	4,594	6,071
Provision for income tax expense	481	825	1,804	2,303
Net income	\$ 685	\$1,319	\$2,790	\$ 3,768
Earnings per share:				
Basic	\$0.13	\$0.24	\$0.52	\$0.70
Diluted	\$0.13	\$0.24	\$0.51	\$0.70

WESTWOOD HOLDINGS GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
As of September 30, 2004 and December 31, 2003
(in thousands, except par values and share amounts)
(unaudited)

	September 30, 2004	December 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,301	\$ 3,643
Accounts receivable	1,999	1,931
Investments, at market value	17,784	17,413
Total current assets	25,084	22,987
Goodwill	2,302	2,302
Other assets, net	2,891	948
Total assets	\$ 30,277	\$ 26,237

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable and accrued liabilities	\$ 1,422	\$ 935
Dividends payable	4,778	167
Compensation and benefits payable	2,312	2,776
Income taxes payable	193	472
Total current liabilities	8,705	4,350
Other liabilities	840	34
Total liabilities	9,545	4,384

Stockholders' Equity:

Common stock, \$0.01 par value, authorized 10,000,000 shares, issued 5,756,147 and outstanding 5,755,845 shares at September 30, 2004; issued 5,550,472 and outstanding 5,550,119 shares at December 31, 2003	58	56
Additional paid-in capital	16,928	12,952
Treasury stock, at cost - 302 shares at September 30, 2004 and 353 shares at December 31, 2003	(5)	(6)
Unamortized stock compensation	(5,277)	(2,609)
Retained earnings	9,028	11,460
Total stockholders' equity	20,732	21,853
Total liabilities and stockholders' equity	\$ 30,277	\$ 26,237

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